

**INTERMEDIATE SCHOOL DISTRICT 917
IN DAKOTA COUNTY**

REGULAR SCHOOL BOARD MEETING

Wednesday, November 5, 2014

AGENDA:

- I. **Call to Order - Chair Lewis**
- II. **Conduct Pledge of Allegiance - Chair Lewis**
- III. **Visitors opportunity to be heard - Chair Lewis**
- IV. **Additions to the agenda - Chair Lewis**
- V. **Tour of Apple Valley TEA program facility**
- VI. **Good News Report - Eric VanBrocklin** 2
- VII. **Good News - Special Education** 15
- VIII. **Consent Items - Chair Lewis**
 - A. Minutes, October 7, 2014, Regular School Board Meeting 20
 - B. Minutes, October 23, 2014, Special School Board Meeting 22
 - C. Personnel Considerations 23
- IX. **Donations - Chair Lewis**
 - A. Resolution Approving Donations 25
- X. **Business Manager's Report - Nicolle Roush (John Christiansen in Nicolle's absence)**
 - A. Review and Approve Payment of Bills 26
 - B. Review and Approve Wire Transfers 32
 - C. Review and Approve Investment Report 45
- XI. **Reports**
 - A. Auditor's Report - Jim Eichten 46
 - B. Revenue and Expenditure Report - John Christiansen 167
- XII. **New Business**
- XIII. **Review and Approve Joint Power Agreement for CTIC - John Christiansen** 172
(Community Transition Interagency Committee)
- XIV. **Adjournment**

SCHOOL BOARD CALENDAR INFORMATION SCHOOL BOARD CALENDAR INFORMATION

November 27-28, 2014 - No School for students and staff
December 2, 2014 - 5:15 PM - School Board Meeting, 917 Board Room
December 24-25, 2014 - Closed for Holiday Break
January 1, 2015 - Closed for New Year's Day
January 6, 2015 - 5:15 PM, School Board Meeting, 917 Board Room

Good News-November 2014
Secondary Programs
Eric Van Brocklin

*Heavy Duty Truck and Work Seminar programs have teamed up to provide a “job shadow” for students in the Work Seminar program. Instructor Tom LeDoux trained his second year students to demonstrate and teach how to use the acetylene torch and plasma cutter to students in Cherry Cramer’s Work Seminar program. This project provides a leadership experience for the HDT students while allowing the Work Seminar students an opportunity to learn about working in a heavy duty truck shop environment. The students learned and followed the shop safety related to the use of both types of metal cutting operations, had the opportunity to practice cutting material and had to cut their initials into metal as a final competency. The pictures show the students in action including what it was like to look through the safety goggles while they were using the torch to cut metal. Thank you Tom LeDoux for providing this experience!
Cherry Cramer, Work Seminar



*The Computer Repair program recently installed Windows 7 64 bit on 27 donated IBM Think Centers and then deployed them to DCALS North's ALC program. Windows XP is no longer supported by Microsoft and the 'new to us' computers removed 27 XP machines out of the inventory. 13 of the retired North computers can get re-imaged with Windows 7 and be redeployed by the students on the main campus. This is another great example of our CTE classes performing 'real jobs with real results!' For more information on our CTE programs check out the new ISD917 website and select Career and Tech Ed under the Parents or Students section.
Dale Engman, Instructor

*Construction Trades has begun the building phase of the new house for this year. We are working on finalizing the house bid so that it can be advertised by late November. Students have done a great job learning the skills necessary to construct the house and are working hard to get it enclosed before the true winter weather hits.

*With great help from Barb S, Nicolle R, Cory and many others, we are set to have our first bid to sell the student built house November 21st. The ads will run in the papers November 6th and 13th. This will be the first time we have offered the house in the first half of the year. The benefits are many but the two most exciting points are the financial gain and students will be able to work with a homeowner.



*This is the machine we donated to Alexandria Tech. They repaired it with a part for about \$150.00 and use this machine every day. Paul Landwehr-Construction Trades



*Greg Thelen is a VA Medical Doctor and a person who is working on creating technology to help students with disabilities. He has asked if he can help work on creating software to work with google glasses to help students with sequencing. Together, he and I are hoping to create a power point that the students can see through the glasses. Until then, he has donated a wireless keyboard and mouse to my program so I can work on the keyboard away from my desk and project the work on my classroom screen.
Cherry Cramer-Food Industries/Work Experience Teacher

*Chromebook Cart for the DCALS North Campus:





Career & Technical
Education Programs



ISD 917/CTE Student Accomplishments

28th Annual Minnesota SkillsUSA Leadership Conference

October 22 - 25,
2014

Holiday Inn
Alexandria, MN

28th Annual Minnesota SkillsUSA Delegate Assembly Conference

November 25, 2014

South Central
Technical College -
North Mankato

John A. Votca
Conference Center
North Mankato, MN

48th Annual Minnesota SkillsUSA State Skills & Leadership Championships

April 10 - 12, 2014

DoubleTree by Hilton
Bloomington, MN

Leadership Conference

ISD 917 CTE Attendees:

Leah Prenergast - Computer Networking - BEST

Alex Pierce - Graphic Design Technology - TESA-Lakeville South

Lauren Nicolai - Graphic Design Technology - Farmington

Jordyn Gyspers - Graphic Design Technology - Farmington

Cirilo Hernandez - Graphic Design Technology - Farmington

Brian Renfro - Graphic Design Technology - Bloomington Transition

Vinny Belmares - Medical Careers - Henry Sibley

Ariana Vochoska - Medical Careers - Farmington

Alexis Diamond - Medical Careers - Farmington

Carol Lundquist - Medical Careers Teacher

Trina Walter - Graphic Design Technology Teacher



Row 1 (Left to right)
Leah Prendergast,
Jordyn Gyspers,
Ariana Vochoska,
Alex Pierce, Carol
Lundquist & Cirilo
Hernandez

Row 2 (Left to right)
Brian Renfro,
Vinny Belmares,
Alexis Diamond &
Trina Walter

Missing in Photo
Lauren Nicolai

The Advsiors - Wednesday night trip up to Alexandria and Breakfast in the morning

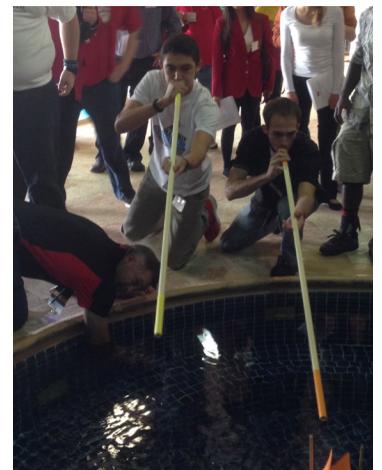


Thursday Morning Team Building while chapters form and chapter names are decided...

Crimson Tide (Red)
Gold Miners
Blue Suede Shoes
Orange Flames



Blue Chapter Fundraising Activity:
 Hair Braiding



They took a risk..

They stepped out of their comfort zones.

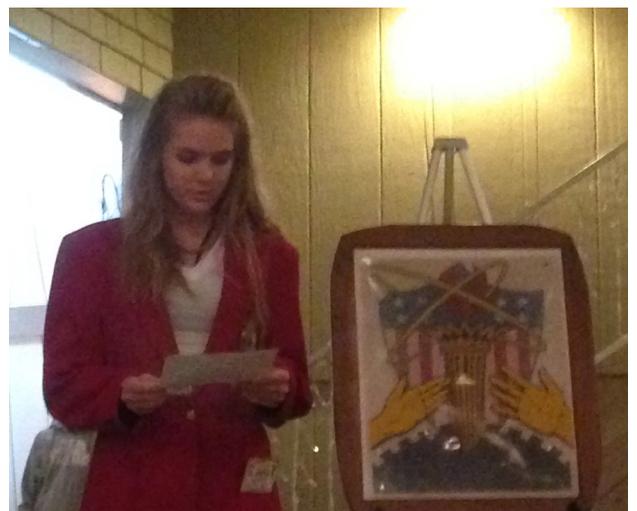
They met new CTE students from other Minnesota High Schools and Colleges.

They ran for chapter officers and led chapter meetings.

They spoke in public for the first time.

They worked in teams for a common goal.

They gained so much confidence in them selves that some are going to run for State Office on November 25, 2014 and become part of Ms Jen's Team.



They memorized phrases and information and earned their "Blinkies."
After Three Days..... They all earned their Leadership Pins!



Red Chapter

**Lauren Nicolai
Alexis Diamond**

Spirit Award

Gold Chapter

**Trina Walter
Viny Belmares
Alex Pierce
Ariana Vochoska**

**3rd Place
Outstanding
Chapter**



Orange Chapter

**Cirilo Hernandez
Leah Penergast**

**2nd Place
Outstanding
Chapter**





Blue Chapter

**Carol Lundquist
Jordyn Gyspers
Brian Renfro**

**1st Place
Outstanding
Chapter**



**State Director
Jennifer Polz**

**Outstanding
Chapter Advisor**

Carol Lundquist



Gold Chapter

**1st Place
Chapter Display**

**Vinny Belmares
Alex Pierce
Ariana Vochoska**



**Red, Blue
& Orange
Chapter
Displays**





Job Interview

3rd Place

Leah Penergast



Opening & Closing Ceremony Team

Blue Chapter - 3rd Place
Brian Renfroe and Jordyn Gyspers



Opening & Closing Ceremony Team

Gold Chapter - 2nd Place
Vinny Belmares



Chapter Display

Red Chapter - 3rd Place
Alexis Diamond



Thursday Afternoon - Outragious Olympics Team Building Event



ISD 917 CTE Officer Candidates and Voting Delegates for November 25, 2014 Conference.



Viny Belmares
Officer Candidate

Ariana Vochoska
Voting Delegate



Lauren Nicolai
Voting Delegate



Cirilo Hernandez
Officer Candidate



Alexis Diamond
Officer Candidate



Jordyn Gyspers
Voting Delegate



Brian Renfro
Officer Candidate



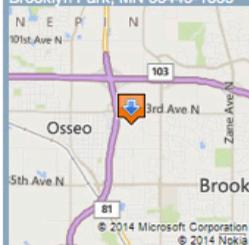
39th Annual PIM Surplus Paper Drive - Paper Pickup For Teachers!

When

Saturday September 13, 2014
from 9:00 AM to 12:00 PM CDT
[Add to Calendar](#)

Where

Unisource - a Veritiv Company
9001 Wyoming Ave N
Brooklyn Park, MN 55445-1835



[Driving Directions](#)

The PIM Paper Drive is this Saturday, September 13th! This is a reminder and you may have already signed up! So sorry if you still get this email.

The Paper Drive has a **NEW LOCATION!** It will be at **Unisource a Veritiv Company**, this will provide more space and better parking. There may be different rules that apply and a more orderly system. Just consistently working on how to make this a better paper drive and safer!

The Paper Drive will start at 9 am sharp, **NO EXCEPTIONS**, the gate will not open until then. This is the only way to have a fair paper drive.

Due to moving equipment and stacked paper no one under the age of 16 will be allowed in the warehouse or parking lot! Please follow this rule as every year children are brought and I feel terrible telling them and who brought them that they cannot be there.

Printing Industry Midwest and Unisource a Veritiv Company are not liable for any accidents of any kind that occur during the paper drive. There is a waiver that you will sign, **Do Not Send it to me, BRING it with you** to the paper drive, you will hand this to me when you enter the building consider it your ticket! [Click to download Waiver, bring this waiver with you to the Paper Drive, do not email to me.](#)

Come prepared - bring extra hands, carts and a covered truck/vehicle

All Paper Must be taken on Saturday.

We would also like to thank Pioneer Paper Stock for their hospitality over the last 10 years approximately! They will still be there helping but we just ran out of space! We keep getting more of you! We look forward to the new Unisource a Veritiv Company location!

Choose any of the options below, you are not required to register, but using this feature, it might be nice to know numbers of people showing up! Gives me a better doughnut count.

[Get more information](#)
[How!](#)



Trina Walter with former student Raeanna Callahan and her Boyfriend Nick, helped get donated paper for the The C.A.P.P. Shop (Class Act Print Production Shop) for the Graphic Design Technology Program.

PIM (Printing Industry of Midwest) sponsors the event every year for all the instructors and teachers in the state of Minnesota.

Manufacturing (3M specifically) is the largest employer in Minnesota.

2nd largest employer(s) in Minnesota is the PRINTING industry!

So Trina continues to hang in there with the printing skill sets with the her high school and transition students in her curriculum. It's about the Base! Having a foundation in print productions is important. There are several jobs available for these students in the state of Minnesota in this industry... it's not all about the Adobe applications... although those skills are as important in the industry as well.

Traditional Cindy Hanson and Trina Walter have done this in the past, however this year Trina called on a past student to help and she and Nick worked hard packing the school van with what we could.

Successful event for ISD 917 CTE Graphics program.

Every donation helps with all of our programs!

Approximately \$3,000.00 worth of paper donated to our program.



8:30 a.m. Line



Trina



917 Van

- 2014 Companies Donating Paper
1. Unisource a Veritiv Company – David Tronrud
 - a. 9001 Wyoming Ave N, Brooklyn Park, MN 55445
 2. Pioneer Paper Stock Co. – Cathy Roemhildt
 - a. 155 Irving Ave N, Minneapolis, MN55405
 - b. Providing assistance, recycling and support
 3. Anchor Paper Company – Brooke Lee
 - a. 480 Broadway St, St. Paul, MN 55101
 4. Bachman Printing – Ed Motch
 - a. 733 Marquette Ave., Suite #109 • Minneapolis, MN 55402
 - b. CJ Duffy Paper – John Beget,
 - c. 528 Washington Ave N, Minneapolis, MN 55401
 5. Data Recognition – Trevor Penning & Rick Larson
 - a. 13490 Bass Lake Rd, Maple Grove, MN 55311
 - b. Fresh Color Press – Brian Johnson,
 - c. 7625 Golden Triangle Dr. Eden Prairie, MN 55344,
 6. GLS - TomCelski
 - a. 6845 Winnetka Circle, Brooklyn Park, MN 55428
 7. Ideal Printers – Lana Stewart-Olson
 - a. 645 Olive Street, St. Paul, MN 55130
 8. IWCO Direct – Karen Weil
 - a. 7951 Powers Blvd, Chanhassen, MN 55317
 9. Japs – Olson – Pat Murray
 - a. 7500 Excelsior Blvd, St. Louis Park, MN 55426
 10. Luverne HS – Bill Thompson
 - a. 709 N Kniss Avenue, Luverne, MN 56156
 11. Midland Paper Co. - Carla Engst,
 - a. 1860 Elm St SE, Minneapolis, MN 55414,
 12. Printing Services, Target
 - a. 8400 89th Ave N Ste 410, TCPS-410, Brooklyn Park, MN 55445,



Nick

13. Protac, Inc. John Genosky
 - a. 1630 99th Ln NE, Blaine, MN 55449
14. Quantum Graphics – Carrie Worm
 - a. 10313 West 70th Street, Eden Prairie, MN 55344
15. Range, Inc.
 - a. PO Box 978, Brainerd, MN 56401-0978
16. Sir Speedy – Larry Andrews
 - a. 121 South 8th St. Ste. 250, Minneapolis, MN 55402
17. Securian Financial – Thomas Eich
 - a. 400 Robert Street North, St. Paul, MN 55101
18. The First Impressions Group – Bill Bowman
 - a. 2700 Blue Water Rd Ste 450, Eagan, MN 55121
19. The John Roberts Company – Jeff Zimmel
 - a. 9687 E River Rd NW, Minneapolis, MN 55433-5514
20. Veritiv – Cathy Lind
 - a. 9001 Wyoming Ave N, Brooklyn Park, MN 55445
21. Wilcox Paper - Terry Hudy
 - a. 11100 Jefferson Highway North, Champlin, MN 55316
 - b.
22. Western Graphics – Mike Schiebel
 - a. 530 Wheeler Street N, St. Paul, MN 55104
23. xpedx a Company of Veritiv
 - a. 345 Industrial Blvd. NE, Minneapolis, MN 55413-2998

Good News-November 2014
Secondary Programs
Eric Van Brocklin

Heavy Duty Truck and Work Seminar programs have teamed up to provide a “job shadow” for students in the Work Seminar program. Instructor Tom LeDoux trained his second year students to demonstrate and teach how to use the acetylene torch and plasma cutter to students in Cherry Cramer’s Work Seminar program. This project provides a leadership experience for the HDT students while allowing the Work Seminar students an opportunity to learn about working in a heavy duty truck shop environment. The students learned and followed the shop safety related to the use of both types of metal cutting operations, had the opportunity to practice cutting material and had to cut their initials into metal as a final competency. The pictures show the students in action including what it was like to look through the safety goggles while they were using the torch to cut metal. Thank you Tom LeDoux for providing this experience!
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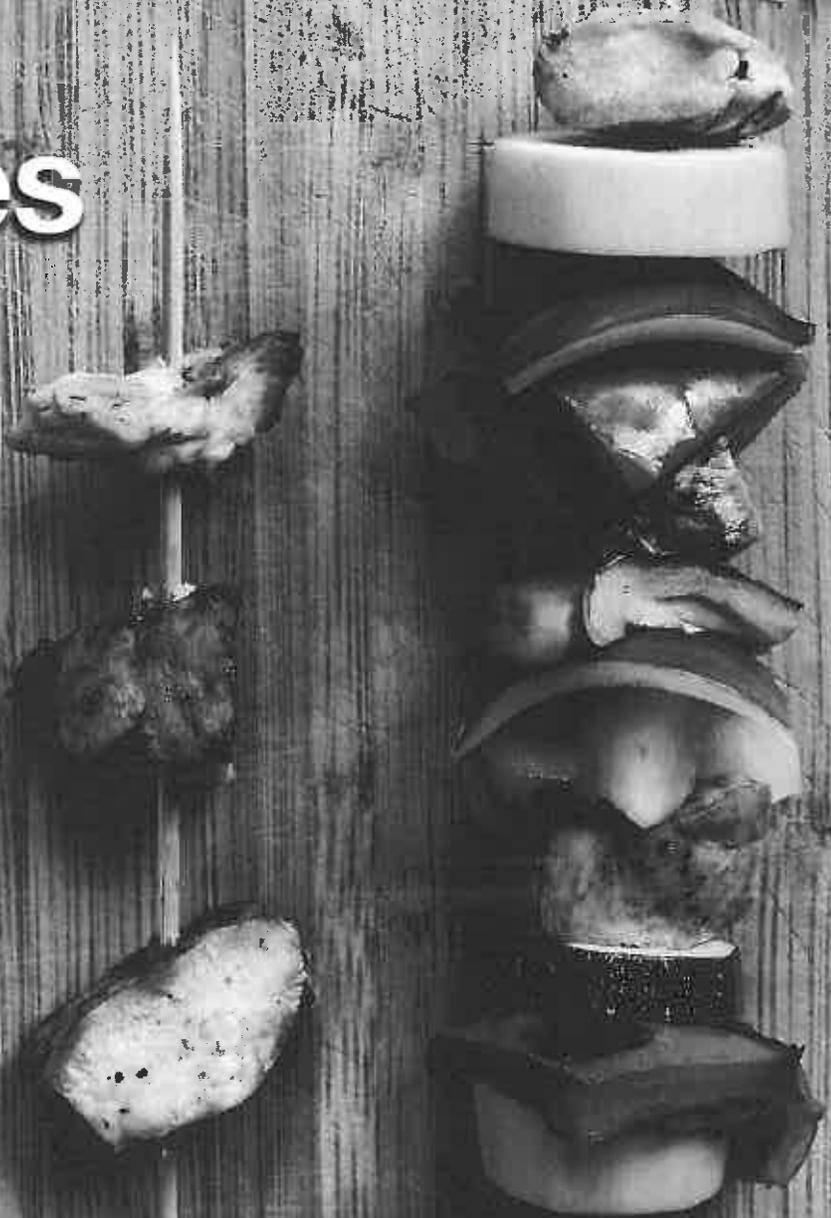


SOURCE

Magazine of Extension research & education | Fall-Winter 2014

What bees bring to the table

70% of our fruits
and vegetables
need pollinators





Traveling to where the young people live and play is just one way 4-H attracts new, diverse audiences. (Left) Amelia Jackson, 4-H program coordinator, with kids at a Willmar housing site. (Above) Kathryn Sharpe, Extension youth development educator, with members of the Franklin Library 4-H Club in Minneapolis.

OPENING NEW DOORS

4-H reaches diverse communities of Minnesota's youth

Youth across Minnesota—from families who have been a part of Extension 4-H for generations to first-generation 4-H'ers—are engaging in 4-H in new and vibrant ways. Today, 4-H programs are as diverse as the interests of the youth they serve.



Krista Lautenschlager, 4-H program coordinator in Kandiyohi County, has witnessed Minnesota's changing demographics right in her own community. "I also noticed that many youth from the growing immigrant population didn't attend quality youth programs," she says.

That had to change.

"But you can't just take a program that's been working for one group of kids and expect it to work for all," she says. Lautenschlager found out that transportation was one barrier. Communication with parents was another. "Although 4-H has been a part of the fabric of our communities for more than 100 years, newer residents needed an introduction."

4-H on Wheels

That introduction took place in Kandiyohi County the way it does in many other

communities: through partnerships. Then Lautenschlager and her colleagues tore down the transportation barrier by giving 4-H wheels.

"Although 4-H has been a part of the fabric of our communities for more than 100 years, newer residents needed an introduction."

Today, "4-H on Wheels" serves Somali and Hispanic youth in Willmar on site at their housing developments. It's delivered with United Way and Willmar Community Education, and served 300 youth at six sites during the summer of 2014. Activities included camping, geocaching, healthy

living and more. The program is a Children, Youth and Families At Risk (CYFAR) project funded by the National Institute of Food and Agriculture.

“Summer learning loss affects kids’ success in school and life,” says Amelia Jackson, a Kandiyohi County program coordinator who focuses on science-based learning activities. “Making 4-H mobile gives harder-to-reach youth access to quality summer programs.”

Summer also provides time to learn with a more playful mindset than during the school year. “Research confirms that play is essential in the education of young people, enhancing brain and body development,” says Jennifer Skuza, assistant dean for Extension youth development. “This is one area where 4-H can help narrow the achievement gap. Informal learning motivates kids to explore their interests, develop skills and be more persistent in solving problems.”

“4-H can help narrow the achievement gap.”

This isn’t just happening in Willmar, but in many places where new populations of youth have migrated as families have moved for jobs in agriculture, factories and other industries.

“Through this partnership with 4-H, we are able to help kids have fun and learn at the same time,” says Tammy Rudningen, Willmar



4-H on Wheels enhances brain and body development for harder-to-reach youth during the summer months, when learning loss often occurs. This is one way 4-H can help narrow the achievement gap.

Community Education staff. “The college interns who help deliver the program also provide great role models and a connection to higher education for the kids.”

Changing lives

The Franklin Library 4-H Club in Minneapolis recently took their passion for their community and turned it into a video project to help neighbors connect and create a safer neighborhood.

The club is a partnership between 4-H in Hennepin County and the Franklin Community Library. Club members—primarily Somali and other East African youth from Minneapolis’ Phillips and Seward neighborhoods—meet weekly at the library’s teen center.

“It’s a diverse group of kids in the heart of south Minneapolis,” says Kathryn Sharpe, an Extension educator who guides the club. “They like serving their neighborhood, and they enjoy technology and science. The video project was one way they combined their interests for a great hands-on learning experience.”

Habso Khalifa, a 17-year-old born in a Kenyan refugee camp, said 4-H has taught her about her community and about herself. “I used to feel angry about certain things and get in trouble,” says Habso. “I think about my community now.”

The video project helped Habso make that transition. “I learned that people have their moments,” she told a Star Tribune reporter who covered the video screening. “That they have things that only they can do.”

Research shows that youth programs like 4-H are more flexible than schools. They can better adapt to the needs of diverse youth populations, which are growing across Minnesota. “4-H is an important part of the University’s outreach mission,” says Dorothy Freeman, Extension youth development associate dean and state 4-H director. “The goal is to provide positive learning experiences to prepare all youth in Minnesota to succeed.”

It’s working for Habso, and she will pay it forward. “It’s changed my life,” she says. “4-H taught me how to be a role model. Now, the younger kids listen to me.”



Youth in the Ka Joog 4-H program visited campus to engage in a science experiment guided by students of the University of Minnesota Center for Sustainable Polymers.

BRINGING STEM LEARNING TO SOMALI YOUTH

Education is regarded highly in the Somali-American community, and a new partnership is connecting Somali youth to Extension 4-H and the University.

Through funding provided by Youthprise and CYFAR, 4-H Science, Technology, Engineering and Math (STEM) programs will be delivered at Ka Joog, a nonprofit on the West Bank in Minneapolis serving approximately 2,500 Somali youth annually.

In Somali, Ka Joog means ‘resist’ (literally, ‘stay away’) which symbolizes the goal to help Somali youth resist drugs, violence and other negative influences and help them stay on the path to higher education.

“Ka Joog began with a vision, a dream, and a lot of what-ifs,” says Mohamed Farah, Ka Joog executive director and 4-H program coordinator. “Our partnership with Extension 4-H and the University is a perfect fit.”

INTERMEDIATE SCHOOL DISTRICT 917

A School Board Meeting of the Intermediate School District 917 School Board was held on Tuesday, October 7, 2014, at 1300 145th Street East, Rosemount, MN 55068.

Members Present: Dick Bergstrom, Bob Erickson, Dan Cater, Ron Hill, Jill Lewis, Deb Clark, Vanda Pressnall, Melissa Sauser, Joanne Mansur, and ex-officio member Superintendent John Christiansen.

Members Absent: none.

Also Present: Nicolle Roush, Melissa Schaller, Eric VanBrocklin, Don Budach and Linda Berg

School Board Chair Jill Lewis called the meeting to order at 5:15 PM.

There were no visitors to be heard.

The good news reports were presented.

1. Motion by Bob Erickson, seconded by Dan Cater, to approve the consent items, as presented. All present voted aye. Motion carried.
 - **Minutes:** September 2, 2014, Regular School Board Meeting
 - **Personnel:** *New Hires:* Angela Adelman, Classroom Assistant, effective August 28, 2014 (from Student Assistant to Classroom Assistant). Amanda Burr, Program Assistant, effective August 28, 2014. Tywander Ejiogu, Program Assistant, effective August 28, 2014. Kimberly Lindelien, Administrative Assistant I, effective September 2, 2014. Danielle LaFrance, Classroom Assistant, effective September 29, 2014. Sarah Ludden, Classroom Assistant, effective August 28, 2014. John Pereda, Guidance Counselor, effective September 29, 2014. Nathanael Steller, Classroom Assistant, effective August 28, 2014. Ashlie Tisland, Classroom Assistant, effective August 28, 2014. Shelley Wessman, Classroom Assistant, effective August 28, 2014. *Change in Status:* Vickie Bjerke, Accounts Payable Clerk, Medical Leave effective November 13, 2014, with a return date of January 5, 2015. Cassondra Howlett, Classroom Assistant, Maternity Disability Leave effective on or about December 12, 2014, with a return date on or about February 9, 2015. Sarah Ideen, Special Education Teacher, Maternity Disability Leave effective on or about November 22, 2014, with a return date on or about January 19, 2014. Kelly Proulx, Special Education Teacher, Maternity Disability Leave effective on or about December 1, 2014, with a return date on or about March 27, 2015. *Terminations and Resignations:* Nancy Engel, Teacher of the Visually Impaired, effective June 7, 2013. Shannon Fuhrmann, Guidance Counselor-DCALS, effective September 9, 2014. Brandy Green, Program Assistant, effective October 13, 2014. Breanne Harken, Classroom Assistant, effective September 3, 2014. Kyle Reiter, Classroom Assistant, effective August 15, 2014.
2. Board Member Deb Clark introduced the following resolution: Resolution to Accept Donations in the amount of approximately \$130. Donation of \$130 from Keith Koentopf of Farmington to be used for PACES Student needs. The motion for the adoption of the foregoing resolution was duly seconded by Dick Bergstrom, and upon vote being taken thereon, the following voted in favor thereof: Dick Bergstrom, Dan Cater, Deb Clark, Bob Erickson, Jill Lewis, Vanda Pressnall, Ron Hill, Melissa Sauser, Joanne Mansur, and the following voted against the same: none. Whereupon said resolution was duly passed and adopted. (Addendum A.)

3. Motion by Vanda Pressnall, seconded by Dan Cater, to approve the bills from September 2, 2014, to October 2, 2014, as presented by the Business Manager. All present voted aye. Motion carried.
4. Motion by Dick Bergstrom, seconded by Deb Clark, to approve the wire transfers as presented by the Business Manager. All present voted aye. Motion carried.
5. Motion by Deb Clark, seconded by Dick Bergstrom, to approve the Investment Report for the month of August 2014, as presented. All present voted aye. Motion carried.
6. Motion by Ron Hill, seconded by Deb Clark, to approve the Assurance of Compliance report as presented. (Addendum B.) All present voted aye. Motion carried.

Melissa Schaller and Don Budach reported on the PACES Program Evaluation.

Nicolle Roush reported on the Accounts Receivable Aged Invoice Report.

Melissa Schaller reported on fall enrollment in Special Education.

Eric Vanbrocklin reported on DCALS and DCALS North fall enrollment.

7. Motion by Ron Hill, seconded by Melissa Sauser, to approve the Classified School Year Contract 2014-2016, as presented. (Addendum C.) All present voted aye. Motion carried.
8. Motion by Bob Erickson, seconded by Deb Clark, to approve the medical insurance contract with Medica with an aggregate 19% premium renewal increase and no change in the self-funded dental insurance premiums with no benefit changes in either the medical or dental insurance effective for the January 1, 2015 plan year. (Addendum D.) All present voted aye. Motion carried.
9. Motion by Ron Hill, seconded by Vanda Pressnall, to approve renewing with Kansas City Life Insurance with a 0% increase in premiums for ISD 917's Life, AD&D, and LTD group insurance policies effective January 1, 2015, as presented. (Addendum E.) All present voted aye. Motion carried.
10. Motion by Deb Clark, seconded by Joanne Mansur, to approve the temporary work agreement as presented. (Addendum F.) All present voted aye. Motion carried.
11. Motion by Joanne Mansur, seconded by Dan Cater, to adjourn the meeting. All present voted aye. Motion carried.

There being no further business the meeting adjourned at 6:26 P.M.

The next regular School Board Meeting will be Wednesday, November 5, 2014, in the 917 Board Room at Dakota County Technical College at 5:15 PM.

Clerk

INTERMEDIATE SCHOOL DISTRICT 917

A Special School Board Meeting of Intermediate School District 917 School Board was held on Thursday, October 23, 2014, at 8:20 AM, in the 917 Board Room at Dakota County Technical College.

Members Present: Dick Bergstrom, Dan Cater, Ron Hill, Jill Lewis, Melissa Sauser, Vanda Pressnall, Ron Hill, Bob Erickson, Deb Clark, and ex-officio John Christiansen

Members Absent: Joanne Mansur

School Board Chair Jill Lewis called the meeting to order at 8:20 AM.

There were no visitors to be heard.

1. Motion by Board Member Bob Erickson, seconded by Deb Clark, to move approve the Program Assistants' Contract for 2014-2016, as presented. (Addendum A.) All present voted aye. Motion carried.
2. Motion by Deb Clark, seconded by Vanda Pressnall, to adjourn the meeting. All present voted aye. Motion carried.

There being no further business, the meeting adjourned at 8:22 AM.

Clerk

To Bd 11/5/14

DISTRICT 917 CANDIDATE SUMMARY—EMPLOYMENT RECOMMENDATION

DATE: October 30, 2014	Teaching Licenses Held:
NAME: Mary Stadelman	
Position: Classroom Asst.	
College: Secondary: Special Education: x District:	Recommended Salary : \$15.99
	Employment Date: 10/29/14

Education:

	Institution	Graduated (yes or no)	Major	Degree/ Diploma
High School	Henry Sibley	Yes	Generals	Diploma
Technical College	St. Paul College	No	ASL	No
	Hennepin Technical	Yes	Graphics	
Other				

Business/Industry Work Experience:

Employer (most recent first)	From	To	Position/Responsibilities
White Space Design	1995	Current	Owner/Graphics
Rivertown Trading Co.	9/93	11/94	Art Director
Herbergers	5/90	9/93	Creative Supervisor

Total Years Business/Industry Work Experience 24

Teaching Experience:

Employer (most recent first)	From	To	Position/Responsibilities

Total Years Experience

Remarks:

Mary will be a classroom assistant in the DHH Program at DEC.

**SUMMARY OF PERSONNEL ITEMS RECOMMENDED
FOR ACTION AT BOARD MEETING OF NOVEMBER 5, 2014**

NEW HIRES:

Mary Stadelman, Classroom Assistant, effective October 29, 2014.

CHANGE IN STATUS:

Linda Berg, Executive Assistant, Medical Leave Request effective November 17, 2014, with an expected return date of December 29, 2014.

Kelly Nohelty, Special Education Teacher, Maternity Disability Leave effective on or about January 21, 2015, with a return date of August 24, 2015.

Sarah Rabe, Special Education Teacher, reduction from 8 hours per day (1.0 FTE), to 6.4 hours per day (.8 FTE), effective November 3, 2014, for the 2014-2015 school year only.

Sara Rabe, Special Education Teacher, Maternity Disability Leave effective on or about February 13, 2015, with a return date of February 13, 2016.

Shannon Rasmussen, Special Education Teacher, increase from 148 days per year at 8 hours per day (.8 FTE), to 182 days per year (.95 FTE), effective November 3, 2014, for the 2014-2015 school year only.

RESIGNATIONS & TERMINATIONS:

Tywander Ejiogu, Program Assistant, effective October 31, 2014.

Sherri Harvey, Program Assistant, effective October 24, 2014.

Kim Lindelien, Administrative Assistant, effective November 7, 2014.

Cosmas Onyambu, Classroom Assistant, effective October 15, 2014.

RETIREMENTS:

Pam Whitcomb, DAPE Teacher, effective October 16, 2014.

Intermediate School District #917 School Board

Resolution to Accept Donations

Board member Deb Clark introduced the following Resolution:

RESOLVED, that the School Board of Intermediate School District 917 accept the following donations, as indicated below, in the amount of \$486.

1. Donation of \$243 to the Karen O'Brien Trust Fund from the Walter family of Apple Valley to be used for students to participate in programs.
2. Donation of \$243 from the Robert Smith family of Apple Valley, to the Karen O'Brien Trust Fund to be used for students to participate in programs.

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

And the following voted against the same: none.

Whereupon said resolution was declared duly passed and adopted.

Date Board Approved:

REPORT: CHECKREG 002 AP Check Register Bank 01 BOARD
 Intermediate School Dist 917
 CHECK REGISTER FOR BANK 01 - WELLS FARGO BANK
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CHECK #	TYPE	CHECK AMT	CHECK DATE	VENDOR #	ADDRS #	VENDOR NAME	CHECK STATUS
317349	S	\$139.00	10/09/14	12615	0	ABLENET INC.	OUTSTANDING
317350	S	\$128.26	10/09/14	22907	0	AMSAN BRISSMAN-KENNEDY	OUTSTANDING
317351	S	\$119.95	10/09/14	04085	0	BADGE A MINIT	OUTSTANDING
317352	S	\$264.84	10/09/14	22773	0	BEYOND PLAY, LLC	OUTSTANDING
317353	S	\$440.00	10/09/14	23899	0	BRAINPOP LLC	OUTSTANDING
317354	S	\$72.07	10/09/14	22724	0	BUG BUSTERS, INC	OUTSTANDING
317355	S	\$4152.83	10/09/14	21623	0	CADAN COMPUTERS	OUTSTANDING
317356	S	\$30.70	10/09/14	20406	1	CUB FOODS	OUTSTANDING
317357	S	\$27.91	10/09/14	20406	1	CUB FOODS	OUTSTANDING
317358	S	\$20.00	10/09/14	30124	3	DAKOTA COUNTY	OUTSTANDING
317359	S	\$468.68	10/09/14	21866	0	DAKOTA COUNTY TECH COLLEGE	OUTSTANDING
317360	S	\$1569.88	10/09/14	00474	2	DEMCO EDUC CORP	OUTSTANDING
317361	S	\$171.88	10/09/14	22238	1	DISCOUNT SCHOOL SUPPLY	OUTSTANDING
317362	S	\$54.00	10/09/14	24098	0	E JAYNIE LEUNG	OUTSTANDING
317363	S	\$37.95	10/09/14	07278	0	FLAGHOUSE	OUTSTANDING
317364	S	\$852.74	10/09/14	00543	0	GOPHER SPORT	OUTSTANDING
317365	S	\$81.78	10/09/14	07751	1	HASTINGS STAR GAZETTE	OUTSTANDING
317366	S	\$45.68	10/09/14	15500	7	IND SCH DIST 196 GRAPHICS DEPARTMENT	OUTSTANDING
317367	S	\$62.95	10/09/14	22162	0	IND SCH DIST 197	OUTSTANDING
317368	S	\$4829.89	10/09/14	23297	0	INNOVATIVE OFFICE SOLUTIONS	UNISSUED
317369	S	\$195.00	10/09/14	23297	0	INTEGRATED PROTECTION SYSTEMS	OUTSTANDING
317370	S	\$24.75	10/09/14	23913	0	LILLIE SUBURBAN NEWSPAPER, INC	OUTSTANDING
317371	S	\$363.00	10/09/14	08517	0	LOFFLER BUSINESS SYSTEMS	OUTSTANDING
317372	S	\$232.50	10/09/14	22778	0	LOFFLER COMPANIES	OUTSTANDING
317373	S	\$538.13	10/09/14	23917	1	MARCO INC	OUTSTANDING
317374	S	\$106.27	10/09/14	23917	1	MARCO, INC	OUTSTANDING
317375	S	\$425.00	10/09/14	02081	2	MASA	OUTSTANDING
317376	S	\$466.23	10/09/14	13407	0	MCKESSON MEDICAL	OUTSTANDING
317377	S	\$188.15	10/09/14	14248	0	MOORE MEDICAL	OUTSTANDING
317378	S	\$204.00	10/09/14	12831	0	NCS PEARSON INC	OUTSTANDING
317379	S	\$1155.04	10/09/14	20568	1	OFFICE DEPOT	OUTSTANDING
317380	S	\$1023.14	10/09/14	23690	0	OUTDOOR IMAGES, INC	OUTSTANDING
317381	S	\$334.11	10/09/14	22654	0	PEARSON ASSESSMENTS/NGS PEARSON	OUTSTANDING
317382	S	\$116.18	10/09/14	22957	0	PROFESSIONAL WIRELESS COMMUNICATIONS	OUTSTANDING
317383	S	\$393.09	10/09/14	23003	0	REALLY GOOD STUFF	OUTSTANDING
317384	S	\$2875.37	10/09/14	23874	0	REINHART FOODSERVICE, LLC	OUTSTANDING
317385	S	\$560.13	10/09/14	00623	0	REPUBLIC SERVICES	OUTSTANDING
317386	S	\$81.95	10/09/14	13162	3	SCHOLASTIC, INC	OUTSTANDING
317387	S	\$1662.59	10/09/14	22826	0	SCHOOL NURSE SUPPLY	OUTSTANDING
317388	S	\$401.39	10/09/14	23179	0	SCHOOL OUTFITTERS	OUTSTANDING
317389	S	\$3209.42	10/09/14	20620	3	SCHOOL SPECIALTY INC.	OUTSTANDING
317390	S	\$4330.98	10/09/14	15713	0	SOUTHPAW ENTERPRISES	OUTSTANDING
317391	S	\$250.86	10/09/14	12082	0	SUPREME SCHOOL SUPPLY	OUTSTANDING
317392	S	\$1043.54	10/09/14	13704	0	SYSCO MINNESOTA	OUTSTANDING
317393	S	\$9607.30	10/09/14	23942	0	TEACHERS ON CALL	OUTSTANDING
317394	S	\$843.75	10/09/14	24043	0	TEAMWORKS INTERNATIONAL	OUTSTANDING
317395	S	\$70.00	10/09/14	23595	0	THE MCDOWELL AGENCY, INC	OUTSTANDING
317396	S	\$6345.44	10/09/14	00643	0	TIES	OUTSTANDING
317397	S	\$9412.34	10/09/14	23898	0	WASHBURN CENTER FOR CHILDREN	OUTSTANDING
317398	S	\$432.90	10/09/14	20330	0	WASTE MANAGEMENT	OUTSTANDING
317399	S	\$1171.69	10/14/14	40022	0	AXA EQUIPABLE LIFE INS CO	OUTSTANDING

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317401	S	\$1000.05	10/14/14	21866	0	DAKOTA COUNTY TECH COLLEGE	OUTSTANDING
317402	S	\$6074.39	10/14/14	40016	0	EDUCATION MNESOTA, LOCAL 3904	OUTSTANDING
317403	S	\$4037.16	10/14/14	29026	0	EDUCATION MN ESI BILLING TRUST	OUTSTANDING
317404	S	\$5748.58	10/14/14	40060	0	FIDELITY INVSTMT TAX-EX SVC CO	OUTSTANDING
317405	S	\$64.00	10/14/14	21651	0	NCPERS MINNESOTA	OUTSTANDING
317406	S	\$267.16	10/14/14	23901	0	OFFICE OF THE ATTORNEY GENERAL	OUTSTANDING
317407	S	\$156.70	10/14/14	29972	0	RELATED SERVICES NURSES ESP	OUTSTANDING
317408	S	\$2387.69	10/14/14	40018	0	S E P, LOCAL 4242	OUTSTANDING
317409	S	\$76.09	10/14/14	29207	0	U.S. DEPARTMENT OF EDUCATION	OUTSTANDING
317410	S	\$1393.79	10/14/14	28803	2	VOYA	OUTSTANDING
317411	S	\$1326.67	10/14/14	40071	0	WADDELL & REED INC	OUTSTANDING
317414	S	\$493.32	10/16/14	23725	1	ADVANCED IMAGING SOLUTIONS	OUTSTANDING
317415	S	\$29650.00	10/16/14	23997	1	AMERICAN COMPENSATION INSURANCE COMPANY	OUTSTANDING
317416	S	\$460.00	10/16/14	19645	0	APPLE COMPUTER, INC	OUTSTANDING
317417	S	\$2100.00	10/16/14	23826	0	ASE STUDENT CERTIFICATION	OUTSTANDING
317418	S	\$320.71	10/16/14	15141	1	CARQUEST AUTO PARTS	OUTSTANDING
317419	S	\$125.00	10/16/14	19532	0	COMO LUBE & SUPPLIES	OUTSTANDING
317420	S	\$2840.22	10/16/14	22698	0	CORPORATE HEALTH SYSTEMS	OUTSTANDING
317421	S	\$30.37	10/16/14	16244	0	CUB FOODS	OUTSTANDING
317422	S	\$8003.53	10/16/14	22551	0	DAKOTA COUNTY LUMBER	OUTSTANDING
317423	S	\$553.09	10/16/14	02866	0	DAKOTA ELECTRIC ASSN	OUTSTANDING
317424	S	\$288.27	10/16/14	19401	0	DEX MEDIA EAST, INC.	OUTSTANDING
317425	S	\$286.20	10/16/14	23873	0	ELLSWORTH PUBLISHING CO	OUTSTANDING
317426	S	\$1755.96	10/16/14	03079	0	FRONTIER COMMUNICATIONS	OUTSTANDING
317427	S	\$1177.50	10/16/14	00543	0	GOPHER SPORT	OUTSTANDING
317428	S	\$1819.50	10/16/14	22631	0	GOVCONNECTION INC	OUTSTANDING
317429	S	\$75.00	10/16/14	40075	0	HITZSWAN & WOLD, PA	OUTSTANDING
317430	S	\$11619.60	10/16/14	19858	1	IND SCH DIST # 196	OUTSTANDING
317431	S	\$742.35	10/16/14	09592	0	IND SCH DIST 191	OUTSTANDING
317432	S	\$96.00	10/16/14	23124	0	INFINITY WIRELESS, INC.	OUTSTANDING
317433	S	\$682.56	10/16/14	23297	0	INNOVATIVE OFFICE SOLUTIONS	OUTSTANDING
317434	S	\$1800.00	10/16/14	23320	0	KAREN CASS FELLING, M.A., LP	OUTSTANDING
317435	S	\$195.00	10/16/14	23427	0	LAKES COUNTRY SERVICE COOPERATIVE	OUTSTANDING
317436	S	\$550.36	10/16/14	21334	0	LAKESHORE LEARNING MATERIALS	OUTSTANDING
317437	S	\$1239.17	10/16/14	22240	0	LONE OAK GRAPHICS	OUTSTANDING
317438	S	\$435.92	10/16/14	13407	0	MCKESSON MEDICAL	OUTSTANDING
317439	S	\$127.43	10/16/14	23258	0	MN ENERGY RESOURCES CORPORATION	OUTSTANDING
317440	S	\$5678.44	10/16/14	22885	1	MN UNEMPLOYMENT INSURANCE	OUTSTANDING
317441	S	\$2303.56	10/16/14	23763	0	N2Y INC	OUTSTANDING
317442	S	\$244.90	10/16/14	17629	1	PAPER DIRECT	OUTSTANDING
317443	S	\$37.60	10/16/14	23784	0	PATTERSON MEDICAL SUPPLY INC	OUTSTANDING
317444	S	\$1260.17	10/16/14	22779	0	PHONAK	OUTSTANDING
317445	S	\$79.98	10/16/14	23884	0	RULE THE SCHOOL	OUTSTANDING
317446	S	\$370.43	10/16/14	13162	3	SCHOLASTIC, INC	OUTSTANDING
317447	S	\$20.67	10/16/14	00450	0	TERRY'S HARDWARE	OUTSTANDING
317448	S	\$7079.38	10/16/14	00643	0	TIES	OUTSTANDING
317449	S	\$1440.00	10/16/14	23814	0	TRIG LIFE SERVICES	OUTSTANDING
317450	S	\$1241.89	10/16/14	21326	2	USI	OUTSTANDING
317451	S	\$497.05	10/16/14	23662	0	WESTONE	OUTSTANDING
317452	S	\$529.74	10/21/14	21010	3	HOLIDAY INN ALEXANDRIA	OUTSTANDING
317453	S	\$675.00	10/21/14	29865	0	SKILLSUSA MINNESOTA	OUTSTANDING
317454	S	\$7203.21	10/21/14	23942	0	TEACHERS ON CALL	OUTSTANDING

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317455	S	\$13967.44	10/27/14	19720	0	APPLE VALLEY BUSINESS CENTER LTD	OUTSTANDING
317456	S	\$15.00	10/27/14	24503	0	BRENDA PETERSON	OUTSTANDING
317457	S	\$318.00	10/27/14	01706	0	BRO-TEX CO.	OUTSTANDING
317458	S	\$2122.12	10/27/14	21215	1	3SN SPORTS	OUTSTANDING
317459	S	\$96.68	10/27/14	19803	0	CENTERPOINT ENERGY	OUTSTANDING
317460	S	\$360.50	10/27/14	24086	0	DAAS CONSULTING	OUTSTANDING
317461	S	\$198.47	10/27/14	22238	1	DISCOUNT SCHOOL SUPPLY	OUTSTANDING
317462	S	\$45.34	10/27/14	00096	1	ECM PUBLISHERS/DAKOTA COUNTY TRIBUNE	OUTSTANDING
317463	S	\$210.59	10/27/14	23880	1	SPECIAL NEEDS, LLC	OUTSTANDING
317464	S	\$323.00	10/27/14	24504	1	FAMILY CAREER & COMM LEADERS OF AMER	OUTSTANDING
317465	S	\$31.95	10/27/14	07278	0	FLAGHOUSE	OUTSTANDING
317466	S	\$152.00	10/27/14	24081	0	FN CUTHBERT, INC	OUTSTANDING
317467	S	\$119.99	10/27/14	23667	0	FUN AND FUNCTION	OUTSTANDING
317468	S	\$540.00	10/27/14	22193	0	HANDWRITING WITHOUT TEARS	OUTSTANDING
317469	S	\$257.20	10/27/14	20203	4	HARCOURT PUBL. INC	OUTSTANDING
317470	S	\$375.00	10/27/14	24502	1	HAZELDEN BETTY FORD FOUNDATION	OUTSTANDING
317471	S	\$127.94	10/27/14	22943	1	LEARNING RESOURCES	OUTSTANDING
317472	S	\$848.00	10/27/14	22370	1	MASSP	OUTSTANDING
317473	S	\$225.70	10/27/14	14116	0	MENARDS	OUTSTANDING
317474	S	\$125.00	10/27/14	22278	2	MN STATE UNIVERSITY, MANKATO	OUTSTANDING
317475	S	\$1000.00	10/27/14	21735	7	NORTHEAST METRO 916	OUTSTANDING
317476	S	\$1192.81	10/27/14	20868	0	OFFICE OF ENTERPRISE TECHNOLOGY	OUTSTANDING
317477	S	\$16.29	10/27/14	00257	2	PIÑEY BOWES	OUTSTANDING
317478	S	\$299.00	10/27/14	13162	0	SCHOLASTIC, INC	OUTSTANDING
317479	S	\$325.21	10/27/14	20620	3	SCHOOL SPECIALTY INC.	OUTSTANDING
317480	S	\$46.00	10/27/14	23595	0	THE MCDOWELL AGENCY, INC	OUTSTANDING
317481	S	\$82.10	10/27/14	29042	0	TRIO SUPPLY COMPANY	OUTSTANDING
317482	S	\$521.59	10/27/14	21326	2	USI	OUTSTANDING
317483	S	\$4706.17	10/27/14	23898	0	WASHBURN CENTER FOR CHILDREN	OUTSTANDING
317484	S	\$1770.49	10/29/14	23678	0	AMAZON.COM, LLC	OUTSTANDING
317485	S	\$137.96	10/29/14	23678	0	UNISSUED	UNISSUED
317486	S	\$238.93	10/29/14	21674	0	CENTURYLINK	OUTSTANDING
317487	S	\$16.70	10/29/14	21674	1	CENTURYLINK	OUTSTANDING
317488	S	\$140.85	10/29/14	23785	2	CENTURYLINK	OUTSTANDING
317489	S	\$569.73	10/29/14	16244	0	CHILD THERAPY TOYS	OUTSTANDING
317490	S	\$462.97	10/29/14	22238	3	CUB FOODS	OUTSTANDING
317491	S	\$130.00	10/29/14	18796	1	DISCOUNT SCHOOL SUPPLY	OUTSTANDING
317492	S	\$537.60	10/29/14	09592	0	ESTR PUBLICATIONS	OUTSTANDING
317493	S	\$23701.78	10/29/14	21007	0	INT SCH DIST #81	OUTSTANDING
317494	S	\$570.00	10/29/14	23642	0	LIFTVEST USA, LLC	OUTSTANDING
317495	S	\$10.00	10/29/14	18091	0	MASE	OUTSTANDING
317496	S	\$100.00	10/29/14	07926	7	METRO ECSU	OUTSTANDING
317497	S	\$1327.73	10/29/14	22676	0	MN DEPT OF LABOR & INDUSTRY	OUTSTANDING
317498	S	\$85.00	10/29/14	21744	2	MN STATE COLLEGES & UNIVERSITIES	OUTSTANDING
317499	S	\$306.59	10/29/14	20568	1	OFFICE DEPOT	OUTSTANDING
317500	S	\$98.40	10/29/14	20624	0	ORIENTAL TRADING CO.	OUTSTANDING
317501	S	\$242.55	10/29/14	23784	0	PATTERSON MEDICAL	OUTSTANDING
317502	S	\$3881.25	10/29/14	23915	1	PEDIATRIC HOME SERVICE	OUTSTANDING
317503	S	\$447.11	10/29/14	13162	0	SCHOLASTIC, INC	OUTSTANDING
317504	S	\$290.00	10/29/14	20620	3	SCHOOL SPECIALTY INC.	OUTSTANDING
317505	S	\$290.00	10/29/14	00305	1	SO ST PAUL PUBLIC SCHOOLS	OUTSTANDING

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317507	S	\$127.52	10/29/14	10981	0	TARGET BANK	OUTSTANDING
317508	S	\$123.86	10/29/14	20999	3	VERIZON WIRELESS	OUTSTANDING
317509	S	\$4218.41	10/29/14	19389	0	WELLS FARGO	OUTSTANDING
317510	S	\$131.92	10/29/14	22291	1	WILLIAM V. MACGILL & CO.	OUTSTANDING
317511	S	\$1824.00	10/29/14	24099	0	AED SUPERSTORE	OUTSTANDING
317512	S	\$46.50	10/29/14	24083	0	BOOTH LAW GROUP	OUTSTANDING
317513	S	\$82.50	10/29/14	24506	0	CENTER FOR COGNITIVE COACHING	OUTSTANDING
317514	S	\$41.90	10/29/14	23996	0	MEDICAREBLUE RX	OUTSTANDING
317515	S	\$496.42	10/29/14	23040	0	SAM'S CLUB	OUTSTANDING
317516	S	\$13495.64	10/29/14	23942	0	TEACHERS ON CALL	OUTSTANDING
706671	E	\$19.04	10/09/14	99999	10776	ANNONI, ELIZABETH	OUTSTANDING
706672	E	\$22.40	10/09/14	99999	8686	BERG, LINDA JO	OUTSTANDING
706673	E	\$60.48	10/09/14	99999	3063	BRITTAIN DONNA MAE	OUTSTANDING
706674	E	\$119.84	10/09/14	99999	8873	BUDACH, DON JAMES	OUTSTANDING
706675	E	\$78.06	10/09/14	99999	10762	BYER-RAJPUT, ANNE	OUTSTANDING
706676	E	\$321.44	10/09/14	99999	9968	CRUSSINGER, BRENDA	OUTSTANDING
706677	E	\$240.80	10/09/14	99999	9092	DEVENOW, PEARL SUSAN	OUTSTANDING
706678	E	\$30.96	10/09/14	99999	7170	DIVELY, CYNTHIA GARWOOD	OUTSTANDING
706679	E	\$179.48	10/09/14	99999	10442	FLEMING, ANGELITA	OUTSTANDING
706680	E	\$174.72	10/09/14	99999	9187	FRIEST, SUEAN NORMA	OUTSTANDING
706681	E	\$193.20	10/09/14	99999	10443	GROFF, CASSIE	OUTSTANDING
706682	E	\$26.88	10/09/14	99999	8942	HURT, LYNDA TERESA	OUTSTANDING
706683	E	\$189.56	10/09/14	99999	10278	JOTHEN, CHANDA	OUTSTANDING
706684	E	\$48.61	10/09/14	99999	6356	KLAUSTERMEIER, JENNIFER MARIE	OUTSTANDING
706685	E	\$91.47	10/09/14	99999	6356	KLAUSTERMEIER, JENNIFER MARIE	OUTSTANDING
706686	E	\$31.92	10/09/14	99999	10065	KOEPKE, BETSY	OUTSTANDING
706687	E	\$25.99	10/09/14	99999	6145	KYLLO, KITRI LARSON	OUTSTANDING
706688	E	\$206.08	10/09/14	99999	6145	KYLLO, KITRI LARSON	OUTSTANDING
706689	E	\$63.03	10/09/14	99999	6145	KYLLO, KITRI LARSON	OUTSTANDING
706690	E	\$27.44	10/09/14	99999	2598	LAMPRECHT, CLAUDETTE	OUTSTANDING
706691	E	\$53.76	10/09/14	99999	2598	LAMPRECHT, CLAUDETTE	OUTSTANDING
706692	E	\$194.32	10/09/14	99999	9468	LANGENFELD, CORY LEE	OUTSTANDING
706693	E	\$30.24	10/09/14	99999	9571	LARSEN, BETSY SUE	OUTSTANDING
706694	E	\$19.04	10/09/14	99999	9571	LARSEN, BETSY SUE	OUTSTANDING
706695	E	\$64.40	10/09/14	99999	10867	LEWIS, ASHLEY	OUTSTANDING
706696	E	\$22.40	10/09/14	99999	10823	NELSON, MARTA	OUTSTANDING
706697	E	\$417.76	10/09/14	99999	10055	NICKLEBY, JASON	OUTSTANDING
706698	E	\$39.20	10/09/14	99999	10397	PEMBLE, HOLLY	OUTSTANDING
706699	E	\$57.68	10/09/14	99999	10430	QUAM, LYNN	OUTSTANDING
706700	E	\$84.22	10/09/14	99999	9915	SCHALLER, MELISSA	OUTSTANDING
706701	E	\$28.00	10/09/14	99999	10895	VOIDED	VOIDED
706702	E	\$13.22	10/09/14	99999	9819	VOIDED	VOIDED
706703	E	\$6.72	10/09/14	99999	10860	SPEEDLING, KAITLIN	OUTSTANDING
706704	E	\$163.29	10/09/14	99999	10405	STOLL, DAVID L.	OUTSTANDING
706705	E	\$3.01	10/09/14	99999	10517	STROMBERG, RHIANON	OUTSTANDING
706706	E	\$6.23	10/09/14	99999	10517	STROMBERG, RHIANON	OUTSTANDING
706707	E	\$54.62	10/09/14	99999	10517	STROMBERG, RHIANON	OUTSTANDING
706708	E	\$116.48	10/09/14	99999	10042	TENNESSEN, LAURA	OUTSTANDING
706709	E	\$12.88	10/09/14	99999	10473	THEISTE, RENEE	OUTSTANDING
706710	E	\$82.32	10/09/14	99999	9094	TOLLEFSON, BRENDA KAY	OUTSTANDING
706711	E	\$65.52	10/09/14	99999	10861	TURZYNSKI, ADRIENNE	OUTSTANDING
706712	E	\$24.05	10/09/14	99999	10756	VAN BROCKLIN, ERIC	OUTSTANDING

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 DATE RANGE: 10/03/14 - 10/30/14

CHECK STATUS

CHECK #	TYPE	CHECK AMT	CHECK DATE	VENDOR #	ADRS #	VENDOR NAME	CHECK STATUS
706713	E	\$143.92	10/09/14	99999	9883	ZEHNDER, SCOTT MICHAEL	OUTSTANDING
706714	E	\$1716.43	10/10/14	99999	9906	BOWLIN, THERESA	OUTSTANDING
706715	E	\$275.88	10/10/14	99999	9906	BOWLIN, THERESA	OUTSTANDING
706716	E	\$2086.60	10/10/14	99999	9906	BOWLIN, THERESA	OUTSTANDING
706717	E	\$160.52	10/10/14	99999	9906	BOWLIN, THERESA	OUTSTANDING
706718	E	\$109.88	10/10/14	99999	9906	BOWLIN, THERESA	OUTSTANDING
706719	E	\$61.60	10/10/14	99999	9906	BOWLIN, THERESA	OUTSTANDING
706720	E	\$33.00	10/10/14	99999	9906	BOWLIN, THERESA	OUTSTANDING
706721	E	\$67.97	10/10/14	99999	9906	BOWLIN, THERESA	OUTSTANDING
706722	E	\$252.75	10/10/14	99999	9906	BOWLIN, THERESA	OUTSTANDING
706723	E	\$235.37	10/10/14	99999	9906	BOWLIN, THERESA	OUTSTANDING
706724	E	\$74.48	10/10/14	99999	9874	ALLEN, ANN CATHERINE	OUTSTANDING
706725	E	\$343.28	10/10/14	99999	9092	DEVENOW, PEARL SUSAN	OUTSTANDING
706726	E	\$22.40	10/10/14	99999	5230	DOENGES, KAREN ETENE	OUTSTANDING
706727	E	\$236.32	10/10/14	99999	9722	KLEIN, LORI ANN	OUTSTANDING
706728	E	\$299.08	10/10/14	99999	3472	LENTSCH-MURKAY, ROSEMARY HELEN	OUTSTANDING
706729	E	\$306.32	10/10/14	99999	9278	MAYES, ANN LOUISE	OUTSTANDING
706730	E	\$8.50	10/10/14	99999	9804	NORRING, JASON LEE	OUTSTANDING
706731	E	\$224.67	10/10/14	99999	10763	PFISTERER, EMILY	OUTSTANDING
706732	E	\$815.36	10/10/14	99999	9192	WOOD, FRAN LOUISE	OUTSTANDING
706733	E	\$45.00	10/23/14	99999	6787	ZSMUS, JOAN SCHAEFER	OUTSTANDING
706734	E	\$99.00	10/23/14	99999	8873	BUDACH, DON JAMES	OUTSTANDING
706735	E	\$90.00	10/23/14	99999	9679	CHRISTIANSEN, JOHN MAXWELL	OUTSTANDING
706736	E	\$90.00	10/23/14	99999	9702	GARRETSON, PAMELA VICK	OUTSTANDING
706737	E	\$90.00	10/23/14	99999	8341	HETLAND, JENNIFER AMY	OUTSTANDING
706738	E	\$90.00	10/23/14	99999	6345	KYLLO, KITRI LARSON	OUTSTANDING
706739	E	\$90.00	10/23/14	99999	9468	LANGENFELD, CORY LEE	OUTSTANDING
706740	E	\$90.00	10/23/14	99999	8628	ROUSH, NICOLLE KATHERI	OUTSTANDING
706741	E	\$90.00	10/23/14	99999	9915	SCHALLER, MELISSA	OUTSTANDING
706742	E	\$90.00	10/23/14	99999	10405	STOLI, DAVID I.	OUTSTANDING
706743	E	\$20.00	10/23/14	99999	9068	SWANEY, AMY LYNN	OUTSTANDING
706744	E	\$90.00	10/23/14	99999	10756	VAN BROCKLIN, ERIC	OUTSTANDING
706745	E	\$20.00	10/23/14	99999	9883	ZERNBER, SCOTT MICHAEL	OUTSTANDING
706746	E	\$5.95	10/23/14	99999	8787	ASMUS, JOAN SCHAEFER	OUTSTANDING
706747	E	\$366.24	10/23/14	99999	8787	ASMUS, JOAN SCHAEFER	OUTSTANDING
706748	E	\$11.20	10/23/14	99999	8686	BERG LINDA JO	OUTSTANDING
706749	E	\$38.08	10/23/14	99999	10832	BERGSTROM, RICHARD	OUTSTANDING
706750	E	\$11.20	10/23/14	99999	10898	BURR, AMANDA	OUTSTANDING
706751	E	\$24.64	10/23/14	99999	9723	CATER, DANNY GARY	OUTSTANDING
706752	E	\$104.16	10/23/14	99999	9301	CLARK, DEBORAH MAE	OUTSTANDING
706753	E	\$60.00	10/23/14	99999	10718	COOK, BETSY	OUTSTANDING
706754	E	\$315.28	10/23/14	99999	8436	ELDRD, PATRICIA ANN	OUTSTANDING
706755	E	\$152.88	10/23/14	99999	10771	ERICKSON, ROBERT	OUTSTANDING
706756	E	\$78.40	10/23/14	99999	9995	EVANS, AARON	OUTSTANDING
706757	E	\$288.96	10/23/14	99999	9755	FRISQUE, SHERILYN FAYE	OUTSTANDING
706758	E	\$60.00	10/23/14	99999	8425	HALE-SANFORD, ERIN LYNN	OUTSTANDING
706759	E	\$31.36	10/23/14	99999	10624	HILL, RON	OUTSTANDING
706760	E	\$35.84	10/23/14	99999	8942	HURT, LYNDA THERESA	OUTSTANDING
706761	E	\$433.93	10/23/14	99999	9496	IRELAND, KATHLEEN ELIZAB	OUTSTANDING
706762	E	\$53.76	10/23/14	99999	8693	JEFFRIES, DIANE RENEE	OUTSTANDING
706763	E	\$6.95	10/23/14	99999	8693	JEFFRIES, DIANE RENEE	OUTSTANDING
706764	E	\$386.96	10/23/14	99999	8842	JOHNSON, ROXANN RAYN	OUTSTANDING

Intermediate School Dist 917
 CHECK REGISTER FOR BANK 01 - WELLS FARGO BANK
 DATE RANGE: 10/03/14 - 10/30/14

CHECK STATUS

CHECK #	TYPE	CHECK AMT	CHECK DATE	VENDOR #	ADDRS #	VENDOR NAME	CHECK STATUS
706765	E	\$82.88	10/23/14	99999	9566	KOENIGSBERGER, CARRIE LYNN	OUTSTANDING
706766	E	\$25.76	10/23/14	99999	10615	LANG, SHEILA	OUTSTANDING
706767	E	\$183.12	10/23/14	99999	9468	LANGENFELD, CORY LEE	OUTSTANDING
706768	E	\$49.28	10/23/14	99999	9571	LARSEN, BETSY SUE	OUTSTANDING
706769	E	\$49.28	10/23/14	99999	8287	LEWIS, JILL E	OUTSTANDING
706770	E	\$40.32	10/23/14	99999	10868	MANSUR, JOANNE	OUTSTANDING
706771	E	\$12.00	10/23/14	99999	9675	MATTICE, CATHLEEN CAROL	OUTSTANDING
706772	E	\$49.50	10/23/14	99999	10521	NWOKEKUKU, PATIJO	OUTSTANDING
706773	E	\$245.84	10/23/14	99999	10626	PETERSON, MARY HELEN SUAVE	OUTSTANDING
706774	E	\$63.84	10/23/14	99999	9177	PRESSNALL, VANDA JOY	OUTSTANDING
706775	E	\$36.96	10/23/14	99999	10710	RABE, SARAH	OUTSTANDING
706776	E	\$12.00	10/23/14	99999	9914	RHEIN, KENT E.	OUTSTANDING
706777	E	\$26.88	10/23/14	99999	10770	SAUSER, MELISSA	OUTSTANDING
706778	E	\$31.36	10/23/14	99999	10895	SCHMIDT, JENNIFER	OUTSTANDING
706779	E	\$13.22	10/23/14	99999	9819	SINGER, CAPOL	OUTSTANDING
706780	E	\$361.76	10/23/14	99999	10405	STOLL, DAVID L.	OUTSTANDING
706781	E	\$282.35	10/23/14	99999	10375	THOMAS, TAYLOR	OUTSTANDING
706782	E	\$38.34	10/23/14	99999	9506	VILLELLI, ANTHONY JOSEPH	OUTSTANDING
706783	E	\$43.55	10/23/14	99999	9482	VRIEZE, JANEL LYNN	OUTSTANDING
706784	E	\$60.48	10/23/14	99999	10761	WHITE, HANNAH	OUTSTANDING
92001307	W	\$6297.93	10/07/14	22698	0	CORPORATE HEALTH SYSTEMS	OUTSTANDING
92001309	W	\$17831.63	10/10/14	30132	0	DELTA DENTAL OF MINNESOTA	OUTSTANDING
92001324	W	\$6141.71	10/16/14	40027	0	AMERIPRISE FINANCIAL ADVISORS	OUTSTANDING
92001325	W	\$1230.73	10/22/14	22698	0	CORPORATE HEALTH SYSTEMS	OUTSTANDING
92001326	W	\$344.46	10/17/14	22698	0	CORPORATE HEALTH SYSTEMS	OUTSTANDING
92001327	W	\$45.00	10/10/14	22698	0	CORPORATE HEALTH SYSTEMS	OUTSTANDING
92001328	W	\$33011.32	10/17/14	40066	0	EXECUTIVE DIRECTOR	OUTSTANDING
92001329	W	\$135.36	10/22/14	40066	0	EXECUTIVE DIRECTOR	OUTSTANDING
92001330	W	\$2184.00	10/16/14	40026	0	HORACE MANN LIFE INS	OUTSTANDING
92001331	W	\$148287.15	10/16/14	40037	0	INTERNAL REVENUE SERVICE	OUTSTANDING
92001332	W	\$121.50	10/16/14	21704	0	MN CHILD SUPPORT PAYMENT CENTER	OUTSTANDING
92001333	W	\$23637.91	10/16/14	40003	0	MN DEPT OF REVENUE	OUTSTANDING
92001334	W	\$357.34	10/16/14	40058	0	MN DEPT OF REVENUE (C)	OUTSTANDING
92001335	W	\$409756.63	10/15/14	40001	0	PAYROLL ACCT #3805704197	OUTSTANDING
92001336	W	\$60515.70	10/17/14	40005	0	STATE TREASURER, TRA	OUTSTANDING
92001337	W	\$9034.16	10/16/14	23474	0	THE BANCORP BANK	OUTSTANDING
92001338	W	\$7645.73	10/16/14	40033	0	VARIABLE ANNUITY LIFE INS CO	OUTSTANDING
92001339	W	\$2239.51	10/16/14	28803	2	VOYA	OUTSTANDING

TOTAL # OF ISSUED CHECKS: 294 TOTAL AMOUNT 1,009,761.75

TOTAL # OF VOIDED CHECKS: 2 TOTAL AMOUNT 41.22

TOTAL # OF UNISSUED CHECKS: 2

COPY

Date: October 24, 2014

To: Accountns Payable

From: Becky Edson
Payroll Clerk

Invoice nbr: 33552655
Date: 10/14/2014
Member ID: 803601310

Subject: RX - Trexler

Issue a Check in the amount of \$ 41.90

Payable to:
Medicare Blue RX
(Nov, 2014)

Vendor #

Charge to:

Amount

20-005-420-000-221-220

\$41.90

Total

\$41.90

proof

\$0.00

Authorized Signature



Date

10-24-14

Date: October 24, 2014

To: FOR EFT INPUT

From: Becky Edson
Payroll Clerk

Subject: Flex Plan ACH Transfer for Flex Benny Card Reimbursement for Oct 20 - 24, 2014

Transferred From Wells Fargo Bank Account Number xxxxxx2167 \$140.00
Corporate Health Systems Inc Vendor # 22698

Charge to:	Amount	
10-215-39	\$140.00	
10-215-40	\$0.00	
10-215-42	\$0.00	
Total	\$140.00	proof \$0.00

cc: Payroll Insurance Payment File
Date Bank Account to be debited 10/24/2014 \$140.00

Authorized Signature  Date 10-24-14

TO: Nicolle Roush DATE: 10/14/2014
 Business Manager

FROM: Becky Edson
 Payroll/Fringe Benefits Technician

SUBJECT: EFT for pay period ending Oct 15, 2014

Amerprise Vendor #40027	6,141.71
PERA Vendor #40006	33,011.32
Horace Mann Vendor #40026	2,184.00
TRA Vendor #40005	60,515.70
VALIC (Variable Annuity Life) Vendor #40033	7,645.73
Minnesota Dept. of Revenue Vendor # 40003	23,637.91
Internal Revenue Service Vendor Nbr 40037	148,287.15
Payroll Acct #XXXXXX4197 Vendor #40001	409,756.63
Bancorp Vendor # 23474	9,034.16
VOYA (MSRS) Vendor # 28803-2	2,239.51
MN Child Support Vendor #21704	121.50
MN Dept Revenue Vendor (Garnishment) #40058	357.34

Total Electronic Funds Transfer was made in the amount of \$

702,932.66

Authorized Signature  Date 10-16-14

Date: October 16, 2014

To: FOR EFT INPUT

From: Becky Edson
Payroll Clerk

Subject: Flex Plan ACH Transfer for Flex Reimbursement for 2014

1201

Transferred From Wells Fargo Bank Account Number xxxxxx2167 \$1,230.73
Corporate Health Systems Inc Vendor # 22698

Charge to:	Amount	
10-215-39	\$0.00	
10-215-40	\$1,230.73	
10-215-42	\$0.00	
Total	\$1,230.73	proof \$0.00

cc: Payroll Insurance Payment File
Date Bank Account to be debited 10/22/2014 \$1,230.73

Authorized Signature  Date 10-16-14

Date: September 30, 2014

To: FOR EFT INPUT

From: Becky Edson
Payroll Clerk

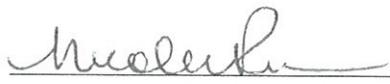
L-301

Subject: Flex Plan ACH Transfer for Flex Benny Card Reimbursement for 9/17/14

Transferred From Wells Fargo Bank Account Number xxxxxx2167 \$344.46
Corporate Health Systems Inc Vendor # 22698

Charge to:	Amount	
10-215-39	\$344.46	
10-215-40	\$0.00	
10-215-42	\$0.00	
Total	\$344.46	proof \$0.00

cc: Payroll Insurance Payment File
Date Bank Account to be debited 9/17/2014 \$344.46

Authorized Signature  Date 10-15-14

COPIES

Date: October 10, 2014

To: FOR EFT INPUT

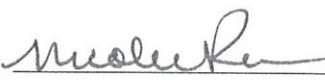
From: Becky Edson
Payroll Clerk

Subject: Flex Plan ACH Transfer for Flex Benny Card Reimbursement for 10/8 and 10/9/14

Transferred From Wells Fargo Bank Account Number xxxxxx2167 \$45.00
Corporate Health Systems Inc Vendor # 22698

Charge to:	Amount	
10-215-39	\$45.00	
10-215-40	\$0.00	
10-215-42	\$0.00	
Total	\$45.00	proof \$0.00

cc: Payroll Insurance Payment File
Date Bank Account to be debited 10/10/2014 \$45.00

Authorized Signature  Date 10-14-14

Intermediate School District 917
1300 E. 145th Street
Rosemount, MN 55068

Re: Sales Tax Wire Transfer

Date: 10-9-14

This memo serves as authorization for the wire transfer of funds for payment of sales tax in the amount of \$ 141.00, from Wells Fargo Bank Account No. 3805702167.


Nicolle Roush, Business Manager

Date: October 3, 2014
To: FOR EFT INPUT

Copy

From: Becky Edson
Payroll Clerk

Subject: Flex Plan ACH Transfer for Flex Reimbursement for 2014

Transferred From Wells Fargo Bank Account Number xxxxxx2167 \$6,297.93
Corporate Health Systems Inc Vendor # 22698

Charge to:	Amount	
10-215-39	\$0.00	
10-215-40	\$6,297.93	
10-215-42	\$0.00	
Total	\$6,297.93	proof \$0.00

cc: Payroll Insurance Payment File
Date Bank Account to be debited 10/7/2014 \$6,297.93

Authorized Signature  Date 10-3-14

Date: October 3, 2014
To: FOR EFT INPUT

0001

From: Becky Edson
Payroll Clerk

Subject: Flex Plan ACH Transfer for Flex Benny Card Reimbursement for 9/29 to 10/03/2014

Transferred From Wells Fargo Bank Account Number xxxxxx2167 \$66.75
Corporate Health Systems Inc Vendor # 22698

Charge to:	Amount	
10-215-39	\$66.75	
10-215-40	\$0.00	
10-215-42	\$0.00	
Total	\$66.75	proof \$0.00

cc: Payroll Insurance Payment File
Date Bank Account to be debited 9/30/2014 \$66.75

Authorized Signature  Date 10-3-14

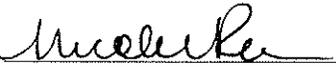
TO: Nicolle Roush DATE: 09/26/2014
Business Manager

FROM: Becky Edson
Payroll/Fringe Benefits Technician

SUBJECT: EFT for pay period ending Sept 30, 2014

Amperprise Financial Vendor #40027	\$	2,354.18
Horance Mann Vendor #40026	\$	1,068.34
PERA - Executive Director Vendor #40006	\$	33,023.74
TRA - State Treasurer Vendor #40005	\$	61,475.42
VALIC (Variable Annuity Life) Vendor #40033	\$	3,214.60
Minnesota Dept. of Revenue Vendor # 40003	\$	24,298.87
Internal Revenue Service Vendor Nbr 40037	\$	150,608.90
Payroll Acct #XXXXXXX4197 Vendor #40001	\$	427,578.05
Bancorp Vendor #23474	\$	9,880.81
VOYA (MSRS) Vendor # 28803-2	\$	614.51
MN Dept of Revenue - Garnishments Vendor #40058	\$	357.34
MN Child Support Vendor # 21704	\$	121.50

Total Electronic Funds Transfer was made in the amount of \$ 714,596.26

Authorized Signature  Date 10-2-14

Date: October 2, 2014

To: Accounts Payable

From: Becky Edson
Payroll Clerk

Subject: Group Insurance Premium for October 2014
(Employer's Costs and Employees' Withholdings)

Wire Funds to Kansas City Life Insurance Co \$6,524.56

Payable to:
Kansas City Life Ins Co Vendor # 24031

Charge to:	Amount	
01-215-32	\$478.68	
02-215-32	\$3,679.22	
10-215-32	\$249.76	
01-215-33	\$269.62	
02-215-33	\$1,727.76	
10-215-33	\$119.52	
Total	\$6,524.56	proof \$0.00

cc: Payroll Insurance Payment File

Authorized Signature  Date 10-2-14

Date: October 2, 2014

To: FOR EFT INPUT

From: Becky Edson
Payroll Clerk

Subject: Group Insurance Premium for September 2014
(Employer's Costs and Employees' Withholdings)

Payable to: \$17,831.63
Delta Dental Vendor # 30132

Charge to:	Amount
21-005-110-000-235-250	\$17,831.63

Total	\$17,831.63	proof	\$0.00
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cc: Payroll Insurance Payment File
Date Bank Account to be debited 10/10/2014

Authorized Signature  Date 10-2-14

Date: October 2, 2014

To: Accountns Payable

From: Becky Edson
Payroll Clerk

Invoice nbr: 0035758900
Date: 10/1/2014
Group # 586196

Subject: Group Insurance Premium for Sept 2014
(Employer's Costs and Employees' Withholdings)

Wire Funds Transfer was made in the amount of \$ 263,625.74

Payable to:
Medica

Vendor # 21088

Charge to:

Amount

01-215-30

\$30,020.20

02-215-30

\$223,342.74

10-215-30

\$10,262.80

20-215.30

\$0.00

Total

\$263,625.74

proof

\$0.00

Authorized Signature



Date

10-2-14

INTERMEDIATE SCHOOL DISTRICT 917
SCHOOL BOARD REPORT OF
CONSOLIDATED INVESTMENTS (GENERAL & BUILDING)
SEPTEMBER 2014

ACCOUNT NAME	ACCT NO	BEGINNING BALANCE	PURCHASES CREDITS	SALES TRANSFERS	INVESTMENT FEES	INTEREST EARNED	ENDING BALANCE	YEAR TO DATE INTEREST EARNED
1 MSDLAF + MAX	01	1,258,610.73	0.00	0.00	0.00	44.76	1,258,655.49	133.20
2 MSDLAF	01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MSDLAF FIXED (CD's, Term, Comm)	01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 WELLS FARGO SAVINGS ACCT	01	2,750,752.36	0.00	1,125,000.00	0.00	76.09	1,625,828.45	246.71
4 WELLS FARGO PORTFOLIO	01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		4,009,363.09	0.00	1,125,000.00	0.00	120.85	2,884,483.94	379.91

EXPLANATION: Lines 1 through 4 above are School District Investments complying with the requirements of Minnesota Statutes 118.01, 471.56 and 475.66. Lines 1 through 2 represent portfolios of investments made with Minnesota School Liquid Assets Fund plus (MSDLAF+) and are explained along with line 4 below.

1. MSDMAX is MSDLAF'S "Max Portfolio" and includes pooled investments plus banker's acceptances, commercial paper, repurchase agreements and US Government obligations.
2. MSDLAF is MSDLAF'S primary clearing "Money Market" fund. All fixed rate investments (FRI) clear through this account as do maturities, interest, and fees.
3. WELLS FARGO is a Savings Account.
4. WELLS FARGO PORTFOLIO includes pooled investments plus banker's acceptances, commercial paper, repurchase agreements and US Government obligations

NOTE: September 2014 Average MSDLAF Liquid Rate was .03% and the MSDLAF+MAX Average Rate was .04%. The MSDLAF CD Average Rate was 0%. The Average Wells Fargo Savings Rate was .04%.

Management Report

for

Intermediate School District No. 917
Rosemount, Minnesota
June 30, 2014

PRELIMINARY

To the School Board and Management of
Intermediate School District No. 917
Rosemount, Minnesota

We have prepared this management report in conjunction with our audit of Intermediate School District No. 917's (the District) financial statements for the year ended June 30, 2014. The purpose of this report is to communicate information relevant to the financing of public education in Minnesota and to provide comments resulting from our audit process. We have organized this report into the following sections:

- Audit Summary
- Funding Public Education in Minnesota
- Financial Trends of Your District
- Legislative Summary
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the District, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and information relevant to school district financing in Minnesota. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

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

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, 2014, and the related notes to the financial statements. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2014:

- We have issued an unmodified opinion on the District's annual financial statements.
- We reported no deficiencies in the District's internal control over financial reporting that we considered to be material weaknesses.
- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
- We reported no findings based on our testing of the District's compliance with Minnesota laws and regulations.

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

In accordance with Minnesota Statutes, the District's School Board has elected not to exercise control over the transactions of the extracurricular student activity accounts maintained at various district sites. Consequently, the cash receipts and disbursements of the District's extracurricular student activity accounts are reported in a separate set of financial statements, rather than being reported within the District's General Fund. We have issued an opinion on these separate financial statements, stating that they fairly present the recorded cash transactions of these accounts for the year ended June 30, 2014.

We reported one deficiency involving internal controls over financial reporting for the District's extracurricular student activities that we consider to be a material weakness. The District reports student activities on a cash basis, and has not established procedures to assure that all cash collections are recorded in the accounting records. Procedures such as the use and reconciliation of pre-numbered receipts and inventory controls over items sold for fundraisers would help strengthen the controls in this area.

We also issued a report on compliance with the Minnesota Department of Education's (MDE) *Manual for Activity Fund Accounting (MAFA)*, in which we reported one finding.

1. We noted 8 of 10 cash receipts we tested accounted for by the District as student activities lacked documentation to allow us to determine if it was deposited in a timely manner.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2014.

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.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. During our audit, we noted uncorrected misstatements totaling approximately \$50,000, overstating the balances within salaries payable and compensated absences payable. This misstatement detected as a result of audit procedures and not corrected by management was considered immaterial, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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:

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services which are computed using formulas derived by the MDE. Because of the timing of the calculations, this adjustment for the current fiscal year is not finalized until after the District has closed its financial records. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded a liability in the Statement of Net Position for severance benefits payable for which it is probable employees will be compensated. The "vesting method" used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), the potential use of accumulated sick leave prior to termination, and the age at which such employees are likely to retire.

The District has recorded activity for other post-employment benefits (OPEB). This obligation is calculated using actuarial methodologies described in Governmental Accounting Standards Board (GASB) Statement No. 45. This actuarial calculation includes significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, and employee turnover.

The depreciation of capital assets involves estimates pertaining to useful lives.

The District's self-insured activities require recording a liability for claims incurred but not yet reported, which are based on estimates.

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

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

DISAGREEMENTS WITH MANAGEMENT

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

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated INSERT DATE.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

OTHER AUDIT FINDINGS OR ISSUES

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

OTHER MATTERS

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Funding Progress for the Other Post-Employment Benefits Plan, which are required supplementary information (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.

We were engaged to report on the supplemental information and Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table accompanying the financial statements, which are not RSI. With respect to this supplementary information, 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 introductory section and other information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

FUNDING PUBLIC EDUCATION IN MINNESOTA

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this report. A summary of legislative changes affecting school districts and charter schools included later in this report gives an indication of how complicated the funding system is. This section provides some state-wide funding and financial trend information.

BASIC GENERAL EDUCATION REVENUE

The largest single funding source for Minnesota school districts is basic general education aid. Each year, the 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 average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

The table below presents a summary of the formula allowance for the past decade and as approved for the 2015 fiscal year. The amount of the formula allowance and the percentage change from year to year excludes non-comparable changes such as temporary funding increases, the “roll-in” of aids that were previously funded separately, potential reductions due to levying less than the maximum student achievement levy rate, and the one-time replacement of a portion of general education aid with federal fiscal stabilization funds in fiscal 2010.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2005	\$ 4,601	– %
2006	\$ 4,783	4.0 %
2007	\$ 4,974	4.0 %
2008	\$ 5,074	2.0 %
2009	\$ 5,124	1.0 %
2010	\$ 5,124	– %
2011	\$ 5,124	– %
2012	\$ 5,174	1.0 %
2013	\$ 5,224	1.0 %
2014	\$ 5,302	1.5 %
2015	\$ 5,831	2.0 % *

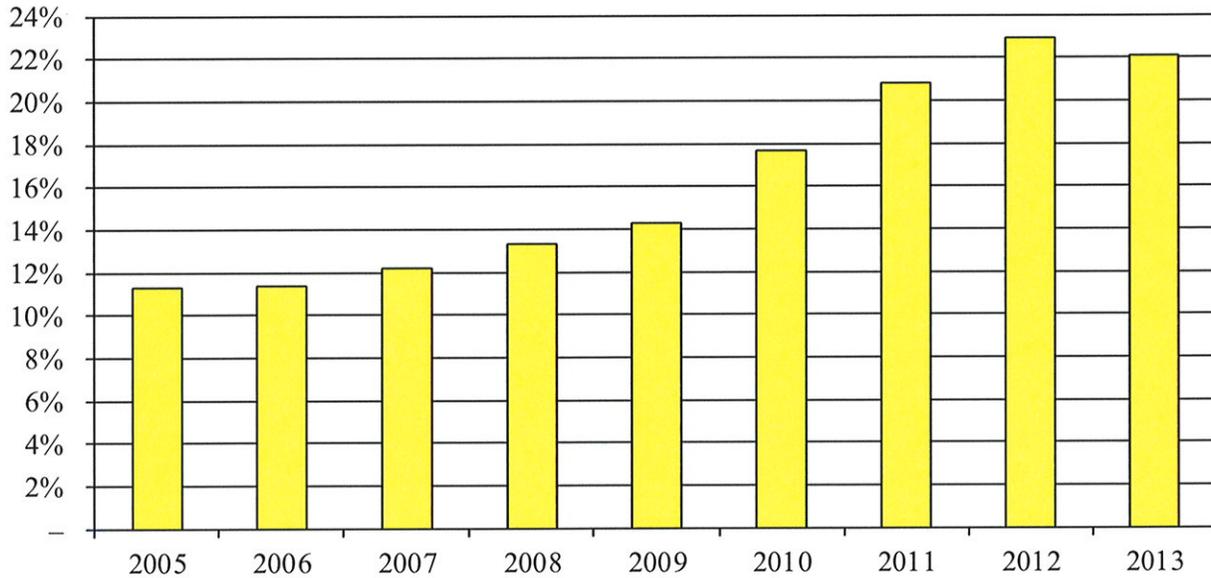
* The \$529 increase in 2015 is offset by changes to pupil weightings and the general education aid formula that reduced the increase to the equivalent of \$105, or 2.0 percent, state-wide.

In recent years, modest increases in the formula allowance have forced many districts to continually cut expenditure budgets or seek increased referendum revenue in order to maintain programs.

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

One of the most common and comparable statistics used to evaluate school district financial health is the unrestricted operating fund balance as a percentage of operating expenditures.

State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures



Note: State-wide information is not available for fiscal 2014.

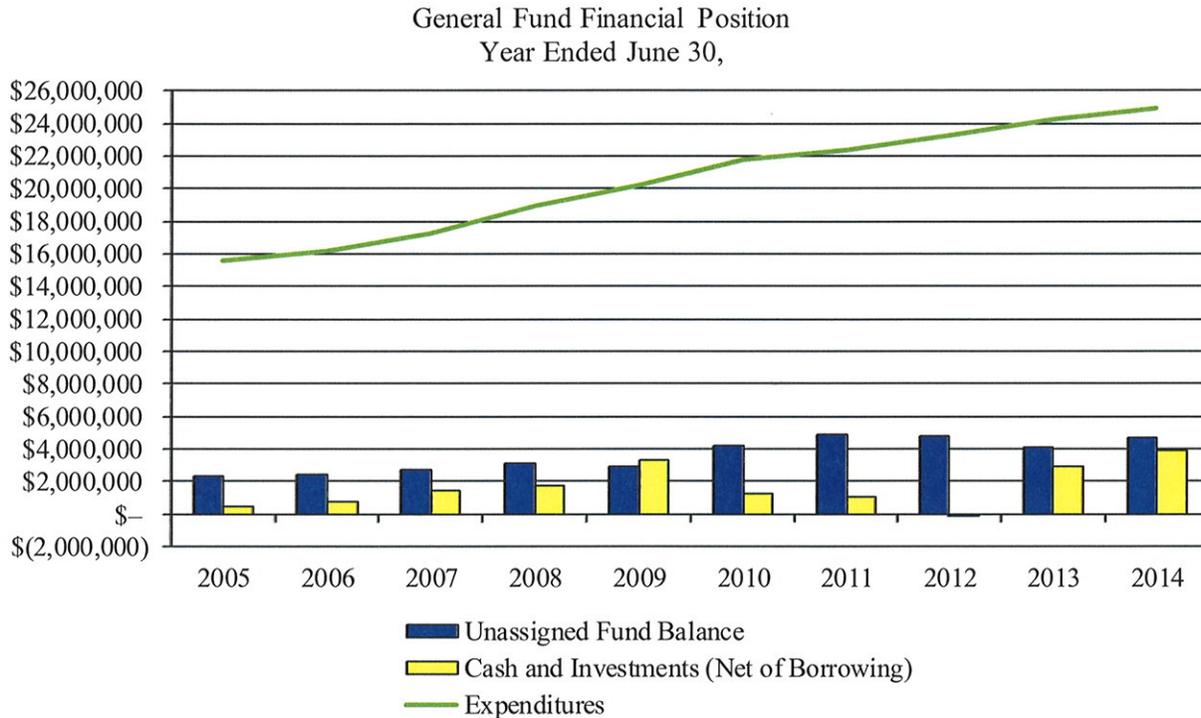
The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt (SOD). We have also included the comparable percentages for your district.

Even with limited funding increases, Minnesota school districts have generally been maintaining a higher unrestricted fund balance as a percentage of operating expenditures in recent years. This trend is the result of many factors, including districts reducing operating expenditures, adapting to funding restrictions, efforts to maintain fund balance for cash flow purposes, and in some cases community support in the form of operating referendums.

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

The following graph displays the District's General Fund trends of financial position and changes in the volume of financial activity. Unassigned fund balance and cash balance are two indicators of financial health, while annual expenditures are often used to measure the size of the operation.



The District ended fiscal year 2014 with a General Fund cash and investments balance of \$3,924,210 (net of borrowing and interfund receivables and payables), an increase of \$1,037,632 from the previous year. This change was primarily due to the change in the metering of state aid payments. Unassigned fund balance at year-end was \$4,642,898, an increase of \$560,220.

The following table presents the components of the General Fund balance for the past five years:

	Year Ended June 30,				
	2010	2011	2012	2013	2014
Nonspendable fund balances	\$ 11,115	\$ 4,806	\$ 106,799	\$ 80,710	\$ 9,922
Restricted fund balances	1,614,259	1,604,790	1,458,010	1,430,576	1,414,463
Assigned fund balances	-	-	-	110,661	-
Unassigned	4,186,226	4,909,422	4,785,805	4,082,678	4,642,898
Total fund balances	\$ 5,811,600	\$ 6,519,018	\$ 6,350,614	\$ 5,704,625	\$ 6,067,283
Unassigned fund balances as a percentage of expenditures	<u>19.2%</u>	<u>21.9%</u>	<u>20.6%</u>	<u>16.8%</u>	<u>18.6%</u>
Cash and temporary investments (net of borrowing)	<u>\$ 1,266,203</u>	<u>\$ 1,062,392</u>	<u>\$ (150,730)</u>	<u>\$ 2,886,578</u>	<u>\$ 3,924,210</u>

The table on the previous page reflects the total General Fund unassigned fund balance and percentages, which differs from those used in the previous discussion of state-wide fund balances, which are based on a state formula. The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

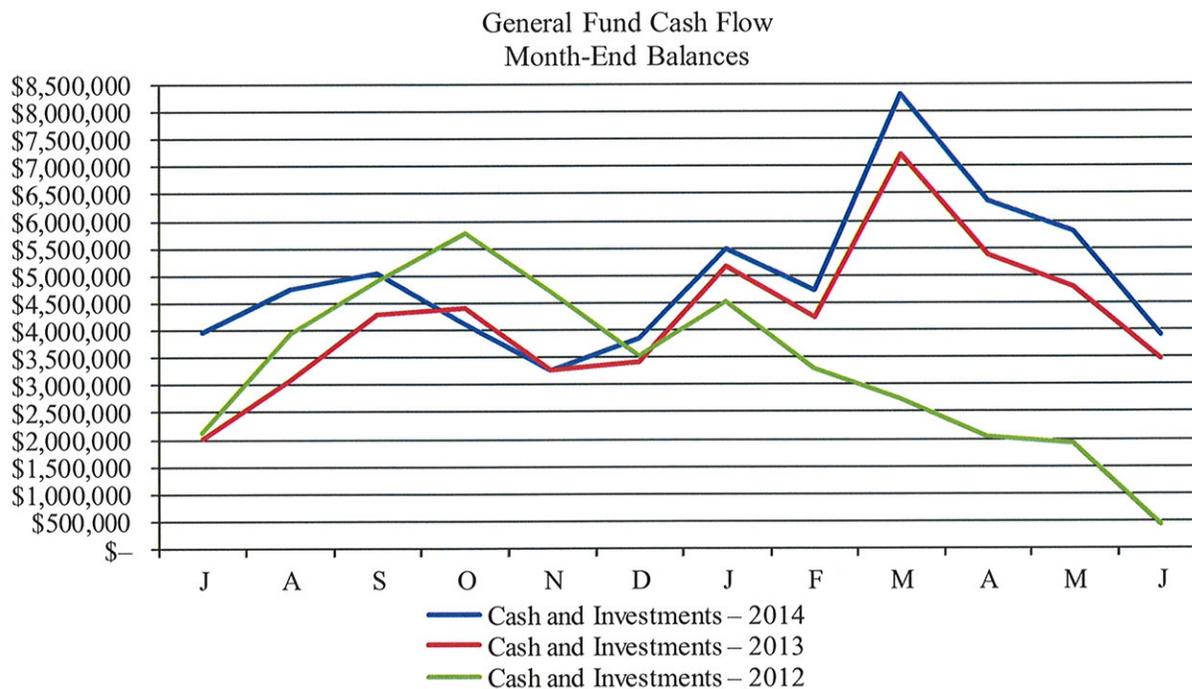
Fund balance as a percentage of expenditures is one key measure in assessing the financial health of the District. Maintaining an adequate fund balance is particularly important because of the limited availability of borrowing for the District and the need for the General Fund to be self-sustaining in its cash flow needs.

The fund balance remains healthy when compared to the level of district expenditures. The District's plan, based on current fund balance policy, is to maintain a minimum unassigned General Fund balance of 15 percent of the annual budget. At June 30, 2014, the District has exceeded that policy with an unassigned fund balance as a percentage of 2014 expenditures of 18.6 percent.

The restricted fund balance amounts listed in the table on the previous page mainly represent accumulated assets from capital-related transactions that are restricted for the payment of debt service or future capital-related projects.

GENERAL FUND CASH FLOW

The level of cash and investments varies considerably during the year due to the timing of various revenues and expenditures. The following graph summarizes the level of cash and investments (net of short-term cash flow borrowing) over the past three years:



The graph above shows the peaks and valleys of the General Fund cash and investments balance (net of borrowing and interfund balances) on a monthly basis. The swing between its high and low month-end cash balances was about \$5 million for fiscal 2014. Changes in the state aid payment schedules significantly affect the cash flow of Minnesota school districts. As further described in the Legislative Summary section of this report, the metering of state aids normally paid on a 90–10 schedule has changed several times over the last few years, with the state holdback as high as 40 percent at one point in fiscal year 2012. At June 30, 2014, the metering of state aids was being paid on a 90–10 schedule.

GENERAL FUND OPERATIONS AND FINANCIAL POSITION BY ACCOUNT

The following tables present comparative operating results for some of the accounts of the District's General Fund:

Secondary Education Account

	Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenue and other financing sources	\$ 3,892,238	\$ 3,888,279	\$ 4,225,045	\$ 3,823,175	\$ 3,391,004
Expenditures	3,807,382	3,872,245	3,967,802	4,135,016	3,471,081
Net change in fund balances	84,856	16,034	257,243	(311,841)	(80,077)
Fund balances					
Beginning of year	1,866,547	1,951,403	1,967,437	2,224,680	1,912,839
End of year	\$ 1,951,403	\$ 1,967,437	\$ 2,224,680	\$ 1,912,839	\$ 1,832,762

This account experienced a net decrease in fund balance of \$80,077 during fiscal 2014. This compares to a budgeted decrease of \$223,105. Revenues exceeded budget by \$34,136, while expenditures ended the year lower than budget by \$108,892.

Total revenue and other financing sources in the Secondary Education Account of the General Fund totaled \$3,391,004 for fiscal 2014, a decrease of \$432,171 from the previous year, mainly due to shifting targeted services programs back to the local districts in fiscal 2014.

Special Education Account

	Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenue and other financing sources	\$ 18,218,537	\$ 18,423,168	\$ 17,867,527	\$ 18,615,960	\$ 20,660,172
Expenditures and other financing uses	17,271,862	17,694,715	18,152,937	18,895,373	20,084,109
Net change in fund balances	946,675	728,453	(285,410)	(279,413)	576,063
Fund balances					
Beginning of year	1,214,695	2,161,370	2,889,823	2,604,413	2,325,000
End of year	\$ 2,161,370	\$ 2,889,823	\$ 2,604,413	\$ 2,325,000	\$ 2,901,063

This account experienced a net increase in fund balance of \$576,063 during fiscal 2014, which compares to a budgeted increase in fund balance of \$254,511 for the year. Most of this was due to the District receiving higher than projected state special education aid for both the current year and the final payments for fiscal 2013.

Special Education Account revenues and other financing sources increased \$2,044,212 in fiscal 2014 mostly due to an increase in students in these programs in fiscal 2014.

OTHER FUNDS OF THE DISTRICT

Internal Service Fund

The Internal Service Fund is considered a proprietary fund and is used to account for dental insurance offered by the District to its employees as a self-insured plan and post-employment employee benefits.

The following table presents comparative operating results for the District's Internal Service Fund over the past five fiscal years:

	Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenue	\$ 449,384	\$ 590,486	\$ 553,360	\$ 525,386	\$ 552,460
Expenditures	591,883	486,642	449,948	519,904	411,914
Net change in fund balances	(142,499)	103,844	103,412	5,482	140,546
Fund balances					
Beginning of year	(571,875)	(714,374)	(610,530)	(507,118)	(501,636)
End of year	<u>\$ (714,374)</u>	<u>\$ (610,530)</u>	<u>\$ (507,118)</u>	<u>\$ (501,636)</u>	<u>\$ (361,090)</u>

This account experienced a net increase in fund balance of \$140,546 during fiscal 2014. This occurred mostly as a result of expenditures and other financing uses being less than fiscal 2013 by \$107,990, while revenues and other revenue sources increased by \$27,074.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The governmental reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net position represents District resources available for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, this statement divides net position into three components: net investment in capital assets, restricted, and unrestricted. The following table presents a summarized reconciliation of the District's governmental fund balances to net position, and the separate components of net position for the last three years:

	As of June 30,		
	2012	2013	2014
Net position – governmental activities			
Total fund balances – governmental funds	\$ 6,821,235	\$ 6,011,062	\$ 6,178,520
Total capital assets, net of depreciation	7,606,075	7,441,349	7,248,954
Total long-term debt	(8,004,419)	(7,790,080)	(7,590,332)
Internal Service Fund balance	(507,118)	(501,636)	(361,090)
Other items	2,944	435	(1,901)
Total net position – governmental activities	<u>\$ 5,918,717</u>	<u>\$ 5,161,130</u>	<u>\$ 5,474,151</u>
Net position			
Net investment in capital assets	\$ 425,952	\$ 636,891	\$ 560,535
Restricted	1,336,698	1,126,946	897,218
Unrestricted	<u>4,156,067</u>	<u>3,397,293</u>	<u>4,016,398</u>
Total net position	<u>\$ 5,918,717</u>	<u>\$ 5,161,130</u>	<u>\$ 5,474,151</u>

Some of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g. Food Service Special Revenue Fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unrestricted fund balances, offset against noncapital long-term obligations such as severance payable.

Total net position increased \$313,021 in fiscal 2014. Unrestricted net position increased by \$619,105, which is consistent with the operating results of the General Fund.

LEGISLATIVE SUMMARY

The 2014 legislative session began with a projected budget excess for the remainder of the biennium of \$1.09 billion, later revised upward to a projected excess of \$1.23 billion in the February 2014 economic forecast. In addition to the bonding bill and supplemental budget typically addressed during an even-year short session, the projected excess enabled the Legislature to repay \$246 million of K–12 education finance shifts and to replenish the state “Rainy Day Fund” budget reserve with the addition of \$150 million. The supplemental budget adopted by the 2014 Legislature contained \$54.0 million in additional state aid appropriations for K–12 education for fiscal year 2015, including a \$25 increase to the basic general education formula allowance. The 2014 Legislature also adopted a number of technical corrections and modifications to the significant education funding changes adopted by the 2013 legislature.

The following is a brief summary of recent legislative changes and issues affecting the future funding of Minnesota school districts:

Basic General Education Revenue – The per pupil basic general education formula allowance for fiscal year (FY) 2015 was set to increase \$504 to \$5,806, with simultaneous changes to pupil weights and the general education formula structure reducing the increase to the equivalent of \$80 per pupil state-wide. The 2014 Legislature approved an additional \$25 increase, bringing the FY 2015 formula allowance to \$5,831. This also increases the other aids linked to the formula allowance.

Pupil Unit Weights – Pupil unit weights for FY 2015 will change as follows:

	FY 2014	FY 2015
Pre-Kindergarten and Disabled Kindergarten	1.25	1.0
Part-Time Kindergarten (under 850 instruction hours)	0.612	0.55
All-Day Kindergarten (at least 850 instruction hours)	0.612	1.0
Grades 1–3	1.115	1.0
Grades 4–6	1.06	1.0
Grades 7–12	1.30	1.2

Other Changes to the General Education Formula – A number of other changes were made to general education formula for FY 2015, including:

- Marginal cost pupil units are eliminated and a new declining enrollment revenue component of general education aid is established equal to the decline in adjusted pupil units between the prior year and current year times 28 percent of the basic general education aid allowance.
- The extended time allowance increases from \$4,601 to \$5,017.
- The gifted and talented revenue allowance increases from \$12 to \$13.
- The revenue set aside for learning and development is converted to a flat amount per ADM of \$299 per kindergarten student and \$459 per student in Grades 1 through 6.
- The small schools allowance increases from \$522.40 to \$544, and the qualifying threshold decreases from 1,000 to 960 pupil units.
- Operating capital revenue increases from \$73 per pupil unit + \$100 times the building age index to \$79 per pupil unit + \$109 times the building age index.
- The equity revenue allowance increases from \$75 to \$80 for sliding scale, and from \$46 to \$50 for flat rate.
- The pension adjustment reduction to general education aid is eliminated, with districts having a below average pension adjustment guaranteed to receive a minimum of the state average gain from the elimination of the pension adjustment.
- Quality Compensation (Q Comp) revenue is rolled out of the general education formula and established as a separate categorical aid, and the transition revenue calculation is amended to adjust for the roll-out.
- General education revenue generated for all-day kindergarten may be used for programs to meet the needs of 3 and 4-year-olds within the district.

Special Education Funding Reform – State funding for special education is being transitioned to new funding formulas that will be effective beginning in FY 2016.

The funding formula for state special education aid remains the same through FY 2015. For FY 2016, special education will be the lesser of: 62 percent of old formula special education expenditures for the prior year; 50 percent of nonfederal special education expenditures for the prior year; or 56 percent of the amount calculated using a new pupil driven formula based on prior year data.

Beginning in FY 2015, special education tuition billing is changed so that the resident district is responsible for 90 percent of unfunded costs (versus 100 percent currently) and the serving district or charter school is responsible for 10 percent of unfunded costs for open-enrolled students. This does not apply to students placed by tuition agreement, or served by a charter school with at least 70 percent special education students.

Beginning in FY 2016, special education aid will be paid directly to cooperatives and intermediate districts, rather than flowing through the resident districts. Tuition bills will be reduced by the aid paid directly to these entities.

A new special education cross subsidy reduction aid was added for FY 2014 and FY 2015 only. Aid for FY 2015 will equal the lesser of \$48 per ADM served or 2.27 percent of the amount generated for the district under the new pupil-based formula, with a state-wide limit of \$30 million.

The formula for special education excess cost aid was simplified beginning in FY 2014 by basing the calculation on prior year data and excluding special education tuition receipts and expenditures. For FY 2016, excess cost aid will be the greater of: 56 percent of the difference between the district's unreimbursed nonfederal special education costs and 7 percent of the district's general education revenue; or 62 percent of the difference between the district's unreimbursed old formula special education costs and 2.5 percent of the district's general education revenue.

Teacher Development and Evaluation Aid – For FY 2015 only, school districts, intermediate districts, and charter schools not receiving Q Comp revenue are eligible for teacher development and evaluation aid equal to \$302 times the number of full-time equivalent teachers employed on October 1 of the previous school year. The entitlement is limited to \$10 million state-wide.

Alternative Learning Center (ALC) Reserve – ALC reserve requirements and tuition billing language was amended to clarify that the amount required to be reserved or paid to the serving district under tuition billing is at least 90 percent *but no more than 100 percent* of general education revenue, and that local optional revenue is not included in the calculation.

General Education Levy Reform – The following changes were made to various elements of the general education tax levy effective FY 2015:

- A uniform general education levy, known as the “student achievement levy,” is reestablished. All districts may levy up to the student achievement rate, which is set to raise \$20 million state-wide in FY 2015. Districts that levy less than the maximum permitted rate will be subject to a proportionate reduction in its general education aid.
- The equalization factor for operating capital is increased to offset the impact of the student achievement levy.
- Operating referendum revenue is converted from an amount based of resident marginal cost pupil units to an amount based on adjusted pupil units (APUs), due to the elimination of marginal cost pupil units. The separate alternative attendance adjustment is eliminated and rolled into the allowance per APU. The allowance per APU will be set so the total revenue prior to applicable caps is the same as under the old law.

- Districts are allowed to convert up to \$300 per APU of existing voter-approved operating referendum revenue to board-approved. Districts with approved operating referendums of less than \$300 per APU are permitted to authorize additional referendum revenue up to the \$300 per APU limit. Operating referenda will be equalized based on a new, three-tiered formula.
- A new “Location Equity levy” was established, providing school districts with land in the seven-county metro area with authority for a location equity levy of \$424 per APU. Districts with adjusted ADM of greater than 2,000 that do not qualify as metro districts are eligible for a location equity levy of \$212 per APU. Both levies are equalized at \$510,000. Districts may opt out of location equity revenue by a board vote taken by September 1 of the fiscal year preceding the fiscal year when the revenue takes effect (e.g. September 2013 for FY 2015 revenue). Beginning in FY 2016 (levy payable 2015), the name of this levy is changed from “Location Equity” to “Local Option”; does not require districts to have land in the seven-county metro area; and will no longer require a board resolution to opt out of the levy.

Safe Schools Levy – Beginning in FY 2015, the safe schools levy increases from \$30 to \$36 per pupil unit, with \$4 of the increase representing new revenue and \$2 to adjust for the changes to pupil weightings. Beginning in FY 2016, the levy allowance for intermediate districts increases from \$10 to \$15 per pupil unit. The use of this levy is expanded to include facility security enhancements, efforts to improve school climate, and mental health services.

Fund Transfers – The authority for school districts to transfer money from one fund or account to another, as long as the transfer does not increase state aid obligations or increase local property taxes, was extended through FY 2015. School boards may only approve such transfers after adopting a resolution stating that the transfer will not diminish instructional opportunities for students. This authorization excludes transfers from the food service or community service funds, and prohibits transfers from the reserved account for staff development through FY 2015.

Child Nutrition Program Aids – Beginning in FY 2015, state school lunch aid for reduced price lunch students increases from 12.5 cents per lunch to 52.5 cents, making lunches free for those students. State aid for school breakfasts for kindergarten students increases from 55 cents to \$1.30, making school breakfasts free for all kindergarten students.

Early Childhood Family Education (ECFE) – Beginning in FY 2015, the ECFE formula is linked to the general education formula, equaling 2.3 percent of the basic general education allowance. For FY 2015, this increases the EFCE allowance from \$120 to \$134.11. New program requirements were also added related to the assessment of community needs for program services.

School Readiness – Beginning in FY 2015, the state-wide entitlement for school readiness will increase \$2 million per year.

Early Learning Scholarships – State-wide funding for early learning scholarships increases \$4.65 million for FY 2015 and \$4.884 million for later years. The \$5,000 limit on scholarships is eliminated beginning in FY 2015, and the Commissioner of Education is directed to establish a target for the average scholarship based on the results of a rate survey.

Community Education Reserve Limits – The limitations on the community education, early childhood family education, and school readiness reserve accounts and the associated aid and levy reductions have been repealed beginning in FY 2014.

Review and Comment – The estimated cost threshold at which facility projects are required to undergo review and comment was raised from \$1.4 million to \$2.0 million. Facility additions, remodeling, or maintenance projects funded entirely with certain revenue sources (general education, health and safety, alternative facilities, deferred maintenance, lease levies, or facilities bonding), and technology purchases funded with capital projects referendum, are exempted from review and comment. The consultation requirement for smaller projects was eliminated.

ACCOUNTING AND AUDITING UPDATES

GASB STATEMENT NO. 68, *ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS—AN AMENDMENT OF GASB STATEMENT NO. 27*

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This statement replaces the requirements of GASB Statement Nos. 27 and 50, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of GASB Statement Nos. 27 and 50 remain applicable for pensions that are not covered by the scope of this statement.

This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

Included in this statement are major changes in how employers that participate in cost-sharing pension plans, such as TRA and PERA, account for pension benefit expenses and liabilities. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability of all employers with benefits provided through the pension plan. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total of contributions from employers included in the collective net pension liability are required to be determined. These effects are required to be recognized in the employer's pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all active and inactive employees that are provided with pensions through the pension plan.

CHANGES TO FEDERAL GRANT AUDIT REQUIREMENTS

In December 2013, the OMB issued *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*, which supersedes all or parts of eight OMB circulars; consolidating federal cost principles, administrative principles, and audit requirements in one document. The "Super Circular" includes a number of significant changes to the federal Single Audit process, including: an increase in dollar threshold for requiring a Single Audit from \$500,000 to \$750,000; changes to the thresholds and process used for determining major programs; reductions in the percentages of expenditures required to be covered by a Single Audit from 50 percent to 40 percent for high risk auditees and from 25 percent to 20 percent for low risk auditees; revised criteria for determining low-risk auditees; and an increase in the threshold for reporting questioned costs from \$10,000 to \$25,000. Auditees are required to implement the administrative requirements of the new Super Circular by December 26, 2014. The revised audit requirements will be effective for fiscal year 2016 district audits.

COSO INTERNAL CONTROL FRAMEWORK

The clarified auditing standards applicable to governmental audits incorporate a definition of internal control that is based on the internal control integrated framework developed and issued in 1992 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In May 2013, COSO issued an updated framework which supersedes the original after December 15, 2014. The new COSO framework retains the basic definition of internal control and its five components established in its original framework, along with the fundamental requirements to consider these five components and to use judgment when assessing and evaluating the effectiveness of a system of internal controls. The new COSO framework enhances and clarifies a number of concepts from the original framework to make it easier to use and apply. One of the more significant enhancements was the establishment of 17 principles, associated with the 5 components of internal control, intended to assist users in understanding the requirements of effective internal control and designing effective systems of internal control.

The 5 components of internal control and 17 underlying principles are as follows:

Control Environment –

1. Organization demonstrates a commitment to integrity and ethical values.
2. Governing body is independent from management and exercises oversight control.
3. Management establishes structure, reporting lines, authority, and responsibilities.
4. Organization demonstrates a commitment to the competence of individuals involved with internal control.
5. Organization holds individuals accountable for internal control responsibilities.

Risk Assessment –

6. Organization specifies clear objectives for the identification and assessment of risks.
7. Organization identifies and analyzes risk.
8. Organization assesses the potential for fraud risks.
9. Organization identifies and assesses significant changes that could impact internal control.

Control Activities –

10. Organization selects and develops control activities to mitigate risks.
11. Organization selects and develops general information technology (IT) controls.
12. Organization establishes and implements control policies and procedures.

Information and Communication –

13. Organization uses relevant, quality information to support internal control.
14. Organization communicates internal control information internally.
15. Organization communicates internal control information externally.

Monitoring –

16. Organization conducts ongoing and/or separate internal control evaluations.
17. Organization evaluates and communicates deficiencies to responsible parties for corrective action.

COSO defines an effective system of internal control as one that reduces to an acceptable level the risk of failing to achieve an organizational objective in the areas of operations, compliance, or reporting. According to the new framework, an organization can achieve effective internal control by applying all of the principles listed above. To achieve this, each of these five components and the relevant principles must be present and functioning, and the five components must operate in an integrated manner. Local governments should be reviewing their internal control systems to assure these principles have been incorporated and implemented.

INTERMEDIATE SCHOOL DISTRICT NO. 917
ROSEMOUNT, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2014

Preliminary Draft

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INTRODUCTORY SECTION

INTERMEDIATE SCHOOL DISTRICT NO. 917

School Board and Administration
as of June 30, 2014

SCHOOL BOARD

<u>Board of Directors</u>	<u>Member District</u>	<u>Position on Board</u>
Jill Lewis	ISD No. 199	Chairperson
Deb Clark	SSD No. 6	Vice Chairperson
Ron Hill	ISD No. 191	Treasurer
Vanda Pressnall	ISD No. 195	Clerk
Dick Bergstrom	ISD No. 271	Director
Arlene Bush	ISD No. 271	Director
Dan Cater	ISD No. 200	Director
Bob Erickson	ISD No. 194	Director
D. Tom Ryerson	ISD No. 197	Director
Melissa Sauser	ISD No. 192	Director

ADMINISTRATION

John Christiansen	Superintendent
Melissa Schaller	Director of Special Education
Eric Van Brocklin	Secondary Education Principal
Nicolle Roush	Business Manager

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Intermediate School District No. 917
Rosemount, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2014, 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 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, 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 section, supplemental information, and other information section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District.

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

The introductory and other information 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.

(continued)

Prior Year Comparative Information

We have previously audited the District's 2013 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 29, 2013. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

Minneapolis, Minnesota
INSERT DATE

INTERMEDIATE SCHOOL DISTRICT NO. 917

Management's Discussion and Analysis Year Ended June 30, 2014

This section of Intermediate School District No. 917's (the District) financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the other components of the District's financial statements.

FINANCIAL HIGHLIGHTS

- Net position on the government-wide Statement of Net Position is \$5,474,151. Net position is similar to the equity position for private sector businesses.
- The government-wide Statement of Activities shows an increase in net position of \$313,021.
- The District's total General Fund balance at June 30, 2014 is \$6,067,283.
- The District's governmental funds Balance Sheet reflects a \$4,642,898 unassigned fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the financial statements consists of the following parts:

- Independent Auditor's Report;
- Management's Discussion and Analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Combining and individual fund statements and schedules, which are presented as supplemental information.

The following explains the two types of statements included in the basic financial statements:

Government-Wide Financial Statements

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

The two government-wide financial statements report the District's *net position* and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional nonfinancial factors such as the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, and food services, are primarily financed with tuition charges and state aids.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major funds," rather than the District as a whole. A fund (Food Service Special Revenue Fund) that does not meet the threshold to be classified as major funds is called a "nonmajor" fund. Detailed financial information for nonmajor funds can be found in the combining and individual fund statements and schedules section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

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

Proprietary Funds – Internal service fund services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. These services have been included with governmental activities in the government-wide financial statements. The District currently has two internal service funds, including funds for accounting for post-employment severance and other post-employment benefits (OPEB) and the dental self-insurance plan.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

	<u>2014</u>	<u>2013</u>
Assets		
Current and other assets	\$ 9,854,161	\$ 9,626,664
Capital assets, net of accumulated depreciation	<u>7,248,954</u>	<u>7,441,349</u>
Total assets	<u>\$ 17,103,115</u>	<u>\$ 17,068,013</u>
Liabilities		
Current and other liabilities	\$ 2,861,832	\$ 2,988,312
Long-term liabilities, including due within one year	<u>8,767,132</u>	<u>8,918,571</u>
Total liabilities	<u>\$ 11,628,964</u>	<u>\$ 11,906,883</u>
Net position		
Net investment in capital assets	\$ 560,535	\$ 636,891
Restricted for capital projects	769,936	1,092,357
Restricted for other purposes	127,282	34,589
Unrestricted	<u>4,016,398</u>	<u>3,397,293</u>
Total net position	<u>\$ 5,474,151</u>	<u>\$ 5,161,130</u>

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances is the liability for long-term severance and OPEB, which impacts the unrestricted portion of net position.

The Statement of Net Position identifies current assets and liabilities from noncurrent assets and long-term debt, respectively. The Statement of Net Position includes noncurrent assets not reported on the governmental funds Balance Sheet. These noncurrent assets include the total acquisition cost of the District's capital assets less accumulated depreciation. During the year, the District acquired \$118,558 of additional capital assets, consisting of furniture and equipment. The District has a total investment in capital assets of \$13,380,134.

Depreciation expense for the year was \$282,224, increasing total accumulated depreciation to \$6,131,180. Therefore, total capital assets, net of accumulated depreciation equal \$7,248,954.

Total net position increased by \$313,021, which reflects the current year operating results.

Table 2 presents a summarized version of the District’s Statement of Activities:

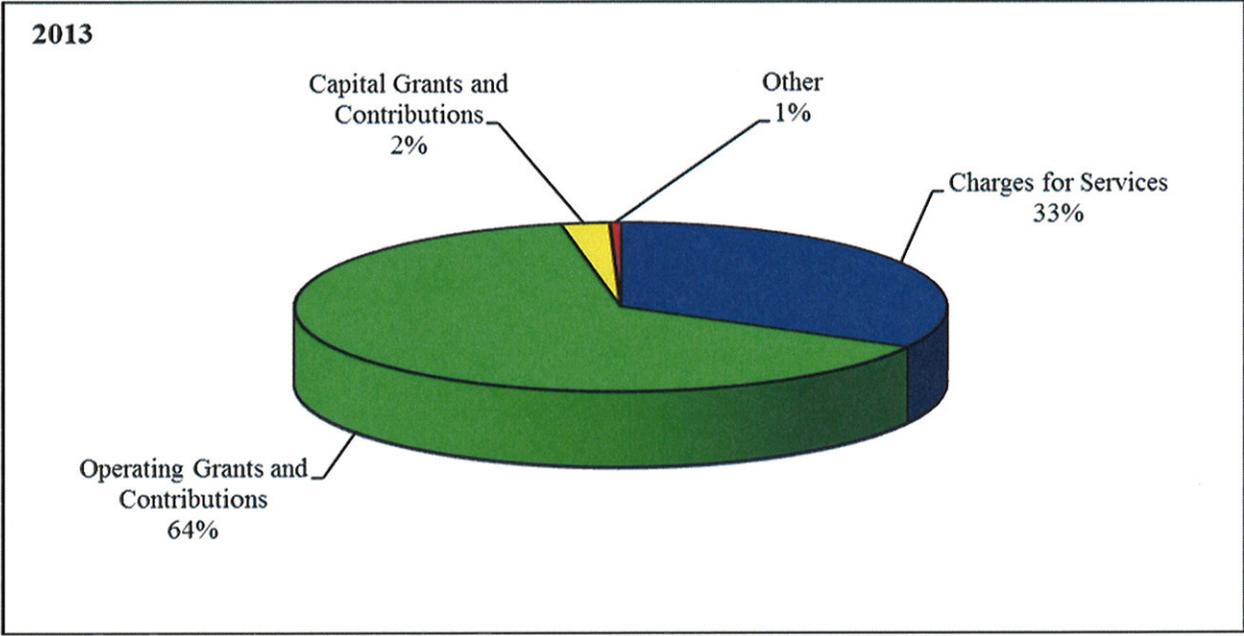
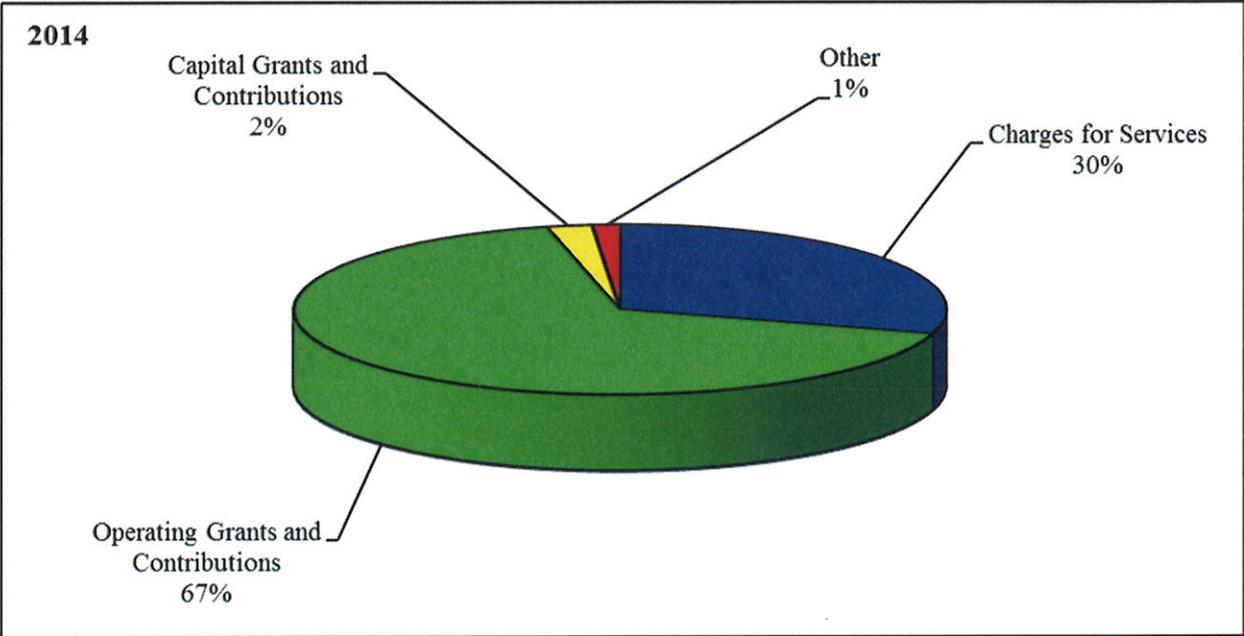
Table 2		
Summary Statement of Activities		
for the Years Ended June 30, 2014 and 2013		
	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues		
Charges for services	\$ 7,619,433	\$ 7,839,060
Operating grants and contributions	17,064,879	15,177,273
Capital grants and contributions	581,454	580,348
General revenues		
Other	66,237	96,458
Investment earnings	31,483	29,657
Total revenues	<u>25,363,486</u>	<u>23,722,796</u>
Expenses		
Administrative and support services	1,892,695	1,998,969
Secondary vocational/DCALS	3,483,868	3,962,647
Special education programs	19,239,348	18,097,103
Food service	108,123	85,779
Interest and fiscal charges on debt	326,431	335,885
Total expenses	<u>25,050,465</u>	<u>24,480,383</u>
Change in net position	<u>\$ 313,021</u>	<u>\$ (757,587)</u>

This format is similar to fund financial statements except that this is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The total cost of all programs and services was \$25,050,465. The District’s expenses are predominantly related to educating students. In fiscal 2013–2014, 91 percent of the District’s expenses were devoted to this purpose. The administrative and support services activity of the District accounted for 8 percent of total expenses for the year. It should be noted that the District allocated \$1,317,133 in administrative and support services expenses to the secondary vocational/Dakota County Alternative Learning School (DCALS) and special education programs in fiscal 2014.

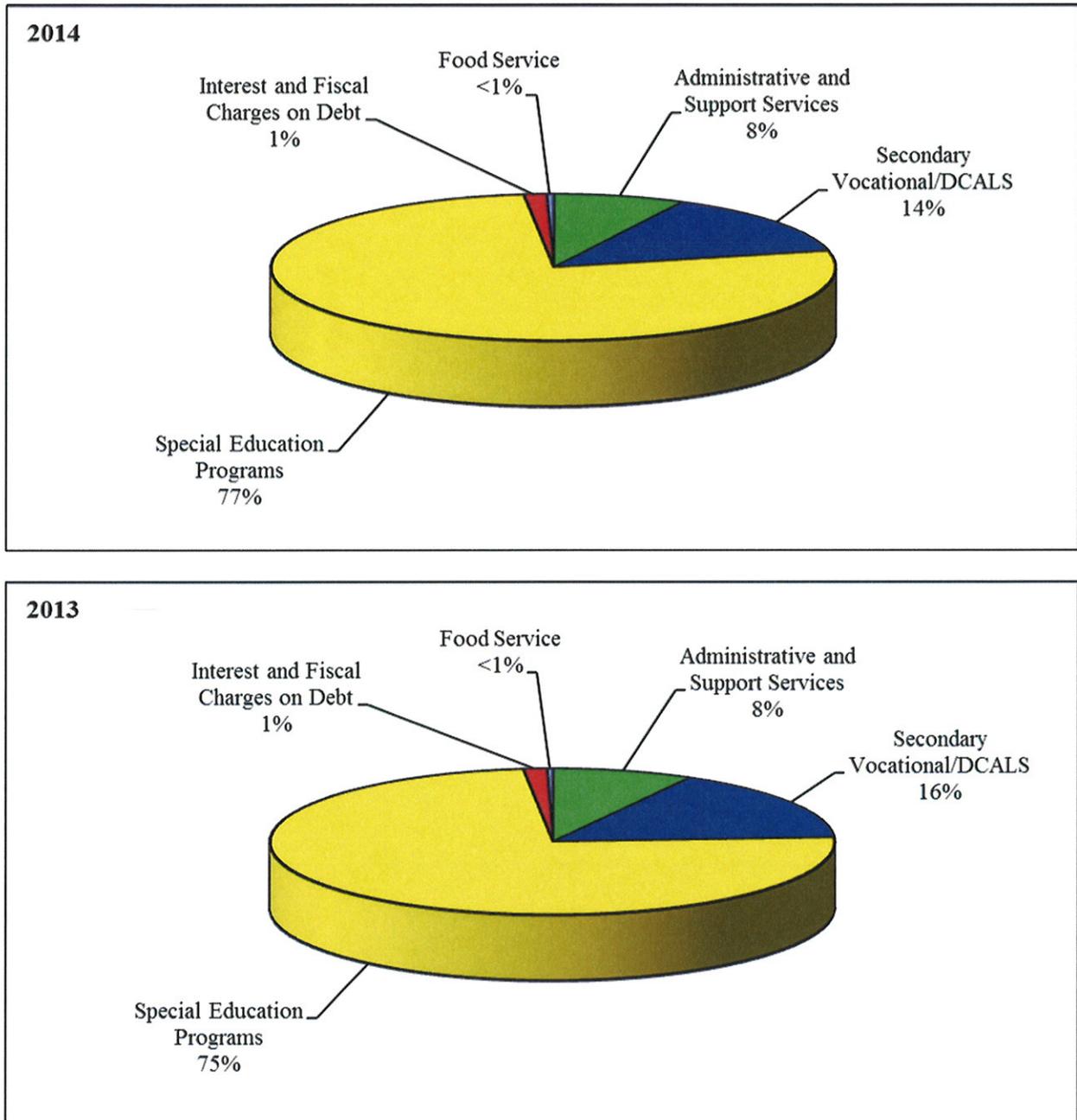
Figures A and B show further analysis of these revenue sources and expense functions:

Figure A – Sources of Revenue for Fiscal Years 2014 and 2013



The largest share of the District’s revenue is received from the state, including the aid formula and most of the operating grants. This significant reliance on the state for funding has placed tremendous pressure on local school districts as a result of limited funding due to the state’s financial position in recent years.

Figure B – Expenses for Fiscal Years 2014 and 2013



The District's expenses are predominately related to educating students. Programs (or functions) such as vocational education instruction and special education instruction are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

Table 3
Net Cost of Governmental Activities
for the Years Ending June 30, 2014 and 2013

	2014		2013	
	Total Cost of Services	Net (Expense) Revenue From Services	Total Cost of Services	Net (Expense) Revenue From Services
Governmental activities				
Administrative and support services	\$ 1,892,695	\$ (120,738)	\$ 1,998,969	\$ (218,313)
Secondary vocational/DCALS	3,483,868	317,260	3,962,647	252,714
Special education programs	19,239,348	372,319	18,097,103	(563,588)
Food service	108,123	(27,109)	85,779	(18,630)
Interest and fiscal charges	326,431	(326,431)	335,885	(335,885)
Total	\$ 25,050,465	\$ 215,301	\$ 24,480,383	\$ (883,702)

The overall net (expense) revenue from service was \$1,099,003 more than fiscal 2013 as the operations of the Special Education Account experienced an increase net (expense) revenue from services in the amount of \$372,319, which compares to a decrease in net (expense) revenue from services in fiscal 2013 of \$563,588.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Table 4 shows the change in total fund balances of each of the District’s governmental funds:

Table 4				
Governmental Fund Balances				
as of June 30, 2014 and 2013				
	2014	2013	Increase (Decrease)	Total Percent Change
Major funds				
General	\$ 6,067,283	\$ 5,704,625	\$ 362,658	6.4%
Capital Projects – Building Construction	111,237	306,437	(195,200)	(63.7%)
Food Service Special Revenue	–	–	–	–
Total governmental funds	\$ 6,178,520	\$ 6,011,062	\$ 167,458	2.8%

As previously discussed, the focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District’s School Board.

ENROLLMENT

Table 5
Average Daily Membership (ADM) Served

	Fiscal Year				
	2009–2010	2010–2011	2011–2012	2012–2013	2013–2014
Secondary Vocational resource programs	121.05	120.33	118.72	117.37	109.00
DCALs	260.74	237.38	257.37	203.78	209.84
Special education resource programs	425.02	424.71	354.56	361.66	395.92

Funding for Minnesota school districts is largely driven by enrollment. In the current economic environment, member districts are striving to keep their students at their sites whenever possible. Overall, enrollment has declined significantly in our DCALs programs, secondary vocational programs have experienced a slight decline over the last five years, and special education programs are starting to rebound after the closing of the Youth Transition Program at the end of the 2010–2011 fiscal year. Stable enrollment to maintain and fund programs will continue to be especially challenging in the Alternative Learning and Secondary Vocational Programs.

GENERAL FUND

The General Fund is used by the District to record the primary operations of providing education services to students enrolled in intermediate school district programs. Capital and major maintenance projects are also included in the General Fund.

Table 6
Financial Position – General Fund
Last Five Fiscal Years

	2010	2011	2012	2013	2014
Unassigned fund balance	\$ 4,186,226	\$ 4,909,422	\$ 4,785,805	\$ 4,082,678	\$ 4,642,898
Percent increase (decrease)	42.1%	17.3%	(2.5%)	(14.7%)	13.7%
Expenditures	\$ 21,782,997	\$ 22,415,586	\$ 23,279,218	\$ 24,282,947	\$ 24,895,504
Percent increase (decrease)	7.5%	2.9%	3.9%	4.3%	2.5%
Fund balance as a percentage of expenditures	19.2%	21.9%	20.6%	16.8%	18.6%

The District ended the year with a \$362,658 increase in the General Fund balance. This increase is \$482,559 more than what was anticipated in the revised budget. The District projected a decrease in the fund balance of \$119,901. The secondary program's fund balance declined \$143,028 less than anticipated due to a slight increase in the average daily membership from estimates. The special education program's fund balance increased \$321,552 more than anticipated due to higher than anticipated final fiscal year 2013 and estimated fiscal year 2014 state aid revenue.

Table 7 presents a summary of General Fund revenue:

	<u>2014</u>	<u>2013</u>	<u>Amount of Increase (Decrease)</u>
Local sources			
Tuition	\$ 7,500,972	\$ 7,798,778	\$ (297,806)
Investment earnings	31,379	29,459	1,920
Other	744,844	695,438	49,406
State sources	16,844,989	14,971,337	1,873,652
Federal sources	<u>159,147</u>	<u>155,577</u>	<u>3,570</u>
 Total General Fund revenues	 <u>\$ 25,281,331</u>	 <u>\$ 23,650,589</u>	 <u>\$ 1,630,742</u>

Total General Fund revenues increased \$1,630,742, or 6.9 percent, in fiscal 2014 as compared to the previous year. Overall, the changes in revenue can be attributed to:

- The District's tuition revenues decreased with the shifting of targeted services programs back to some of the local member districts.
- The District experienced a 9.5 percent increase in enrollment in special education programs in combination with expenditures, resulting in an increase in state revenue sources through tuition billing.

Table 8 presents a summary of General Fund expenditures:

	<u>2014</u>	<u>2013</u>	Amount of Increase (Decrease)
Salaries	\$ 14,750,541	\$ 14,547,517	\$ 203,024
Employee benefits	5,606,939	5,361,573	245,366
Purchased services	3,049,998	2,843,249	206,749
Supplies and materials	604,165	680,229	(76,064)
Other expenditures	23,733	25,595	(1,862)
Capital expenditures	301,033	266,408	34,625
Debt service	<u>559,095</u>	<u>558,376</u>	<u>719</u>
 Total General Fund expenditures	 <u><u>\$ 24,895,504</u></u>	 <u><u>\$ 24,282,947</u></u>	 <u><u>\$ 612,557</u></u>

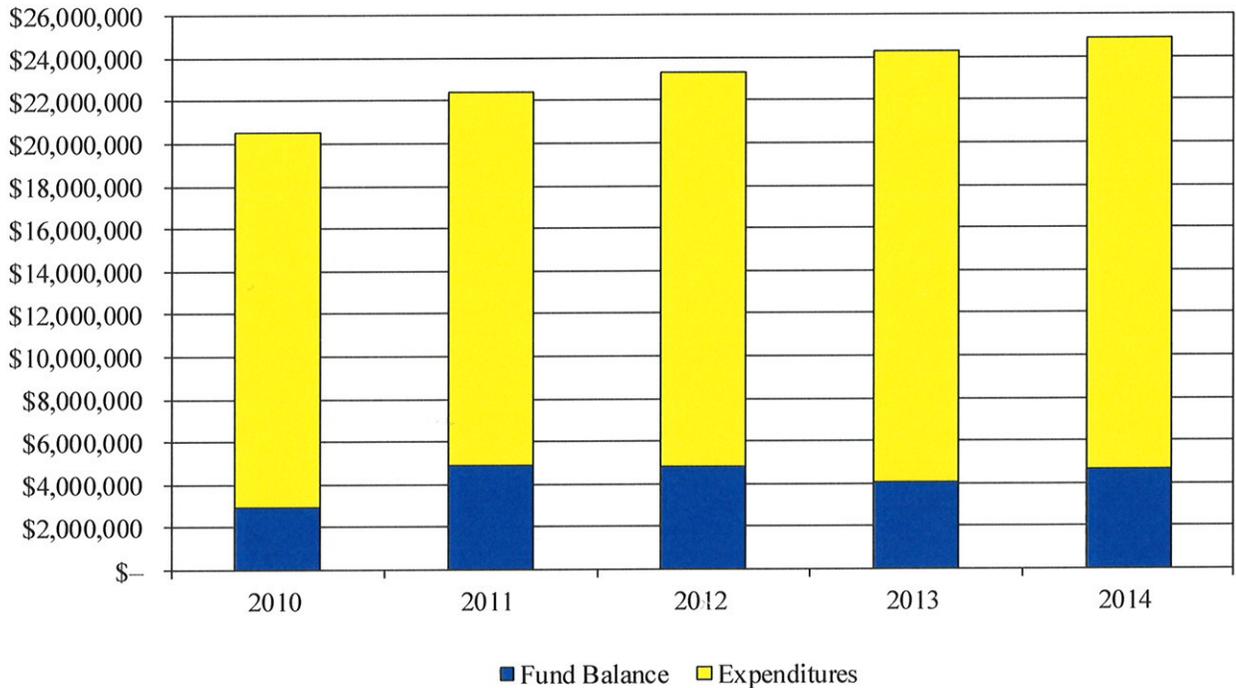
Total General Fund expenditures increased \$612,557, or 2.5 percent, from the previous year. Overall, the changes in expenditures can be attributed to:

- The District’s average salary and benefit increase in union contract settlements for fiscal 2014 was approximately 3 percent. In addition, we increased our paraprofessional compliments by 16 paraprofessionals. The Teachers’ Retirement Association benefits increased from 6.5 percent to 7.0 percent and there was an increase in family medical coverage participation, resulting in benefit expenditure increases.
- The District’s substitutes for its special education programs changed in the middle of fiscal year 2013 from hiring them directly to contracting substitutes through an agency, resulting in a decrease in salaries and an increase in purchased services expenditures. In addition, social workers were added under contract with an outside agency on behalf of the District’s member school districts.
- The supplies and materials expenditures decreased as a result of the reduction in curriculum purchases based on a fiscal year cycle. In addition, there was a shift in budget needs from supplies and materials to technology.
- The District’s capital expenditures increased with the necessity to replace computers unable to migrate to the latest Microsoft platform.

In summary, 2013–2014 General Fund revenues and other financing sources exceeded General Fund expenditures by \$362,658. As a result, total fund balance increased to \$6,067,283 at June 30, 2014. After deducting nonspendable, restricted, and assigned funds, the unassigned fund balance increased from \$4,082,678 at June 30, 2013 to \$4,642,898 at June 30, 2014.

The following shows the General Fund unassigned fund balance as compared to expenditures:

Figure C
General Fund
Unassigned Fund Balance as Compared to Expenditures
Last Five Fiscal Years



The graph above is the single best measure of overall financial health. The unassigned fund balance of \$4.6 million at June 30, 2014 represents 18.6 percent of annual expenditures, or over two months of school year operations. The fund balances of an intermediate school district are key to its financial success as the cash flow advance options available to intermediate school districts are more restrictive to access as an independent school district. In addition, the District maintains a healthy fund balance at a time when it is needed to maintain cash flow with the unpredictable nature of when the state of Minnesota employs funding payment shifts to balance the state budget. The continued maintenance of a fund balance is essential for the District to minimize the impact that cash flow borrowing would have to member districts that would have to back any cash flow debt incurred by the District. With a metering system and limited cash flow borrowing options available, the District believes it is necessary to maintain a minimum fund balance of 15 percent of annual expenditures to assure financial stability. The District continues to monitor its fund balances closely.

General Fund Budgetary Highlights

Table 9 summarizes the General Fund budget to actual comparison:

Table 9 General Fund Budget				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue and other financing sources	<u>\$ 24,839,272</u>	<u>\$ 25,439,174</u>	<u>\$ 25,281,331</u>	<u>\$ (157,843)</u>
Expenditures and other financing uses	<u>\$ 25,029,823</u>	<u>\$ 25,559,075</u>	<u>\$ 24,918,673</u>	<u>\$ (640,402)</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District might amend that budget for known changes in circumstances such as enrollment levels, grant funding, and employee contract settlements.

The District made revisions to the budget during the budget process in January. The District derives the majority of its revenue from tuition fees to member districts and state sources from the special education tuition billing system.

The District’s revenues and other financing sources were less than budgeted amounts by 0.6 percent due to several factors. The District’s anticipated revenues are determined by actual expenditures incurred, which came in under budget by about \$640,402, resulting in revenue budgets coming in under budget. In addition, the District is conservatively anticipating that the special education tuition revenues are no longer exceeding the special education expenditure budgets like they were in fiscal years 2009 to 2011.

The District’s expenditures and other financing uses were less than budgeted amounts by 2.5 percent due to several factors. Overall, the District’s salary and benefit expenditures came in significantly lower than budget because the budget included additional staffing compliments in special education programs to accommodate any increased student participation. Supplies and materials were under budget significantly due to curriculum purchases from basic skills revenue deferred into fiscal 2015. In addition, the District budgeted conservatively in several areas, including maintenance and repair services, leases, utilities, mileage, and overhead expenditures incurred through shared space with Dakota County Technical College.

BUILDING CONSTRUCTION – CAPITAL PROJECTS FUND

Expenditures exceeded revenues by \$195,200 for the year due to the remodeling project at Cedar School. The fund balance in this fund is restricted for capital projects.

FOOD SERVICE SPECIAL REVENUE FUND

Expenditures exceeded revenues by \$23,169 for the year. In order to eliminate the potential deficit in the Food Service Special Revenue Fund, the School Board approved a transfer of \$23,169 from the General Fund.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 10 shows the District’s capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>Net Change</u>
Land	\$ 683,993	\$ 683,993	\$ –
Buildings	8,732,533	8,732,533	–
Furniture and equipment	3,963,608	4,133,771	(170,163)
Less accumulated depreciation	<u>(6,131,180)</u>	<u>(6,108,948)</u>	<u>(22,232)</u>
Total	<u>\$ 7,248,954</u>	<u>\$ 7,441,349</u>	<u>\$ (192,395)</u>
Depreciation expense	<u>\$ 282,224</u>	<u>\$ 270,333</u>	<u>\$ 11,891</u>

Long-Term Liabilities

Table 11 illustrates the components of the District's long-term liabilities, together with changes from the prior year:

	2014	2013	Increase (Decrease)
Capital leases payable	\$ 7,315,000	\$ 7,550,000	\$ (235,000)
Unamortized discount	(129,100)	(135,475)	6,375
Severance benefits payable	473,867	563,628	(89,761)
Compensated absences payable	275,332	240,080	35,252
Net OPEB obligation	832,033	700,338	131,695
Total	\$ 8,767,132	\$ 8,918,571	\$ (151,439)

Additional details on the District's capital assets and long-term debt activity can be found in the notes to basic financial statements.

SEVERANCE AND OPEB BENEFITS INTERNAL SERVICE FUND

The District has an annual obligation to pay post-employment benefits, including severance benefits and OPEB. Accordingly, the District established an Internal Service Fund and adopted a plan to finance the payment of these benefits as earned in accordance with governmental accounting standards. The Internal Service Fund will be used to finance the post-employment severance benefits and OPEB provided by all of the departments and funds of the District on a cost-reimbursement basis.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District is charged by Minnesota Statutes to provide low incidence special education and secondary vocational technical education services to its member districts. In addition, the statutes indicate that intermediate districts should also provide its members with such other services that they require.

The District is continually reviewing additional areas of service to provide its members, area school districts, and other area agencies.

Current examples of support services include:

- Providing a legal services option to member districts at below market rates.
- Partnering with Independent School District (ISD) Nos. 197 and 199 to operate Dakota County Area Learning School – North in West St. Paul.
- Providing the needed secondary alternative learning option to qualify a targeted services program for ISD Nos. 192, 197, 199, and 271.
- Organize and facilitate regional networking meetings for administrator and support staff groups.

- Coordinating regional studies of revenue sources for mental health services.
- Collaborate with other intermediate districts and the Association of Metropolitan School Districts to advocate for legislation action to assist district services.

The District is also aware of a number of existing circumstances that could significantly affect its financial health in the future:

- The inability of Congress to agree on educational funding or the reauthorization of the Elementary and Secondary Education Act and the looming possibility of sequestration of federal education funding creates an uncertain revenue picture going forward for federal education revenue.
- The state of Minnesota has an improving fiscal forecast, but the funding increases for education are still less than inflation. Funding shifts for school aid have improved going to a 90–10 in 2014 instead of 86.4–13.6 in 2013, which improves cash flow for schools. Since educational funding makes up a significant portion of the state budget, schools can expect the fiscal climate for the near future to remain modest with little recovery from the pressures of inflation.
- Districts received an increase in the general education formula for fiscal year 2014 of \$78 per adjusted marginal cost pupil unit, along with a slight increase in some other areas of categorical revenues. In fiscal 2015, school districts will receive another \$529, incorporating significant adjustments in pupil units, resulting in an equivalent 2.0 percent increase over fiscal 2014.
- The District has appropriate fund balances to provide adequate opportunity to adapt to uncontrolled changes in revenue sources.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements or need additional financial information, contact the Business Office, Intermediate School District No. 917, 1300 – 145th Street East, Rosemount, Minnesota 55068-2999.

BASIC FINANCIAL STATEMENTS

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Net Position
as of June 30, 2014
(With Partial Comparative Information as of June 30, 2013)

	Governmental Activities	
	2014	2013
Assets		
Cash and temporary investments	\$ 5,014,909	\$ 4,097,838
Receivables		
Accounts and interest	19,687	46,232
Due from other governmental units	4,180,687	4,791,308
Inventory	2,129	51,154
Prepaid items	8,267	30,065
Restricted assets – temporarily restricted		
Cash and investments held by trustee	628,482	610,067
Capital assets		
Not depreciated	683,993	683,993
Depreciated, net of accumulated depreciation	6,564,961	6,757,356
Total capital assets, net of accumulated depreciation	<u>7,248,954</u>	<u>7,441,349</u>
Total assets	<u>\$ 17,103,115</u>	<u>\$ 17,068,013</u>
Liabilities		
Salaries and compensated absences payable	\$ 2,028,934	\$ 1,737,543
Accounts and contracts payable	77,311	56,358
Accrued interest payable	131,001	135,040
Due to other governmental units	452,973	894,512
Unearned revenue	171,613	164,859
Long-term liabilities		
Due within one year	386,024	423,590
Due in more than one year	8,381,108	8,494,981
Total long-term liabilities	<u>8,767,132</u>	<u>8,918,571</u>
Total liabilities	11,628,964	11,906,883
Net position		
Net investment in capital assets	560,535	636,891
Restricted for capital projects	769,936	1,092,357
Restricted for other purposes	127,282	34,589
Unrestricted	4,016,398	3,397,293
Total net position	<u>5,474,151</u>	<u>5,161,130</u>
Total liabilities and net position	<u>\$ 17,103,115</u>	<u>\$ 17,068,013</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Activities
 Year Ended June 30, 2014
 (With Partial Comparative Information for the Year Ended June 30, 2013)

Functions/Programs	2014					2013	
	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities							
Administrative and support services	\$ 1,892,695	\$ (1,317,133)	\$ 432,465	\$ -	\$ 22,359	\$ (120,738)	\$ (218,313)
Secondary vocational/DCALS	3,483,868	260,228	3,220,995	281,266	559,095	317,260	252,714
Special education programs	19,239,348	1,056,905	3,945,153	16,723,419	-	372,319	(563,588)
Food service	108,123	-	20,820	60,194	-	(27,109)	(18,630)
Interest and fiscal charges on debt	326,431	-	-	-	-	(326,431)	(335,885)
Total governmental activities	<u>\$ 25,050,465</u>	<u>\$ -</u>	<u>\$ 7,619,433</u>	<u>\$ 17,064,879</u>	<u>\$ 581,454</u>	215,301	(883,702)
			General revenues				
			Other general revenues			66,237	96,458
			Investment earnings			31,483	29,657
			Total general revenues			<u>97,720</u>	<u>126,115</u>
			Change in net position			313,021	(757,587)
			Net position – beginning			<u>5,161,130</u>	<u>5,918,717</u>
			Net position – ending			<u>\$ 5,474,151</u>	<u>\$ 5,161,130</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Balance Sheet
 Governmental Funds
 as of June 30, 2014
 (With Partial Comparative Information as of June 30, 2013)

	General Fund	Capital Projects – Building Construction Fund	Nonmajor Fund – Food Service Special Revenue Fund	Total Governmental Funds	
				2014	2013
Assets					
Cash and temporary investments	\$ 3,923,173	\$ 111,237	\$ 418	\$ 4,034,828	\$ 3,324,844
Cash and investments held by trustee	628,482	–	–	628,482	610,067
Receivables					
Accounts and interest	19,687	–	–	19,687	45,203
Due from other governmental units	4,179,110	–	1,577	4,180,687	4,791,308
Due from other funds	–	–	–	–	1,026
Inventory	2,129	–	–	2,129	51,154
Prepaid items	7,793	–	–	7,793	29,556
	<u>\$ 8,760,374</u>	<u>\$ 111,237</u>	<u>\$ 1,995</u>	<u>\$ 8,873,606</u>	<u>\$ 8,853,158</u>
Liabilities					
Salaries and compensated absences payable	\$ 2,028,934	\$ –	\$ –	\$ 2,028,934	\$ 1,737,543
Accounts and contracts payable	41,566	–	–	41,566	44,156
Due to other governmental units	450,978	–	1,995	452,973	894,512
Due to other funds	–	–	–	–	1,026
Unearned revenue	171,613	–	–	171,613	164,859
Total liabilities	<u>2,693,091</u>	<u>–</u>	<u>1,995</u>	<u>2,695,086</u>	<u>2,842,096</u>
Fund balances					
Nonspendable	9,922	–	–	9,922	80,710
Restricted	1,414,463	111,237	–	1,525,700	1,737,013
Assigned	–	–	–	–	110,661
Unassigned	4,642,898	–	–	4,642,898	4,082,678
Total fund balances	<u>6,067,283</u>	<u>111,237</u>	<u>–</u>	<u>6,178,520</u>	<u>6,011,062</u>
	<u>\$ 8,760,374</u>	<u>\$ 111,237</u>	<u>\$ 1,995</u>	<u>\$ 8,873,606</u>	<u>\$ 8,853,158</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
Year Ended June 30, 2014
(With Partial Comparative Information for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Total fund balances – governmental funds	\$ 6,178,520	\$ 6,011,062
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	13,380,134	13,550,297
Accumulated depreciation	(6,131,180)	(6,108,948)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
Capital lease payable	(7,315,000)	(7,550,000)
Compensated absences payable	(275,332)	(240,080)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.		
	(131,001)	(135,040)
Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
	129,100	135,475
The internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	<u>(361,090)</u>	<u>(501,636)</u>
Total net position – governmental activities	<u>\$ 5,474,151</u>	<u>\$ 5,161,130</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2014
 (With Partial Comparative Information for the Year Ended June 30, 2013)

	General Fund	Capital Projects – Building Construction Fund	Nonmajor Fund – Food Service Special Revenue Fund	Total Governmental Funds	
				2014	2013
Revenue					
Local sources					
Tuition	\$ 7,500,972	\$ –	\$ –	\$ 7,500,972	\$ 7,798,778
Investment earnings	31,379	104	–	31,483	29,657
Other	744,844	–	20,820	765,664	709,584
State sources	16,844,989	–	3,952	16,848,941	14,974,395
Federal sources	159,147	–	56,242	215,389	205,522
Total revenue	<u>25,281,331</u>	<u>104</u>	<u>81,014</u>	<u>25,362,449</u>	<u>23,717,936</u>
Expenditures					
Current					
Administrative and support services	524,478	–	–	524,478	601,294
Secondary vocational/DCALS	3,731,391	–	–	3,731,391	4,227,288
Special education programs	20,080,540	–	–	20,080,540	18,895,989
Food service	–	–	104,183	104,183	85,779
Capital outlay	–	195,304	–	195,304	164,382
Debt service					
Principal	235,000	–	–	235,000	225,000
Interest and fiscal charges	324,095	–	–	324,095	333,376
Total expenditures	<u>24,895,504</u>	<u>195,304</u>	<u>104,183</u>	<u>25,194,991</u>	<u>24,533,108</u>
Excess (deficiency) of revenue over expenditures	385,827	(195,200)	(23,169)	167,458	(815,172)
Other financing sources (uses)					
Proceeds from sale of assets	–	–	–	–	4,999
Transfers in	–	–	23,169	23,169	18,630
Transfers out	(23,169)	–	–	(23,169)	(18,630)
Total other financing sources (uses)	<u>(23,169)</u>	<u>–</u>	<u>23,169</u>	<u>–</u>	<u>4,999</u>
Net change in fund balances	362,658	(195,200)	–	167,458	(810,173)
Fund balances					
Beginning of year	<u>5,704,625</u>	<u>306,437</u>	<u>–</u>	<u>6,011,062</u>	<u>6,821,235</u>
End of year	<u>\$ 6,067,283</u>	<u>\$ 111,237</u>	<u>\$ –</u>	<u>\$ 6,178,520</u>	<u>\$ 6,011,062</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2014

(With Partial Comparative Information for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Total net change in fund balances – governmental funds	\$ 167,458	\$ (810,173)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	118,558	105,752
Depreciation expense	(282,224)	(270,333)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
	235,000	225,000
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	4,039	3,867
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	(6,375)	(6,376)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
Loss on disposal of capital assets	(28,729)	(145)
The internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	140,546	5,482
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	<u>(35,252)</u>	<u>(10,661)</u>
Change in net position – governmental activities	<u>\$ 313,021</u>	<u>\$ (757,587)</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2014

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Tuition	\$ 7,409,078	\$ 7,442,076	\$ 7,500,972	\$ 58,896
Investment earnings	18,000	18,000	31,379	13,379
Other	709,670	723,296	744,844	21,548
State sources	16,554,176	17,094,842	16,844,989	(249,853)
Federal sources	148,348	160,960	159,147	(1,813)
Total revenue	<u>24,839,272</u>	<u>25,439,174</u>	<u>25,281,331</u>	<u>(157,843)</u>
Expenditures				
Current				
Administrative and support services	605,674	584,902	524,478	(60,424)
Secondary vocational/DCALS	3,673,969	3,773,650	3,731,391	(42,259)
Special education programs	20,168,085	20,618,428	20,080,540	(537,888)
Debt service				
Principal	235,000	235,000	235,000	-
Interest and fiscal charges	324,095	324,095	324,095	-
Total expenditures	<u>25,006,823</u>	<u>25,536,075</u>	<u>24,895,504</u>	<u>(640,571)</u>
Excess (deficiency) of revenue over expenditures	(167,551)	(96,901)	385,827	482,728
Other financing sources (uses)				
Transfers out	<u>(23,000)</u>	<u>(23,000)</u>	<u>(23,169)</u>	<u>(169)</u>
Net change in fund balances	<u>\$ (190,551)</u>	<u>\$ (119,901)</u>	<u>362,658</u>	<u>\$ 482,559</u>
Fund balances				
Beginning of year			<u>5,704,625</u>	
End of year			<u>\$ 6,067,283</u>	

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Net Position
 Proprietary Funds
 Internal Service Funds
 as of June 30, 2014
 (With Comparative Actual Amounts as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Current assets		
Cash and temporary investments	\$ 980,081	\$ 772,994
Accounts receivable	—	1,029
Prepaid items	474	509
Total current assets	<u>980,555</u>	<u>774,532</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	35,745	12,202
Severance benefits payable	23,139	98,380
Total current liabilities	<u>58,884</u>	<u>110,582</u>
Long-term liabilities		
Net OPEB obligation	832,033	700,338
Severance benefits payable	450,728	465,248
Total long-term liabilities	<u>1,282,761</u>	<u>1,165,586</u>
Total liabilities	<u>1,341,645</u>	<u>1,276,168</u>
Net position (deficit)		
Unrestricted	<u>\$ (361,090)</u>	<u>\$ (501,636)</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2014
 (With Partial Comparative Information for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Operating revenue		
Local sources		
Contributions from governmental funds	\$ 551,795	\$ 525,048
Operating expenses		
Post-employment severance and health benefits	64,449	226,441
Dental benefit claims	347,465	293,463
Total operating expenses	<u>411,914</u>	<u>519,904</u>
Operating income	139,881	5,144
Nonoperating revenue		
Investment earnings	<u>665</u>	<u>338</u>
Change in net position	140,546	5,482
Net position (deficit)		
Beginning of year	<u>(501,636)</u>	<u>(507,118)</u>
End of year	<u>\$ (361,090)</u>	<u>\$ (501,636)</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Cash Flows
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014	2013
Cash flows from operating activities		
Contributions from other funds	\$ 552,824	\$ 525,048
Post-employment severance and health benefit payments	(30,674)	(42,083)
Payments for dental claims	(315,728)	(320,290)
Net cash used by operating activities	206,422	162,675
Cash flows from noncapital financing activities		
Cash received by (paid to) other funds	-	152,013
Cash flows from investing activities		
Investment income received	665	338
Net increase in cash and cash equivalents	207,087	315,026
Cash and temporary investments		
Beginning of year	772,994	457,968
End of year	\$ 980,081	\$ 772,994
Reconciliation of operating income to net cash provided		
by operating activities		
Operating income	\$ 139,881	\$ 5,144
Adjustments to reconcile operating income to net cash provided		
by operating activities		
Changes in assets and liabilities		
Severance benefits payable	(89,761)	54,527
Net OPEB obligation	131,695	122,146
Account receivable	1,029	(1,029)
Prepaid items	35	(509)
Accounts payable	23,543	(17,604)
Net cash used by operating activities	\$ 206,422	\$ 162,675

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Fiduciary Net Position
as of June 30, 2014

	<u>Private-Purpose Trust Fund</u>
Assets	
Cash and temporary investments	<u>\$ 3,224</u>
Net position	
Held in trust for scholarships	<u>\$ 3,224</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2014

	<u>Private-Purpose Trust Fund</u>
Additions	
Gifts and bequests	\$ 1,223
Deductions	
Scholarships	<u>854</u>
Change in net position	369
Net position	
Beginning of year	<u>2,855</u>
End of year	<u>\$ 3,224</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Intermediate School District No. 917 (the District) is an instrumentality of the state of Minnesota established to provide participating school districts with vocational, technical, and special education services. The District is governed by a joint School Board composed of appointed members from each participating school district. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, the District's School Board has not elected to control or be otherwise financially accountable with respect to the underlying extracurricular activities. Accordingly, the extracurricular student activity accounts are not included in these financial statements.

C. Minnesota State Colleges and Universities

On July 1, 1995, Minnesota technical colleges, community colleges, and state universities were merged under the control of Minnesota State Colleges and Universities (MnSCU). Therefore, the funds and assets of the District associated with Dakota County Technical College's (DCTC) operations were remanded to the state system. The District continues to serve secondary, vocational, and kindergarten through Grade 12 special education students. Under terms of an agreement with DCTC, the District has access to certain facilities and equipment of DCTC. The District pays DCTC its share of building maintenance and costs of other services based on space, usage, personnel, and budget percentages. The District provides business office services to DCTC, and is reimbursed for related actual costs based on personnel, usage, and budget percentages.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and 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 at the fund financial statement level. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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. Other internally directed revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included as a direct expense in the functional areas that utilize the related fixed assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

E. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust, private-purpose trust, and agency. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

The internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal service funds are the District's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Propriety funds distinguish operating revenues and expenses from non-operating 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 revenue of the District's internal service funds are charges to customers for service. Operating expenses for the internal service funds include the cost of providing benefits. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District's only propriety funds are the internal service funds, which provide services to the governmental funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. In the General Fund, capital expenditures are included within the applicable functional areas.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (MDE). Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The District maintains separate accounts within the General Fund for secondary education, secondary resale activities, special education, special education resale activities, district support services, capital expenditures, and costs to be reimbursed by others.

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District’s child nutrition program.

Proprietary Funds

Internal Service Funds – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The District has two internal service funds. The District’s internal service funds include financing for post-employment severance benefits and other post-employment benefits (OPEB) and self-insurance of the employee dental insurance program.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for resources held in trust to be used by various third parties to award scholarships to former students.

F. Budgetary Information

Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts by \$9,908 in the Food Service Special Revenue Fund.

G. Cash and Temporary Investments

Cash and temporary 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 respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the General Fund, the capital lease escrow account is used to hold assets held for future debt payments. Interest earned on these investments was allocated directly to those accounts.

Investments are generally stated at fair value, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the balance sheet date.

H. Receivables

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. No allowances have been recorded.

I. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories are recorded as expenses/expenditures when items are used or sold.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenses/expenditures at the time of consumption.

K. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,250 or more for capitalizing capital assets. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives is not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. 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 purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for buildings, and 5 to 20 years for furniture and equipment. Land is not depreciated.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

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. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. 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 union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Unused vacation pay is accrued in governmental fund financial statements only when it has matured due to employee termination or similar circumstances.

N. Sick Pay

Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of early retirement incentive payments for some employees upon termination.

O. Severance Benefits

The District provides lump sum severance pay to eligible employees in accordance with provisions in certain collectively bargained contracts. The benefits are described as follows:

Members of certain of the District's employee groups may become eligible to receive lump sum severance pay benefits. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the applicable Internal Service Fund as it is earned and it becomes probable it will vest at some point in the future.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Risk Management

1. **General Insurance** – 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 workers’ compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District’s insurance coverage in fiscal 2014.
2. **Self-Insurance** – The District established an Internal Service Fund to account for and finance its uninsured risk of loss for its employee dental plan. Under this plan, the District provides coverage to participating employees and their dependants for various dental costs as described in the plan.

The District makes premium payments to the Internal Service Fund on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities were as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2013	\$ 29,806	\$ 267,665	\$ 293,463	\$ 4,008
2014	\$ 4,008	\$ 346,060	\$ 347,465	\$ 2,603

Q. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from time of purchase by the District of three months or less to be cash equivalent. The proprietary fund’s equity in the government-wide cash and investment management pool is considered to be cash equivalent.

R. 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the governmental funds, cash and investments that are restricted are reported as cash and investments held by trustee.

T. Net Position

In the government-wide financial statements, net position represents the difference between assets, liabilities, and deferred inflow of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

U. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s Superintendent and Business Manager are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the District’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Comparative Data/Reclassification

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and non-negotiable certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The District’s deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District’s deposits was \$3,759,611, while the balance on the bank records was \$4,069,606. At June 30, 2014, all deposits were insured or collateralized by securities held by the District’s agent in the District’s name.

B. Investments

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District’s investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The District’s investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk. At June 30, 2014, the District had 29.6 percent of its portfolio invested in a guaranteed investment contract with Credit Agricole Corporate and Investment Bank.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District’s investment policies do not limit the maturities of investments; however, the District considers such things as interest rates and cash flow needs when purchasing investments.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Summary

The following table presents the District’s deposit and investment balances at June 30, 2014, and information relating to potential investment risks:

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years				Total
	Rating	Agency	Less Than 1	1 to 5	5 to 10	More Than 10	
Investment pools/mutual funds							
Minnesota School District Liquid Asset Fund	AAA	S&P	N/A	N/A	N/A	N/A	\$ 1,258,522
First American Treasury Obligations Fund Class D	AAA	S&P	N/A	N/A	N/A	N/A	69,081
Guaranteed investment contract							
Credit Agricole Corporate and Investment Bank	A	S&P	N/A	N/A	N/A	\$ 559,401	559,401
							1,887,004
Deposits							3,759,611
Total cash and investments							<u>\$ 5,646,615</u>

N/A – Not Applicable

Cash and investments are included on the basic financial statements as follows:

Cash and temporary investments – Statement of Net Position	\$ 5,014,909
Cash and temporary investments held by trustee – Statement of Net Position	628,482
Cash and temporary investments – Statement of Fiduciary Net Position – Private-Purpose Trust Fund	3,224
Total cash and investments	<u>\$ 5,646,615</u>

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The District’s investment in the MSDLAF is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the year ended June 30, 2014 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 683,993	\$ –	\$ –	\$ 683,993
Capital assets, depreciated				
Buildings	8,732,533	–	–	8,732,533
Furniture and equipment	4,133,771	118,558	288,721	3,963,608
Total capital assets, depreciated	<u>12,866,304</u>	<u>118,558</u>	<u>288,721</u>	<u>12,696,141</u>
Less accumulated depreciation for				
Buildings	(2,683,980)	(134,731)	–	(2,818,711)
Furniture and equipment	(3,424,968)	(147,493)	(259,992)	(3,312,469)
Total accumulated depreciation	<u>(6,108,948)</u>	<u>(282,224)</u>	<u>(259,992)</u>	<u>(6,131,180)</u>
Net capital assets, depreciated	<u>6,757,356</u>	<u>(163,666)</u>	<u>28,729</u>	<u>6,564,961</u>
Total capital assets, net	<u>\$ 7,441,349</u>	<u>\$ (163,666)</u>	<u>\$ 28,729</u>	<u>\$ 7,248,954</u>

Depreciation expense for the year ended June 30, 2014 was charged to the following governmental functions:

Administrative and support services	\$ 36,680
Secondary vocational/DCALS	20,534
Special education instruction	<u>225,010</u>
Total depreciation expense	<u>\$ 282,224</u>

NOTE 4 – LONG-TERM LIABILITIES

A. Components and Changes in Long-Term Liabilities

The following table describes the changes in long-term liabilities, including amounts due within one year:

	June 30, 2013	Additions	Retirements	June 30, 2014	Due Within One Year
Capital leases payable	\$ 7,550,000	\$ –	\$ 235,000	\$ 7,315,000	\$ 245,000
Unamortized discount	(135,475)	–	(6,375)	(129,100)	–
Severance benefits payable	563,628	23,139	112,900	473,867	23,139
Compensated absences payable	240,080	153,137	117,885	275,332	117,885
Net OPEB obligation (see Note 7)	700,338	256,695	125,000	832,033	–
	<u>\$ 8,918,571</u>	<u>\$ 432,971</u>	<u>\$ 584,410</u>	<u>\$ 8,767,132</u>	<u>\$ 386,024</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

B. Description of Long-Term Liabilities

- **Capital Leases Payable** – In September 2007, the District entered into a capital lease agreement with the Dakota County Community Development Agency (DCCDA) to finance building construction. The DCCDA issued \$8,480,000 of lease revenue bonds to pay for these costs. The revenue bonds bear interest rates that range from 3.875 percent to 4.500 percent and have a final maturity of February 2034. The lease-purchase agreement requires the District to make semiannual payments beginning August 1, 2008 equal to the principal and interest due on the revenue bonds. Annual principal and interest payments on this lease will be paid by the General Fund. Tuition revenue in the Capital Expenditure General Fund Account from member districts specifically for this debt obligation for the duration of the debt obligation are pledged for the payment of principal and interest on this lease payable. As of June 30, 2014, the net book value of the capital lease was \$5,846,497.
- **Severance Benefits Payable** – Severance benefits are paid by the applicable Internal Service Fund. Annual payments to retire severance benefit liabilities have not been determined and will depend on actual employee turnover.
- **Compensated Absences Payable** – Compensated absences payable represent accrued vacation payable at year-end. Compensated absences are paid by the General Fund. These benefits are not funded until the year of payment. Annual payments to retire compensated absences payable will depend on employee turnover and actual employee absences.

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire capital leases payable are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 245,000	\$ 314,401
2016	250,000	304,908
2017	260,000	295,220
2018	270,000	285,145
2019	285,000	274,345
2020–2024	1,595,000	1,188,355
2025–2029	1,965,000	818,715
2030–2034	2,445,000	340,200
	<u>\$ 7,315,000</u>	<u>\$ 3,821,289</u>

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds which are defined earlier in the report.

A. Classifications

At June 30, 2014, a summary of the District’s governmental fund balance classifications are as follows:

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Food Service Special Revenue Fund</u>	<u>Total</u>
Nonspendable				
Prepaid items	\$ 7,793	\$ –	\$ –	\$ 7,793
Inventory	2,129	–	–	2,129
Total nonspendable	<u>9,922</u>	<u>–</u>	<u>–</u>	<u>9,922</u>
Restricted for				
Basic skills	127,282	–	–	127,282
Debt service	628,482	–	–	628,482
Capital purposes	658,699	111,237	–	769,936
Total restricted	<u>1,414,463</u>	<u>111,237</u>	<u>–</u>	<u>1,525,700</u>
Unassigned	<u>4,642,898</u>	<u>–</u>	<u>–</u>	<u>4,642,898</u>
Total	<u>\$ 6,067,283</u>	<u>\$ 111,237</u>	<u>\$ –</u>	<u>\$ 6,178,520</u>

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum unassigned fund balance for the General Fund. The policy states the District will strive to maintain a minimum unassigned General Fund balance of 15 percent of the annual budget. At June 30, 2014, the unassigned fund balance of the General Fund was 18.6 percent of fiscal 2014 expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Substantially all employees of the District are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Teachers’ Retirement Association (TRA) or Public Employees’ Retirement Association (PERA), all of which are administered on a state-wide basis. Disclosures relating to these plans are as follows:

Teachers’ Retirement Association (TRA)

A. Plan Description

All teachers employed by the District are covered by defined benefit plans administered by the TRA. TRA members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. The plans are established and administered in accordance with Minnesota Statutes, Chapter 354 and 356.

The 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 the 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

<u>Step Rate Formula</u>	<u>Percentage per Year</u>
Basic Plan	
First 10 years	2.2 percent
All years after	2.7 percent
Coordinated Plan	
First 10 years if service years are prior to July 1, 2006	1.2 percent
First 10 years if service years are July 1, 2006 or after	1.4 percent
All other years of service if service years are prior to July 1, 2006	1.7 percent
All other years of service if service years are July 1, 2006 or after	1.9 percent

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.
- Three percent 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).

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

Tier II

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

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

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

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

The TRA publicly issues a comprehensive annual financial report presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at www.minnesotatra.org. Alternatively, a copy of the report may be obtained by writing the TRA at Teachers' Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-4000 or by calling (651) 296-2409 or (800) 657-3669.

B. Funding Policy

Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. These statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 7.0 percent and 10.5 percent, respectively, of their annual covered salary during fiscal year 2014 as employee contributions. The TRA employer contribution rates are 7.0 percent for Coordinated Plan members and 11.0 percent for Basic Plan members during fiscal year 2014. Total covered payroll salaries for all TRA members state-wide during the fiscal years June 30, 2013, 2012, and 2011, were approximately \$3.92 billion, \$3.87 billion, and \$3.84 billion, respectively.

The District's contributions for the years ended June 30, 2014, 2013, and 2012 were \$648,361, \$597,607, and \$536,038, respectively, equal to the required contributions for each year as set by state statutes.

The 2010 Legislature approved employee and employer contribution rate increases to be phased-in over a four-year period beginning July 1, 2011. Employee and employer contribution rates increased by 0.5 percent on July 1 of each year of the four-year period, ending in 2014. Beginning July 1, 2014, TRA Coordinated Plan employee and employer contribution rates will each be 7.5 percent.

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

Public Employees' Retirement Association (PERA)

A. Plan Description

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

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

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

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

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

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

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

B. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. The GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in fiscal 2014. In fiscal 2014, the District was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members and 7.25 percent for Coordinated Plan members.

The District's contributions to the GERP for the years ended June 30, 2014, 2013, and 2012 were \$370,126, \$368,169, and \$346,433, respectively. The District's contributions were equal to the required contributions for each year as set by state statutes.

Beginning January 1, 2015, Coordinated Plan contribution rates will increase for employees and employers to 6.50 percent and 7.50 percent, respectively.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the District's OPEB Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. As of July 1, 2012, the plan had 340 active participants and 11 retired participants. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

Post-Employment Insurance Benefits – 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. Under the terms of certain collectively bargained employment contracts, the District is required to pay health and dental insurance premiums for eligible retirees until they reach age 65 or 70 as specified in their contract. Employees must meet certain age and/or length of service requirements to be eligible. The monthly district contribution per retiree for post-employment health and dental insurance is equal to the premiums covered for current employees in the retiree's bargaining group. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, 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.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the District. There are no invested plan assets accumulated for payment of future benefits.

C. Annual OPEB Cost and Net OPEB Obligation

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

ARC	\$ 241,692
Interest on net OPEB obligation	26,019
Adjustment to ARC	<u>(11,016)</u>
Annual OPEB cost (expense)	256,695
Contributions made	<u>125,000</u>
Increase in net OPEB obligation	131,695
Net OPEB obligation – beginning of year	<u>700,338</u>
Net OPEB obligation – end of year	<u><u>\$ 832,033</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 215,953	\$ 64,644	29.9%	\$ 578,192
June 30, 2013	\$ 232,146	\$ 110,000	47.4%	\$ 700,338
June 30, 2014	\$ 256,695	\$ 125,000	48.7%	\$ 832,033

D. Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,500,479, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,500,479. The covered payroll (annual payroll of active employees covered by the plan) was \$13,212,704, and the ratio of the UAAL to the covered payroll was 11.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Actuarial Methods and Assumptions

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

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.5 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 2.5 percent rate of projected salary increases; an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after seven years, and a dental cost trend rate of 4.0 percent. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period on July 1, 2012 for the various amortization layers ranged from 26 to 30 years.

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District offers its employees a flexible benefit plan, a cafeteria plan (the Plan) created in accordance with Internal Revenue Code § 125. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Plan for healthcare and dependant care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

Payments of insurance premiums (health and dental) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund.

Amounts withheld for medical reimbursement and dependant care are held in the District's cash account. Payments are made by a third party administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependant care activity is accounted for in the financial statements in the General Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to eligible healthcare and dependant care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Operating Leases

The District is leasing buildings and space in several locations. The District incurred expenditures of \$548,330 for operating leases during the year ended June 30, 2014. These leases are scheduled to expire on various dates through 2022. The following is a summary of minimum lease payments for all operating leases:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 407,602
2016	280,770
2017	201,150
2018	204,394
2019	207,638
Thereafter	<u>642,382</u>
	<u>\$ 1,943,936</u>

B. Federal and State Revenues

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

C. Legal Contingencies

The District has the usual and customary legal claims pending at year-end, mostly of a minor nature and/or covered by insurance. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material effect on its financial position.

NOTE 10 – LINE OF CREDIT

In June 2013, the District entered into a line of credit agreement with a national bank pursuant to Minnesota Statute § 123B.12(b). This agreement allows the District to borrow up to \$1,000,000. Principal and interest with respect to each advance under this line of credit shall be repaid within 45 days. Interest accrues at an annual rate equal to the prime rate plus 1.05 percent with a floor of 5 percent. This line of credit agreement expires June 30, 2014. No advances were made against this line of credit during the year ended June 30, 2014. This line of credit was not renewed for fiscal 2015.

NOTE 11 – INTERFUND TRANSACTIONS AND TRANSFERS

The General Fund made an interfund transfer of \$23,169 to the Food Service Special Revenue Fund to eliminate a fund balance deficit at year-end.

Such interfund balances and transfers reported in the fund financial statements are eliminated in the government-wide financial statements.

NOTE 12 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*, replaces the requirements of GASB Statement Nos. 27 and 50, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria (as described for GASB Statement No. 67). The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan. This statement is effective for financial statements for fiscal years beginning after June 15, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

Required Supplementary Information
 Schedule of Funding Progress
 June 30, 2014

Other Post-Employment Benefits Plan

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
July 1, 2008	\$ 1,462,608	\$ -	\$ 1,462,608	- %	\$ 11,154,270	13.10 %
July 1, 2010	\$ 1,373,077	\$ -	\$ 1,373,077	- %	\$ 11,861,681	11.60 %
July 1, 2012	\$ 1,500,479	\$ -	\$ 1,500,479	- %	\$ 13,212,704	11.40 %

SUPPLEMENTAL INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund
Comparative Balance Sheet
as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and temporary investments	\$ 3,923,173	\$ 2,886,578
Cash and investments held by trustee	628,482	610,067
Receivables		
Accounts and interest	19,687	45,203
Due from other school districts	1,213,707	1,232,116
Due from Minnesota Department of Education	2,849,922	3,461,782
Due from other governmental units	115,481	96,384
Due from other funds	—	1,026
Inventory	2,129	51,154
Prepaid items	<u>7,793</u>	<u>29,556</u>
Total assets	<u>\$ 8,760,374</u>	<u>\$ 8,413,866</u>
Liabilities		
Salaries and compensated absences payable	\$ 2,028,934	\$ 1,737,543
Accounts and contracts payable	41,566	44,156
Due to other school districts	198,337	342,252
Due to other governmental units	252,641	420,431
Unearned revenue	<u>171,613</u>	<u>164,859</u>
Total liabilities	2,693,091	2,709,241
Fund balances		
Nonspendable for prepaid items	7,793	29,556
Nonspendable for inventory	2,129	51,154
Restricted for debt service	628,482	610,067
Restricted for basic skills	127,282	34,589
Restricted for capital purposes	658,699	785,920
Assigned for subsequent year's budgeted deficit	—	110,661
Unassigned	<u>4,642,898</u>	<u>4,082,678</u>
Total fund balances	<u>6,067,283</u>	<u>5,704,625</u>
Total liabilities and fund balances	<u>\$ 8,760,374</u>	<u>\$ 8,413,866</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under)	2013
	Budget	Actual	Budget	Actual
Revenue				
Local sources				
Tuition	\$ 7,442,076	\$ 7,500,972	\$ 58,896	\$ 7,798,778
Investment earnings	18,000	31,379	13,379	29,459
Other	723,296	744,844	21,548	695,438
State sources	17,094,842	16,844,989	(249,853)	14,971,337
Federal sources	160,960	159,147	(1,813)	155,577
Total revenue	<u>25,439,174</u>	<u>25,281,331</u>	<u>(157,843)</u>	<u>23,650,589</u>
Expenditures				
Current				
Administrative and support services	584,902	524,478	(60,424)	601,294
Secondary vocational/DCALS	3,773,650	3,731,391	(42,259)	4,227,288
Special education programs	20,618,428	20,080,540	(537,888)	18,895,989
Debt service				
Principal	235,000	235,000	—	225,000
Interest and fiscal charges	324,095	324,095	—	333,376
Total expenditures	<u>25,536,075</u>	<u>24,895,504</u>	<u>(640,571)</u>	<u>24,282,947</u>
Excess (deficiency) of revenue over expenditures	(96,901)	385,827	482,728	(632,358)
Other financing sources (uses)				
Proceeds from sale of assets	—	—	—	4,999
Transfers out	(23,000)	(23,169)	(169)	(18,630)
Total other financing sources (uses)	<u>(23,000)</u>	<u>(23,169)</u>	<u>(169)</u>	<u>(13,631)</u>
Net change in fund balances	<u>\$ (119,901)</u>	362,658	<u>\$ 482,559</u>	(645,989)
Fund balances				
Beginning of year		<u>5,704,625</u>		<u>6,350,614</u>
End of year		<u>\$ 6,067,283</u>		<u>\$ 5,704,625</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund
Combining Balance Sheet by Account
as of June 30, 2014

	Secondary Education	Special Education	Services Allocation
Assets			
Cash and temporary investments (deficit)	\$ 1,821,142	\$ 1,392,655	\$ 12,474
Cash and investments held by trustee	-	-	-
Receivables			
Accounts and interest	-	5,125	14,562
Due from other school districts	363,984	821,949	22,360
Due from Minnesota Department of Education	-	2,849,922	-
Due from other governmental units	110,629	352	-
Inventory	-	-	-
Prepaid items	-	3,713	1,523
Total assets	\$ 2,295,755	\$ 5,073,716	\$ 50,919
Liabilities			
Salaries and compensated absences payable	\$ 254,522	\$ 1,751,744	\$ 22,668
Accounts and contracts payable	6,032	13,548	21,116
Due to other school districts	75,222	118,763	-
Due to other governmental units	127,217	123,028	1,092
Unearned revenue	-	165,570	6,043
Total liabilities	462,993	2,172,653	50,919
Fund balances (deficit)			
Nonspendable for prepaid items	-	3,713	1,523
Nonspendable for inventory	-	-	-
Restricted for debt service	-	-	-
Restricted for basic skills programs	754	126,528	-
Restricted for capital purposes	-	-	-
Unassigned	1,832,008	2,770,822	(1,523)
Total fund balances	1,832,762	2,901,063	-
Total liabilities and fund balances	\$ 2,295,755	\$ 5,073,716	\$ 50,919

<u>District Support Services</u>	<u>Capital Expenditure</u>	<u>Secondary Resale</u>	<u>Special Education Resale</u>	<u>Total</u>
\$ (391)	\$ 658,699	\$ 28,138	\$ 10,456	\$ 3,923,173
-	628,482	-	-	628,482
-	-	-	-	19,687
5,414	-	-	-	1,213,707
-	-	-	-	2,849,922
-	-	4,500	-	115,481
-	-	1,471	658	2,129
-	-	2,557	-	7,793
<u>\$ 5,023</u>	<u>\$ 1,287,181</u>	<u>\$ 36,666</u>	<u>\$ 11,114</u>	<u>\$ 8,760,374</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,028,934
-	-	870	-	41,566
4,352	-	-	-	198,337
-	-	1,197	107	252,641
-	-	-	-	171,613
<u>4,352</u>	<u>-</u>	<u>2,067</u>	<u>107</u>	<u>2,693,091</u>
-	-	2,557	-	7,793
-	-	1,471	658	2,129
-	628,482	-	-	628,482
-	-	-	-	127,282
-	658,699	-	-	658,699
671	-	30,571	10,349	4,642,898
<u>671</u>	<u>1,287,181</u>	<u>34,599</u>	<u>11,007</u>	<u>6,067,283</u>
<u>\$ 5,023</u>	<u>\$ 1,287,181</u>	<u>\$ 36,666</u>	<u>\$ 11,114</u>	<u>\$ 8,760,374</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund

Combining Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Year Ended June 30, 2014

	Secondary Education	Special Education	Services Allocation
Revenue			
Local sources			
Tuition	\$ 3,113,264	\$ 3,396,148	\$ 432,465
Investment earnings	1,301	1,119	-
Other	3,335	568,794	5,654
State sources	118,957	16,689,111	36,921
Federal sources	154,147	5,000	-
Total revenue	<u>3,391,004</u>	<u>20,660,172</u>	<u>475,040</u>
Expenditures			
Current			
Administrative and support services	-	-	475,040
Secondary vocational/DCALS	3,471,081	-	-
Special education programs	-	20,060,940	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>3,471,081</u>	<u>20,060,940</u>	<u>475,040</u>
Excess (deficiency) of revenue over expenditures	(80,077)	599,232	-
Other financing sources (uses)			
Transfers out	-	(23,169)	-
Net change in fund balances	(80,077)	576,063	-
Fund balances			
Beginning of year	<u>1,912,839</u>	<u>2,325,000</u>	<u>-</u>
End of year	<u>\$ 1,832,762</u>	<u>\$ 2,901,063</u>	<u>\$ -</u>

<u>District Support Services</u>	<u>Capital Expenditure</u>	<u>Secondary Resale</u>	<u>Special Education Resale</u>	<u>Total</u>
\$ -	\$ 559,095	\$ -	\$ -	\$ 7,500,972
-	28,959	-	-	31,379
31,060	-	119,308	16,693	744,844
-	-	-	-	16,844,989
-	-	-	-	159,147
<u>31,060</u>	<u>588,054</u>	<u>119,308</u>	<u>16,693</u>	<u>25,281,331</u>
49,438	-	-	-	524,478
-	137,765	122,545	-	3,731,391
-	-	-	19,600	20,080,540
-	235,000	-	-	235,000
-	324,095	-	-	324,095
<u>49,438</u>	<u>696,860</u>	<u>122,545</u>	<u>19,600</u>	<u>24,895,504</u>
(18,378)	(108,806)	(3,237)	(2,907)	385,827
-	-	-	-	(23,169)
(18,378)	(108,806)	(3,237)	(2,907)	362,658
19,049	1,395,987	37,836	13,914	5,704,625
<u>\$ 671</u>	<u>\$ 1,287,181</u>	<u>\$ 34,599</u>	<u>\$ 11,007</u>	<u>\$ 6,067,283</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Secondary Education Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual

Year Ended June 30, 2014

(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 3,083,041	\$ 3,113,264	\$ 30,223	\$ 3,587,494
Investment earnings	–	1,301	1,301	855
Other	–	3,335	3,335	8,645
State sources	117,867	118,957	1,090	75,408
Federal sources	155,960	154,147	(1,813)	150,577
Total revenue	<u>3,356,868</u>	<u>3,391,004</u>	<u>34,136</u>	<u>3,822,979</u>
Expenditures				
Current				
Secondary vocational/DCALS				
Salaries	1,915,112	1,894,098	(21,014)	2,449,860
Employee benefits	728,718	702,336	(26,382)	795,235
Purchased services	557,803	521,496	(36,307)	535,087
Supplies and materials	92,155	67,619	(24,536)	102,664
Other expenditures	2,351	2,068	(283)	3,611
Capital expenditures	22,086	23,236	1,150	14,052
Allocated overhead	261,748	260,228	(1,520)	234,507
Total expenditures	<u>3,579,973</u>	<u>3,471,081</u>	<u>(108,892)</u>	<u>4,135,016</u>
Excess (deficiency) of revenue over expenditures	(223,105)	(80,077)	143,028	(312,037)
Other financing sources				
Proceeds from sale of assets	–	–	–	196
Net change in fund balances	<u>\$ (223,105)</u>	<u>(80,077)</u>	<u>\$ 143,028</u>	<u>(311,841)</u>
Fund balances				
Beginning of year		<u>1,912,839</u>		<u>2,224,680</u>
End of year		<u>\$ 1,832,762</u>		<u>\$ 1,912,839</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Special Education Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		2013	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition	\$ 3,351,085	\$ 3,396,148	\$ 45,063	\$ 3,202,954
Investment earnings (charges)	–	1,119	1,119	44
Other	581,775	568,794	(12,981)	546,076
State sources	16,941,479	16,689,111	(252,368)	14,861,033
Federal sources	5,000	5,000	–	5,000
Total revenue	<u>20,879,339</u>	<u>20,660,172</u>	<u>(219,167)</u>	<u>18,615,107</u>
Expenditures				
Current				
Special education programs				
Salaries	12,179,972	12,056,948	(123,024)	11,308,037
Employee benefits	4,798,938	4,645,254	(153,684)	4,313,213
Purchased services	1,746,372	1,660,968	(85,404)	1,516,683
Supplies and materials	624,853	395,044	(229,809)	484,941
Other expenditures	8,676	6,855	(1,821)	6,696
Capital expenditures	179,815	238,966	59,151	186,639
Allocated overhead	1,063,202	1,056,905	(6,297)	1,060,534
Total expenditures	<u>20,601,828</u>	<u>20,060,940</u>	<u>(540,888)</u>	<u>18,876,743</u>
Excess (deficiency) of revenue over expenditures	277,511	599,232	321,721	(261,636)
Other financing sources (uses)				
Proceeds from sale of assets	–	–	–	853
Transfers out	(23,000)	(23,169)	(169)	(18,630)
Total other financing sources (uses)	<u>(23,000)</u>	<u>(23,169)</u>	<u>(169)</u>	<u>(17,777)</u>
Net change in fund balances	<u>\$ 254,511</u>	<u>576,063</u>	<u>\$ 321,552</u>	<u>(279,413)</u>
Fund balances				
Beginning of year		<u>2,325,000</u>		<u>2,604,413</u>
End of year		<u>\$ 2,901,063</u>		<u>\$ 2,325,000</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Services Allocation Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under)	2013
	Budget	Actual	Budget	Actual
Revenue				
Local sources				
Tuition	\$ 448,855	\$ 432,465	\$ (16,390)	\$ 449,954
Other	11,503	5,654	(5,849)	8,474
State sources	35,496	36,921	1,425	34,896
Total revenue	<u>495,854</u>	<u>475,040</u>	<u>(20,814)</u>	<u>493,324</u>
Expenditures				
Current				
Administrative and support services				
Salaries	800,238	799,495	(743)	789,620
Employee benefits	253,595	259,349	5,754	253,125
Purchased services	705,543	676,557	(28,986)	707,647
Supplies and materials	32,420	27,647	(4,773)	23,593
Other expenditures	14,004	14,123	119	13,404
Capital expenditures	15,000	15,000	–	974
Allocated overhead	(1,324,946)	(1,317,131)	7,815	(1,295,039)
Total expenditures	<u>495,854</u>	<u>475,040</u>	<u>(20,814)</u>	<u>493,324</u>
Net change in fund balances	<u>\$ –</u>	<u>–</u>	<u>\$ –</u>	<u>–</u>
Fund balances				
Beginning of year		<u>–</u>		<u>–</u>
End of year		<u>\$ –</u>		<u>\$ –</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – District Support Services Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
Revenue				
Local sources				
Other	\$ 50,000	\$ 31,060	\$ (18,940)	\$ 44,058
Expenditures				
Current				
Administrative and support services				
Purchased services	50,000	31,087	(18,913)	44,060
Capital expenditures	19,048	18,351	(697)	–
Total expenditures	<u>69,048</u>	<u>49,438</u>	<u>(19,610)</u>	<u>44,060</u>
Net change in fund balances	<u>\$ (19,048)</u>	<u>(18,378)</u>	<u>\$ 670</u>	<u>(2)</u>
Fund balances				
Beginning of year		<u>19,049</u>		<u>19,051</u>
End of year		<u>\$ 671</u>		<u>\$ 19,049</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Capital Expenditure Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 559,095	\$ 559,095	\$ -	\$ 558,376
Investment earnings	18,000	28,959	10,959	28,560
Total revenue	<u>577,095</u>	<u>588,054</u>	<u>10,959</u>	<u>586,936</u>
Expenditures				
Current				
Administrative and support services				
Supplies and materials	-	-	-	367
Capital expenditures	20,000	-	(20,000)	63,543
Secondary vocational/DCALS				
Purchased services	124,520	137,765	13,245	26,673
Debt service				
Principal	235,000	235,000	-	225,000
Interest and fiscal charges	324,095	324,095	-	333,376
Total expenditures	<u>703,615</u>	<u>696,860</u>	<u>(6,755)</u>	<u>648,959</u>
Net change in fund balances	<u>\$ (126,520)</u>	<u>(108,806)</u>	<u>\$ 17,714</u>	<u>(62,023)</u>
Fund balances				
Beginning of year		<u>1,395,987</u>		<u>1,458,010</u>
End of year		<u>\$ 1,287,181</u>		<u>\$ 1,395,987</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Secondary Resale Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
Revenue				
Local sources				
Other	\$ 62,918	\$ 119,308	\$ 56,390	\$ 70,329
Expenditures				
Current				
Secondary vocational/DCALS				
Purchased services	11,773	20,863	9,090	13,099
Supplies and materials	51,599	95,517	43,918	50,962
Capital expenditures	5,480.00	5,480	–	1,200
Other expenditures	305	685	380	338
Total expenditures	<u>69,157</u>	<u>122,545</u>	<u>53,388</u>	<u>65,599</u>
Excess (deficiency) of revenue over expenditures	(6,239)	(3,237)	3,002	4,730
Other financing sources				
Proceeds from sale of assets	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,950</u>
Net change in fund balances	<u>\$ (6,239)</u>	<u>(3,237)</u>	<u>\$ 3,002</u>	<u>8,680</u>
Fund balances				
Beginning of year		<u>37,836</u>		<u>29,156</u>
End of year		<u>\$ 34,599</u>		<u>\$ 37,836</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Special Education Resale Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
Revenue				
Local sources				
Other	\$ 17,100	\$ 16,693	\$ (407)	\$ 17,856
Expenditures				
Current				
Special education programs				
Purchased services	–	1,262	1,262	–
Resale of equipment	–	–	–	1,544
Supplies and materials	16,600	18,338	1,738	17,702
Total expenditures	<u>16,600</u>	<u>19,600</u>	<u>3,000</u>	<u>19,246</u>
Net change in fund balances	<u>\$ 500</u>	(2,907)	<u>\$ (3,407)</u>	(1,390)
Fund balances				
Beginning of year		<u>13,914</u>		<u>15,304</u>
End of year		<u>\$ 11,007</u>		<u>\$ 13,914</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and temporary investments	<u>\$ 111,237</u>	<u>\$ 438,266</u>
Liabilities		
Due to other governmental units	\$ -	\$ 131,829
Fund balances		
Restricted for capital purposes	<u>111,237</u>	<u>306,437</u>
Total liabilities and fund balances	<u>\$ 111,237</u>	<u>\$ 438,266</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Capital Projects – Building Construction Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014			2013
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ -	\$ 104	\$ 104	\$ 198
Expenditures				
Capital outlay	<u>198,600</u>	<u>195,304</u>	<u>(3,296)</u>	<u>164,382</u>
Net change in fund balances	<u>\$ (198,600)</u>	<u>(195,200)</u>	<u>\$ 3,400</u>	<u>(164,184)</u>
Fund balances				
Beginning of year		<u>306,437</u>		<u>470,621</u>
End of year		<u>\$ 111,237</u>		<u>\$ 306,437</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Food Service Special Revenue Fund
 Comparative Balance Sheet
 as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and temporary investments	\$ 418	\$ -
Receivables		
Due from other governmental units	<u>1,577</u>	<u>1,026</u>
Total assets	<u>\$ 1,995</u>	<u>\$ 1,026</u>
Liabilities		
Due to other governmental units	\$ 1,995	\$ -
Due to other funds	<u>-</u>	<u>1,026</u>
Total liabilities	<u>\$ 1,995</u>	<u>\$ 1,026</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2014
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
Revenue				
Local sources				
Other – primarily meal sales	\$ 18,350	\$ 20,820	\$ 2,470	\$ 14,146
State sources	3,450	3,952	502	3,058
Federal sources	49,475	56,242	6,767	49,945
Total revenue	<u>71,275</u>	<u>81,014</u>	<u>9,739</u>	<u>67,149</u>
Expenditures				
Purchased services	4,725	2,809	(1,916)	3,491
Supplies and materials	89,550	101,374	11,824	82,288
Total expenditures	<u>94,275</u>	<u>104,183</u>	<u>9,908</u>	<u>85,779</u>
Excess (deficiency) of revenue over expenditures	(23,000)	(23,169)	(169)	(18,630)
Other financing sources				
Transfers in	<u>23,000</u>	<u>23,169</u>	<u>169</u>	<u>18,630</u>
Net change in fund balances	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>
Fund balances				
Beginning of year		<u>—</u>		<u>—</u>
End of year		<u>\$ —</u>		<u>\$ —</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2014
 (With Comparative Totals as of June 30, 2013)

	Dental Self-Insurance	Post-Employment Employee Benefits	Totals	
			2014	2013
Assets				
Cash and temporary investments	\$ 281,246	\$ 698,835	\$ 980,081	\$ 772,994
Accounts receivable	—	—	—	1,029
Prepaid items	—	474	474	509
Total assets	281,246	699,309	980,555	774,532
Liabilities				
Current liabilities				
Accounts and contracts payable	35,745	—	35,745	12,202
Severance benefits payable	—	23,139	23,139	98,380
Total current liabilities	35,745	23,139	58,884	110,582
Long-term liabilities				
Net other post-employment benefit obligation	—	832,033	832,033	700,338
Severance benefits payable	—	450,728	450,728	465,248
Total long-term liabilities	—	1,282,761	1,282,761	1,165,586
Total liabilities	35,745	1,305,900	1,341,645	1,276,168
Net position (deficit)				
Unrestricted	\$ 245,501	\$ (606,591)	\$ (361,090)	\$ (501,636)

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Fund Net Position
 Year Ended June 30, 2014
 (With Comparative Totals for the Year Ended June 30, 2013)

	Dental Self-Insurance	Post-Employment Employee Benefits	Totals	
			2014	2013
Operating revenue				
Local sources				
Contributions from governmental funds	\$ 346,795	\$ 205,000	\$ 551,795	\$ 525,048
Operating expenses				
Post-employment severance and health benefits	—	64,449	64,449	226,441
Dental benefit claims	347,465	—	347,465	293,463
Total operating expenses	<u>347,465</u>	<u>64,449</u>	<u>411,914</u>	<u>519,904</u>
Operating income	(670)	140,551	139,881	5,144
Nonoperating revenue				
Investment earnings	<u>174</u>	<u>491</u>	<u>665</u>	<u>338</u>
Change in net position	(496)	141,042	140,546	5,482
Net position (deficit)				
Beginning of year	<u>245,997</u>	<u>(747,633)</u>	<u>(501,636)</u>	<u>(507,118)</u>
End of year	<u>\$ 245,501</u>	<u>\$ (606,591)</u>	<u>\$ (361,090)</u>	<u>\$ (501,636)</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended June 30, 2014
 (With Comparative Totals for the Year Ended June 30, 2013)

	Dental Self-Insurance	Post-Employment Employee Benefits	Totals	
			2014	2013
Cash flows from operating activities				
Contributions from governmental funds	\$ 347,824	\$ 205,000	\$ 552,824	\$ 525,048
Post-employment severance and health benefit payments	—	(30,674)	(30,674)	(42,083)
Payments for dental claims	(315,728)	—	(315,728)	(320,290)
Net cash provided by operating activities	32,096	174,326	206,422	162,675
Cash flows from noncapital financing activities				
Cash paid to other funds	—	—	—	152,013
Cash flows from investing activities				
Investment income received	174	491	665	338
Net change in cash and cash equivalents	32,270	174,817	207,087	315,026
Cash and temporary investments				
Beginning of year	248,976	524,018	772,994	457,968
End of year	\$ 281,246	\$ 698,835	\$ 980,081	\$ 772,994
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ (670)	\$ 140,551	\$ 139,881	\$ 5,144
Adjustments to reconcile operating income to net cash provided by operating activities				
Changes in assets and liabilities				
Post-employment severance benefits payable	—	(89,761)	(89,761)	54,527
Net other post-employment benefit obligation	—	131,695	131,695	122,146
Accounts receivable	1,029	—	1,029	(1,029)
Prepaid items	—	35	35	(509)
Accounts payable	31,737	(8,194)	23,543	(17,604)
Net cash provided by operating activities	\$ 32,096	\$ 174,326	\$ 206,422	\$ 162,675

OTHER INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues			General Revenues	Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Investment Earnings and Other	
2005	\$ 14,646,565 94%	\$ 845,216 5%	\$ 19,867 -	\$ 107,332 1%	\$ 15,618,980 100%
2006	15,285,571 94%	750,792 5%	14,796 -	234,665 1%	16,285,824 100%
2007	16,426,457 93%	837,561 5%	21,621 -	270,425 2%	17,556,064 100%
2008	18,090,478 94%	884,092 5%	23,469 -	281,238 1%	19,279,277 100%
2009	6,592,339 33%	12,759,841 63%	734,740 3%	133,252 1%	20,220,172 100%
2010	7,782,625 33%	14,567,950 62%	617,930 3%	599,235 2%	23,567,740 100%
2011	7,484,976 32%	15,265,005 65%	567,175 2%	224,526 1%	23,541,682 100%
2012	7,848,114 34%	14,720,483 63%	498,613 2%	136,147 1%	23,203,357 100%
2013	7,839,060 31%	15,177,273 60%	580,348 2%	126,115 -	23,722,796 100%
2014	7,619,433 30%	17,064,879 67%	581,454 3%	97,720 -	25,363,486 100%

Note: In fiscal 2009, the state of Minnesota converted special education to a state-wide system. This caused the charges for services to be converted to operating grants and contributions.

INTERMEDIATE SCHOOL DISTRICT NO. 917

Government-Wide Expenses by Program
Last Ten Fiscal Years

Year Ended June 30,	Administrative and Support Services	Secondary Vocational/ DCALS	Special Education Programs	Food Service	Interest and Fiscal Charges on Debt	Total
2005	\$ 1,073,594 7%	\$ 3,492,142 22%	\$ 11,493,554 71%	\$ - -	\$ - -	\$ 16,059,290 100%
2006	1,112,460 7%	3,269,581 20%	11,708,188 73%	- -	- -	16,090,229 100%
2007	1,309,198 7%	3,239,749 19%	12,838,805 74%	- -	- -	17,387,752 100%
2008	1,143,629 6%	3,629,059 19%	14,148,809 74%	- -	223,767 1%	19,145,264 100%
2009	1,484,759 7%	3,698,703 18%	15,126,240 73%	- -	410,161 2%	20,719,863 100%
2010	1,279,128 6%	3,778,602 17%	16,753,538 75%	71,375 -	361,888 2%	22,244,531 100%
2011	1,614,185 7%	3,855,919 17%	16,699,413 74%	74,423 -	353,553 2%	22,597,493 100%
2012	1,765,768 8%	3,875,566 17%	17,292,500 74%	101,616 -	344,925 1%	23,380,375 100%
2013	1,998,969 8%	3,962,647 16%	18,097,103 74%	85,779 1%	335,885 1%	24,480,383 100%
2014	1,892,695 8%	3,483,868 14%	19,239,348 77%	108,123 -	326,431 1%	25,050,465 100%

Note: The Food Service Special Revenue Fund was established in fiscal year 2010.

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Revenue by Source
Last Ten Fiscal Years

	Year Ended June 30,	Tuition Revenue	Investment Earnings (Charges)	Other Revenue	State Revenue	Federal Revenue	Total
Secondary education	2005	\$ 3,000,884	\$ 19,424	\$ 54,720	\$ —	\$ 253,175	\$ 3,328,203
	2006	3,055,645	40,955	77,678	—	288,346	3,462,624
	2007	3,103,608	54,287	3,198	—	292,365	3,453,458
	2008	3,534,488	60,762	25,461	—	341,820	3,962,531
	2009	3,349,713	11,583	26,599	—	186,813	3,574,708
	2010	3,715,685	2,663	13,587	10,195	150,108	3,892,238
	2011	3,656,422	927	8,787	49,708	172,435	3,888,279
	2012	3,938,532	920	21,437	61,110	197,689	4,219,688
	2013	3,587,494	855	8,645	75,408	150,577	3,822,979
	2014	3,113,264	1,301	3,335	118,957	154,147	3,391,004
Special education	2005	11,468,180	(6,682)	134,097	—	560,570	12,156,165
	2006	11,950,232	(7,457)	208,229	1,000	446,384	12,598,388
	2007	13,082,524	(19,682)	208,659	—	450,424	13,721,925
	2008	14,331,589	(4,875)	177,538	—	455,666	14,959,918
	2009	3,004,086	4,242	202,077	12,035,354	464,375	15,710,134
	2010	3,332,630	221	603,186	13,721,390	561,110	18,218,537
	2011	3,087,411	(392)	390,143	14,210,549	735,457	18,423,168
	2012	2,962,399	(341)	529,239	14,199,467	172,752	17,863,516
	2013	3,202,954	44	546,076	14,861,033	5,000	18,615,107
	2014	3,396,148	1,119	568,794	16,689,111	5,000	20,660,172
Services allocation	2005	—	—	—	25,485	—	25,485
	2006	—	—	—	22,482	—	22,482
	2007	—	—	—	30,904	—	30,904
	2008	—	—	—	53,764	—	53,764
	2009	—	—	—	190,765	—	190,765
	2010	—	—	—	38,155	—	38,155
	2011	305,475	—	1,559	56,381	—	363,415
	2012	352,800	—	8,402	43,416	—	404,618
	2013	449,954	—	8,474	34,896	—	493,324
	2014	432,465	—	5,654	36,921	—	475,040
District support services	2005	—	—	99,698	—	—	99,698
	2006	—	(4,141)	185,532	—	—	181,391
	2007	—	—	179,943	—	—	179,943
	2008	—	—	155,710	—	—	155,710
	2009	—	—	64,729	—	—	64,729
	2010	44,033	—	51,691	—	—	95,724
	2011	39,670	—	31,831	—	—	71,501
	2012	24,600	—	26,485	—	—	51,085
	2013	—	—	44,058	—	—	44,058
	2014	—	—	31,060	—	—	31,060

(continued)

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Revenue by Source (continued)
Last Ten Fiscal Years

	Year Ended June 30,	Tuition Revenue	Investment Earnings (Charges)	Other Revenue	State Revenue	Federal Revenue	Total
Capital expenditure	2005	—	44	—	—	—	44
	2006	—	97	—	—	—	97
	2007	—	115	—	—	—	115
	2008	—	452	—	—	—	452
	2009	565,508	17,854	—	—	—	583,362
	2010	562,451	2,517	253,572	—	—	818,540
	2011	552,201	28,941	1,707	—	—	582,849
	2012	477,245	28,827	—	—	—	506,072
	2013	558,376	28,560	—	—	—	586,936
	2014	559,095	28,959	—	—	—	588,054
Secondary resale	2005	—	—	—	—	—	—
	2006	—	—	—	—	—	—
	2007	—	—	125,497	—	—	125,497
	2008	—	—	117,092	—	—	117,092
	2009	—	—	67,919	—	—	67,919
	2010	—	—	167,075	—	—	167,075
	2011	—	—	137,627	—	—	137,627
	2012	—	—	60,687	—	—	60,687
	2013	—	—	70,329	—	—	70,329
	2014	—	—	119,308	—	—	119,308
Special education resale	2005	—	—	—	—	—	—
	2006	—	—	—	—	—	—
	2007	—	—	17,368	—	—	17,368
	2008	—	—	19,349	—	—	19,349
	2009	—	—	22,886	—	—	22,886
	2010	—	—	22,620	—	—	22,620
	2011	—	—	21,279	—	—	21,279
	2012	—	—	19,406	—	—	19,406
	2013	—	—	17,856	—	—	17,856
	2014	—	—	16,693	—	—	16,693

Note 1: The Secondary Resale Account was established in fiscal year 2007.

Note 2: The Special Education Resale Account was established in fiscal year 2007.

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Expenditures by Object
Last Ten Fiscal Years

	Year Ended June 30,	Salary Expenditures	Employee Benefits Expenditures	Purchased Services Expenditures	Other Expenditures	Allocated Overhead	Total
Secondary education	2005	\$ 1,889,985	\$ 487,743	\$ 496,042	\$ 197,639	\$ 195,183	\$ 3,266,592
	2006	1,990,866	546,367	565,985	260,036	189,815	3,553,069
	2007	1,871,490	545,270	564,066	112,876	203,055	3,296,757
	2008	2,009,066	607,325	727,957	149,561	201,426	3,695,335
	2009	2,063,886	655,558	552,483	115,595	197,555	3,585,077
	2010	2,268,974	679,673	533,333	105,992	219,410	3,807,382
	2011	2,253,662	680,947	563,196	164,868	209,572	3,872,245
	2012	2,365,115	732,814	515,206	133,740	220,927	3,967,802
	2013	2,449,860	795,235	535,087	120,327	234,507	4,135,016
	2014	1,894,098	702,336	521,496	92,923	260,228	3,471,081
Special education	2005	7,573,709	1,997,793	1,405,226	414,445	753,184	12,144,357
	2006	7,718,588	2,143,520	1,403,163	395,922	764,969	12,426,162
	2007	8,395,050	2,441,463	1,496,680	383,206	881,392	13,597,791
	2008	9,194,539	2,804,869	1,561,057	475,149	864,291	14,899,905
	2009	9,656,932	3,149,781	1,629,135	353,336	920,575	15,709,759
	2010	10,298,835	3,538,306	1,787,311	691,957	937,527	17,253,936
	2011	10,405,760	3,800,881	1,914,616	553,662	998,333	17,673,252
	2012	10,813,236	4,049,078	1,277,070	968,086	1,021,841	18,129,311
	2013	11,308,037	4,313,213	1,516,683	678,276	1,060,534	18,876,743
	2014	12,056,948	4,645,254	1,660,968	640,865	1,056,905	20,060,940
Services allocation	2005	563,366	168,404	158,183	83,899	(948,367)	25,485
	2006	611,029	167,821	146,551	51,865	(954,784)	22,482
	2007	665,717	170,325	221,124	58,185	(1,084,447)	30,904
	2008	711,026	185,819	147,102	75,534	(1,065,717)	53,764
	2009	733,346	194,078	318,981	62,490	(1,118,130)	190,765
	2010	749,966	204,226	179,556	61,344	(1,156,937)	38,155
	2011	786,795	214,980	490,893	78,652	(1,207,905)	363,415
	2012	786,232	237,644	569,416	54,094	(1,242,768)	363,415
	2013	789,620	253,125	707,647	37,971	(1,295,039)	493,324
	2014	799,495	259,349	676,557	56,770	(1,317,131)	475,040
District support services	2005	63,625	15,555	101,453	(16,301)	—	164,332
	2006	50,055	14,146	162,234	(8,906)	—	217,529
	2007	66,830	22,666	84,585	—	—	174,081
	2008	—	—	135,085	—	—	135,085
	2009	3,518	451	67,754	—	—	71,723
	2010	17,851	2,310	59,937	6,575	—	86,673
	2011	18,715	2,419	34,564	20,043	—	75,741
	2012	14,916	3,696	26,936	6,594	—	75,741
	2013	—	—	44,060	—	—	44,060
	2014	—	—	31,087	18,351	—	49,438

(continued)

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Expenditures by Object (continued)
Last Ten Fiscal Years

	Year Ended June 30,	Salary Expenditures	Employee Benefits Expenditures	Purchased Services Expenditures	Other Expenditures	Allocated Overhead	Total
Capital expenditure	2005	—	—	—	—	—	—
	2006	—	—	—	—	—	—
	2007	—	—	—	—	—	—
	2008	—	—	—	6,802,482	—	6,802,482
	2009	2,802	238	210,640	558,208	—	771,888
	2010	—	—	15,512	578,439	—	593,951
	2011	—	—	70,060	557,978	—	628,038
	2012	—	—	73,093	574,847	—	628,038
	2013	—	—	26,673	622,286	—	648,959
	2014	—	—	137,765	559,095	—	696,860
Secondary resale	2005	—	—	—	—	—	—
	2006	—	—	—	—	—	—
	2007	29,140	6,449	53,112	59,080	—	147,781
	2008	16,588	2,687	24,423	50,785	—	94,483
	2009	18,063	2,914	23,520	18,036	—	62,533
	2010	17,225	2,863	32,560	104,851	—	157,499
	2011	18,760	3,133	29,480	75,164	—	126,537
	2012	—	—	12,293	47,733	—	126,537
	2013	—	—	13,099	52,500	—	65,599
	2014	—	—	20,863	101,682	—	122,545
Special education resale	2005	—	—	—	—	—	—
	2006	—	—	—	—	—	—
	2007	—	—	296	11,416	—	11,712
	2008	—	—	—	18,316	—	18,316
	2009	—	—	705	18,754	—	19,459
	2010	—	—	—	20,729	—	20,729
	2011	—	—	—	20,009	—	20,009
	2012	—	—	60	17,319	—	20,009
	2013	—	—	—	19,246	—	19,246
	2014	—	—	1,262	18,338	—	19,600

Note 1: The Secondary Resale Account was established in fiscal year 2007.

Note 2: The Special Education Resale Account was established in fiscal year 2007.

OTHER REQUIRED REPORTS

INDEPENDENT AUDITOR'S 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

To the School Board and Management of
Intermediate School District No. 917
Rosemount, 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 Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated INSERT DATE.

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Intermediate School District No. 917
Rosemount, 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 Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated INSERT DATE.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the Office of the State Auditor pursuant to Minnesota Statute § 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 included 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 Political Subdivisions*. 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 of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

INTERMEDIATE SCHOOL DISTRICT NO. 917

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2014

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 25,281,331	\$ 25,281,327	\$ 4
Total expenditures		\$ 24,895,504	\$ 24,895,496	\$ 8
Nonspendable				
460	Nonspendable fund balance	\$ 9,922	\$ 9,923	\$ (1)
Restricted/reserve				
403	Staff development	\$ –	\$ –	\$ –
405	Deferred maintenance	\$ –	\$ –	\$ –
406	Health and safety	\$ –	\$ –	\$ –
407	Capital projects levy	\$ –	\$ –	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
411	Severance pay	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
423	Certain teacher programs	\$ –	\$ –	\$ –
424	Operating capital	\$ –	\$ –	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ –	\$ –	\$ –
441	Basic skills programs	\$ 127,282	\$ 127,282	\$ –
445	Career and technical programs	\$ –	\$ –	\$ –
446	First grade preparedness	\$ –	\$ –	\$ –
449	Safe schools levy	\$ –	\$ –	\$ –
450	Pre-kindergarten	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ 1,287,181	\$ 1,287,181	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ –	\$ –	\$ –
Unassigned				
422	Unassigned fund balance	\$ 4,642,898	\$ 4,642,901	\$ (3)
Food Service				
Total revenue		\$ 81,014	\$ 81,013	\$ 1
Total expenditures		\$ 104,183	\$ 104,182	\$ 1
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ –	\$ –	\$ –
432	ECFE	\$ –	\$ –	\$ –
444	School readiness	\$ –	\$ –	\$ –
447	Adult basic education	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

INTERMEDIATE SCHOOL DISTRICT NO. 917

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2014

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ 104	\$ 104	\$ –
Total expenditures	\$ 195,304	\$ 195,305	\$ (1)
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve			
407 Capital projects levy	\$ –	\$ –	\$ –
409 Alternative facility program	\$ –	\$ –	\$ –
413 Project funded by COP	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ 111,237	\$ 111,237	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve			
425 Bond refundings	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ 1,223	\$ 1,222	\$ 1
Total expenditures	\$ 854	\$ 853	\$ 1
422 Net position	\$ 3,224	\$ 3,224	\$ –
Internal Service			
Total revenue	\$ 552,460	\$ 552,460	\$ –
Total expenditures	\$ 411,914	\$ 411,914	\$ –
422 Net position	\$ (361,090)	\$ (361,089)	\$ (1)
OPEB Revocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

INTERMEDIATE SCHOOL DISTRICT NO. 917
ROSEMOUNT, MINNESOTA

Extracurricular Student Activity
Accounts Financial Statements

Year Ended
June 30, 2014

Preliminary Draft

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Intermediate School District No. 917
Rosemount, Minnesota

REPORT ON THE FINANCIAL STATEMENT

We have audited the accompanying statement of cash receipts and disbursements of the extracurricular student activity accounts of Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2014, and the related notes to the extracurricular student activity accounts financial statement.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENT

The District's extracurricular student activities management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1 of the notes to extracurricular student activity accounts financial statement; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 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 opinion.

(continued)

BASIS FOR QUALIFIED OPINION

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

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statement referred to on the previous page presents fairly, in all material respects, the cash balances of the District’s extracurricular student activity accounts as of June 30, 2014, and the cash receipts and disbursements for the year then ended, on the cash basis of accounting described in Note 1 of the notes to extracurricular student activity accounts financial statement.

BASIS OF ACCOUNTING

We draw attention to Note 1 of the notes to extracurricular student activity accounts financial statement, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Minneapolis, Minnesota
INSERT DATE

INTERMEDIATE SCHOOL DISTRICT NO. 917

Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2014

	Beginning Balance – July 1, 2013	Receipts	Disbursements	Ending Balance – June 30, 2014
Student activity accounts				
Alliance Education Center	\$ 141	\$ –	\$ 78	\$ 63
Auto Body	48	–	48	–
DCALS	–	593	559	34
DCALS North	16	–	16	–
Deaf & Hard of Hearing	745	1,487	788	1,444
Graphic Communications	37	–	37	–
Heavy Duty Truck	56	48	104	–
Secondary Youth	383	56	174	265
Skills USA	450	4,346	4,443	353
Vehicle Services	17	1,032	790	259
	<u>\$ 1,893</u>	<u>\$ 7,562</u>	<u>\$ 7,037</u>	<u>\$ 2,418</u>
Total	<u>\$ 1,893</u>	<u>\$ 7,562</u>	<u>\$ 7,037</u>	<u>\$ 2,418</u>

See notes to extracurricular student activity accounts financial statement

INTERMEDIATE SCHOOL DISTRICT NO. 917

Notes to Extracurricular Student Activity Accounts Financial Statement
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Extracurricular student activity fund 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.

Extracurricular student activities are to be self-sustaining with all expenses paid by dues, admissions, or other student fundraising events.

The accounts of Intermediate School District No. 917's (the District) extracurricular student activity accounts are maintained, and the accompanying financial statement has been prepared, on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, receipts are recorded when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

NOTE 2 – CASH AND INVESTMENTS

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board for extracurricular student activity accounts.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The District's deposit policies do not further limit depository choices.

At year-end, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the District's agent in the District's name.

OTHER REQUIRED REPORTS

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING

To the School Board and Management of
Intermediate School District No. 917
Rosemount, Minnesota

In planning and performing our audit of the statement of cash receipts and disbursements of the extracurricular student activity accounts of Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Corrective Action as item 2014-001 to be a material weakness.

The District's responses to the findings identified in our audit have been included in the Schedule of Findings and Corrective Action. The District's responses were not subject to the auditing procedures applied in our audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of those charged with governance, management of the District, and the state of Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the School Board and Management of
Intermediate School District No. 917
Rosemount, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of cash receipts and disbursements of the extracurricular student activity accounts of Intermediate School District No. 917 (the District) and the related notes to the extracurricular student activity accounts financial statement, and have issued our report thereon dated INSERT DATE. Our report was qualified for a restriction on the scope of our audit resulting from the accounting system relating to cash receipts, which allows us only to audit cash collections that are recorded. Further, the financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The provisions of the *Manual for Activity Fund Accounting*, issued by the Minnesota Department of Education, provides uniform financial accounting and reporting standards for student activities. Compliance with student activity laws and regulations is the responsibility of the District's extracurricular student activity accounts management. We have performed auditing procedures to test compliance with the provisions of this manual. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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*. 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 District's response to the legal compliance finding identified in our audit has been included in the Schedule of Findings and Corrective Action. The District's response was not subject to the auditing procedures applied in our audit of the financial statement and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of those charged with governance, management of the District, and the state of Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.

Minneapolis, Minnesota
INSERT DATE

INTERMEDIATE SCHOOL DISTRICT NO. 917

Extracurricular Student Activity Accounts
Schedule of Findings and Corrective Action
For the Year Ended June 30, 2014

FINDINGS AND CORRECTIVE ACTION

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

2014-001 Material Weakness in Internal Controls – Cash Receipts

Condition – Intermediate School District No. 917 (the District) reports the cash receipts and disbursements of its extracurricular student activity accounts on the cash basis. The internal controls at the District are not sufficient to assure that all cash receipts have been recorded.

Type of Finding – Current year and prior year finding.

Criteria – Management is responsible for establishing and maintaining a system of internal controls sufficient to reduce to an acceptable level, the possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected, on a timely basis.

Recommendation – We recommend that the District continue to review the internal controls over extracurricular student activity accounts, and consider adding procedures to strengthen the controls over the recording of cash receipts, such as the use and reconciliation of pre-numbered receipts and inventory controls over items sold for fundraisers. As is the case with all internal controls, the potential benefit of any contemplated procedural modifications in this area should be weighed against the cost.

Corrective Action Plan

Actions Planned – The District’s Finance Department personnel regularly reviews internal controls over extracurricular student activity account transactions. The District will continue this process, and will evaluate whether implementing additional control procedures over the recording of cash receipts is cost beneficial and practical within the limitations of the staffing available.

Official Responsible – The District’s Business Manager.

Planned Completion Date – June 30, 2015.

Disagreement With or Explanation of Finding – The District is in agreement with this finding.

Plan to Monitor – The District’s Business Manager will oversee the continued review and evaluation of internal controls over the recording of extracurricular student activity account receipts, and the implementation of any control procedure modifications.

INTERMEDIATE SCHOOL DISTRICT NO. 917

Extracurricular Student Activity Accounts
Schedule of Findings and Corrective Action (continued)
For the Year Ended June 30, 2014

FINDINGS AND CORRECTIVE ACTION (CONTINUED)

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS (CONTINUED)

2014-002 Receipt Documentation and Internal Control Procedures

Condition – During our testing of receipts for student activity funds we noted 8 of 10 cash receipt transactions tested that lacked adequate supporting documentation. The *Manual for Activity Fund Accounting* describes several procedures to be utilized by schools to properly receipt and deposit funds. Timely deposit of collections is an important internal control over the receipt process. While an ideal system would allow for daily deposits, generally a good guide to follow is within three to five days of the receipt, and deposits should not be held over the weekend.

Criteria – *Manual for Activity Fund Accounting*.

Recommendation – It is our recommendation that individuals responsible for student activity accounts make deposits at least twice a week and do not hold cash receipts over a weekend. In addition, adequate documentation should be maintained for all receipts, including enough detail to determine the date the cash was received and the activity or club to which the deposit is related.

Corrective Action

Actions Planned – The District will work with the individuals responsible for overseeing student activities to improve the timeliness of depositing receipts and documentation for all cash receipts.

Official Responsible – The District's Business Manager.

Planned Completion Date – June 30, 2015.

Disagreement With or Explanation of Finding – The District is in agreement with this finding.

Plan to Monitor – The District's Business Manager will review the procedures for depositing student activity receipts with the responsible individuals at each site where student activity accounts are maintained, and will monitor the timeliness of deposits.

	Division of School Finance 1500 Highway 36 West Roseville, MN 55113-4266	DISTRICT REVENUES AND EXPENDITURES BUDGET FOR FY 2014 AND FY 2015	ED-00110-37
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GENERAL INFORMATION: Minnesota Statutes, section 123B.10 requires that every school board shall publish the subject data of this report.

District Name: Intermediate School District 917 District Number: 0917

FUND	FY 2014 BEGINNING FUND BALANCES	FY 2014 ACTUAL REVENUES AND TRANSFERS IN	FY 2014 ACTUAL EXPENDITURES AND TRANSFERS OUT	JUNE 30, 2014 ACTUAL FUND BALANCES	FY 2015 BUDGET REVENUES AND TRANSFERS IN	FY 2015 BUDGET EXPENDITURES AND TRANSFERS OUT	JUNE 30, 2015 PROJECTED FUND BALANCES
General Fund/Restricted	\$ 1,435,487.73	\$ 1,441,916.54	\$ 1,462,941.23	\$ 1,414,463.04	\$ 1,484,386.00	\$ 1,499,229.00	\$ 1,399,620.04
General Fund/Other	\$ 4,269,136.30	\$ 23,839,410.80	\$ 23,455,723.34	\$ 4,652,823.76	\$ 26,415,437.00	\$ 26,297,089.00	\$ 4,771,171.76
Food Service Fund	\$ -	\$ 104,181.77	\$ 104,181.77	\$ -	\$ 104,250.00	\$ 104,250.00	\$ -
Community Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building Construction Fund	\$ 306,436.96	\$ 104.42	\$ 195,304.81	\$ 111,236.57	\$ -	\$ -	\$ 111,236.57
Debt Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Trust Fund	\$ 2,855.05	\$ 1,222.22	\$ 852.94	\$ 3,224.33	\$ 2,965.00	\$ 3,116.00	\$ 3,073.33
Internal Service Fund	\$ (501,636.56)			\$ (361,089.36)			\$ (320,885.36)
* OPEB Revocable Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPEB Irrevocable Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPEB Debt Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL - ALL FUNDS	\$ 5,512,279.48	\$ 25,386,835.75	\$ 25,219,004.09	\$ 5,820,658.34	\$ 28,007,038.00	\$ 27,903,684.00	\$ 5,964,216.34
LONG-TERM DEBT	None		CURRENT STATUTORY OPERATING DEBT PER MINNESOTA STATUTES, SECTION 123B.81				
Outstanding July 1, 2013	\$ -		AMOUNT OF GENERAL FUND DEFICIT, IF ANY, IN EXCESS OF 2.5% OF EXPENDITURES 06/30/2014		\$		-
Plus: New Issues	\$ -		COST PER STUDENT - AVERAGE DAILY MEMBERSHIP (ADM) 06/30/2014				
Less: Redeemed Issues	\$ -		TOTAL OPERATING EXPENDITURES		\$		-
Outstanding June 30, 2014	\$ -		FY 2014 TOTAL ADM SERVED + TUITIONED OUT ADM + ADJUSTED EXTENDED ADM		\$		835.31
SHORT-TERM DEBT	None		FY 2014 OPERATING COST PER ADM				
Certificates of Indebtedness	\$ -						
Other Short-Term Indebtedness	\$ -						

The complete budget may be inspected upon request to the superintendent.

Comments:
 FY14 is unaudited at time of publication and subject to change until final submission November 30, 2014 to MN. Department of Education. Due to the special nature of our student population operating cost per ADM is not relevant for reporting purposes. FY15 data is the adopted budget approved by board on June 3, 2014

* Other Post-Employment Benefits (OPEB)

End of worksheet

INSTRUCTIONS FOR FY 2014 AND FY 2015 BUDGET PUBLICATION BY MINNESOTA SCHOOL DISTRICTS

I. Publication Requirements

The DISTRICT REVENUES AND EXPENDITURES BUDGET FOR FY 2014 AND FY 2015 (Form ED-00110) shall be published by each school district "within one week of the acceptance of the final audit by the board, or November 30, whichever is earlier." "The board must post the materials in a conspicuous place on the district's official website, including a link to the district's school report card on the Minnesota Department of Education's website, and publish a summary of the information and the address of the district's official website where the information can be found in a qualified newspaper of general circulation in the district." (Minnesota Statutes, section 123B.10, Subd.1.)

DO NOT furnish a copy of the publication or the publication form to the Minnesota Department of Education.

II. General Comments

This form can serve as a camera-ready or electronic copy for publication in the district's official newspaper and on the district official website. Explanatory comments may be added for clarification of the district's financial condition. Examples of comments include: "Data is unaudited at the time of publication and is subject to change." "Part of the Debt Service Fund Balance is required to pay off refunded bonds." "Costs include transportation for district resident students who attend a charter or nonpublic school."

III. General Instructions

For FY 2014 and FY 2015, individual fund descriptions are listed below and an **EXCEL INSTRUCTION TAB IS PROVIDED FOR RECORDING ACTUAL/BUDGETED REVENUES, EXPENDITURES AND FUND BALANCES.**

A. Funds

1. General Fund/Restricted (01)

Includes Restricted (464) and Restricted/Reserved (various) balance sheet accounts.

2. General Fund/Other (01)

Includes Nonspendable (460), Committed (461), Assigned (462) and Unassigned (422) balance sheet accounts.

3. Food Service Fund (02)

Includes Nonspendable (460), Restricted (464) and Restricted/Reserved (452) balance sheet accounts or Unassigned (463) if reporting a deficit fund balance.

4. Community Service Fund (04)

Includes Nonspendable (460), Restricted (464) and Restricted/Reserved (426, 431, 432, 444, 447, 452) balance sheet accounts or Unassigned (463) if reporting a deficit fund balance.

5. Building Construction Fund (06)

Includes Nonspendable (460), Restricted (464), Restricted/Reserved (407, 409, 413) balance sheet accounts or Unassigned (463) if reporting a deficit fund balance.

6. Debt Service Fund (07)

Includes Nonspendable (460), Restricted (464), Restricted/Reserved (425, 451) balance sheet accounts. Includes Unassigned (463) balance sheet account if reporting a deficit fund balance.

7. Trust Fund (08)

n/a Includes the Unassigned (422) fund balance (Net Assets).

8. Internal Service Fund (20)

The internal service fund is most frequently used for self-insurance programs. Includes the Unassigned (422) fund balance (Net Assets).

9. OPEB Revocable Trust (25)

Includes the Unassigned (422) fund balance (Net Assets).

10. OPEB Irrevocable Trust (45)

Includes the Unassigned (422) fund balance (Net Assets).

11. OPEB Debt Service Fund (47)

Includes Nonspendable (460), Restricted (464) balance sheet accounts or Unassigned (463) if reporting a deficit fund balance.

B. Long-Term Debt

If the district has outstanding long-term debt e.g., general obligation bonds, building bonds, capital notes, energy loans, capital loans, debt service loans, construction loans, or other state loans, enter the total amount in the lines provided in the "Long Term Debt" column. Districts without outstanding long-term debts enter "None" on all lines in this section.

C. Short-Term Debt

1. Certificates of Indebtness

As of 6/30/14, if the district has aid/tax certificates of indebtedness (Minnesota Statutes, section 126C.52), enter the total amount in the line provided. If the district has no aid/tax certificates of indebtedness as of 6/30/14, enter "None."

2. Other Short-Term Indebtness

As of 6/30/14, if the district has short-term indebtedness such as Warrants, Lines of Credit (Minnesota Statutes, section 123B.12) and/or Repurchase Agreements (Minnesota Statutes, section 118A.05), enter the total amount in the line provided. If the district has no short-term indebtedness as of 6/30/14, enter "None."

n/a The sum of the Certificates of Indebtedness and Other Short-Term Indebtedness should equal the amount

D. Current Statutory Operating Debt (SOD) Calculation

To complete this portion of the form, view the district's final FY 12 UFARS Compliance Turnaround Report on the MDE website: <http://education.state.mn.us/MDEAnalytics/Data.jsp> - Scroll down to Minnesota Funding Reports (MFR). The Statutory Operating Debt (SOD) Calculation appears on three lines at the bottom of the Compliance Report. Districts that have a positive fund balance reported on line 1) of the SOD Calculation section or that report a negative fund balance not exceeding 2.5% of the expenditures reported on line 2) should report "\$0." Districts that have a deficit fund balance exceeding 2.5% of expenditures, which is the limit that defines SOD under Minnesota Statutes, section 123B.81, should report the amount of the deficit exceeding this limit. To calculate this, multiply the expenditure amount on line 2) by 0.025 and add the product to the fund balance amount reported on line 1).

E. Cost Per Average Daily Membership (ADM)

1. To calculate total operating expenditures in the General, Food Service and Community Service Funds, exclude the following restricted/reserved expenditures: Operating Capital – Fund 1 (Finance 302), Capital Projects Levy – Fund 1 (Finance 795), Disabled Accessibility – Fund 1 (Finance 794), Deferred Maintenance – Fund 1 (Finance 385), Alternative Facilities Program – Fund 1 (Finance 386), Health and Safety – Fund 1 (Finance 347, 349, 352, 358, 363, 366).

2. In an effort to provide greater uniformity between School District Profiles, the District Report Card and Consolidated Financial Statements, the Average Daily Membership is derived from the District/School ADM Report available from the Program Finance web page under Minnesota Funding Reports/Student. The student number equals the sum of:

- a) District ADM Served page – total ADM, Column O (Total Served)
- b) General Education Revenue page – total ADM, columns 7 and 8 (Tuitioned Out)
- c) Categorical or No Revenue page – total ADM, column 17 (Adjusted Extended)

3. The operating cost per ADM is calculated by dividing the FY 2014 operating expenditures calculated in item 2 by the FY 2013 ADM calculated in item 1.

End of worksheet

EXCEL INSTRUCTIONS FOR FY 2014 AND FY 2015 BUDGET PUBLICATION BY MINNESOTA SCHOOL DISTRICTS

The FY 2014 and FY 2015 Budget Publication Form ED-00110-36 is provided in an Excel format to include formulas for budget calculations. The following steps reference cell entries and formulas for both manual and automatic budget section calculations. **FY 2014 BEGINNING FUND BALANCES MAY INCLUDE NEGATIVE NUMBERS. POSITIVE NUMBERS MUST BE ENTERED IN ALL OTHER CELLS WITHOUT FORMULAS OR THE EXCEL ENTRIES WILL BE INCORRECT.** Cells with formulas have been highlighted in yellow:

FY 14 AND FY 15 ACTUAL/BUDGET COLUMNS AND APPLICABLE FUND CATEGORY ENTRIES
<ol style="list-style-type: none"> 1. In cells C8-C18, enter FY 2014 Beginning Fund Balances. 2. In cells D8-D14 and D16-D18, enter FY 2014 Actual Revenues and Transfers In. 3. In cells E8-E14 and E16-E18, enter FY 2014 Actual Expenditures and Transfers Out. 4. In cell F15, enter the Internal Service Fund June 30, 2014 Actual Fund Balance. 5. In cells G8-G14 and G16-G18, enter estimated FY 2015 Budgeted Revenues and Transfers In. 6. In cells H8-H14 and H16-H18, enter estimated FY 2015 Budgeted Expenditures and Transfers Out. 7. In cell I15, enter the Internal Service Fund June 30, 2015 Projected Fund Balance. <p><i>Formulas have been provided in the following cells to automatically calculate entries in items 1 - 7 above:</i></p> <ol style="list-style-type: none"> 8. June 30, 2014 Actual Fund Balances: Cells F8-F14; F16-F18 9. June 30, 2015 Projected Fund Balances: Cells I8-I14; I16-I18 10. Total - All Funds: Cells C19-I19
LONG-TERM DEBT ENTRIES
<ol style="list-style-type: none"> 1. In cell C21, enter the Long-Term Debt Outstanding Beginning Balance as of July 1, 2013. 2. In cell C22, enter the New Issues added to the Long-Term Debt (positive amount). 3. In cell C23, enter the Redeemed Issues to the Long-Term Debt (positive amount). 4. A formula has been entered in cell C24 to automatically calculate item 1, plus item 2, minus item 3 to display the Outstanding June 30, 2014 Long-Term Debt balance.
SHORT-TERM DEBT ENTRIES
<ol style="list-style-type: none"> 1. In cell C26, enter Short-Term Certificates of Indebtedness according to the General Instructions, Section C1. 2. In cell C27, enter Other Short-Term Indebtedness according to the General Instructions, Section C2.
CURRENT STATUTORY OPERATING DEBT PER MINNESOTA STATUTES, SECTION 123B.81
<ol style="list-style-type: none"> 1. In cell H22, enter the amount of General Fund Deficit, if any, in excess of 2.5% for General Fund expenditures 06/30/2014.
COST PER STUDENT - AVERAGE DAILY MEMBERSHIP (ADM) 06/30/14 ENTRIES
<ol style="list-style-type: none"> 1. In cell H25, enter Total Operating Expenditures according to the General Instructions, Section E1. 2. In cell H26, enter ADMS calculated according to the General Instructions, Section E2. 3. A formula has been entered in cell H27 to automatically calculate item 1, divided by item 2 to display the total FY 2014 Operating Cost Per ADM.

End of worksheet

**JOINT POWERS AGREEMENT BETWEEN
THE COUNTY OF DAKOTA AND
INTERMEDIATE SCHOOL DISTRICT 917
FOR FACILITATION AND COORDINATION
FOR THE COMMUNITY TRANSITION INTERAGENCY COMMITTEE**

This Agreement is made and entered into by and between the County of Dakota, by and through the Community Services Division, ("County") and Intermediate School District No. 917, 1300 145th Street East, Rosemount, MN 55068 ("School District"); and

WHEREAS, the County and School District are governmental units as that term is defined in Minn. Stat. § 471.59; and

WHEREAS, Minn. Stat. § 471.59 authorizes local governmental units to jointly or cooperatively exercise any power common to the contracting parties; and

WHEREAS, Minn. Stat. § 125A.023 requires the development and implementation of a coordinated, multidisciplinary, interagency intervention service system for children ages 3 to 21 with disabilities; and

WHEREAS, Minn. Stat. § 125A.22 requires a district, group of districts, in cooperation with the County in which the district is located, to establish a community transition interagency committee for youth with disabilities, beginning at grade 9 or age equivalent, and their families; and

WHEREAS, the School District is authorized to provide special education and other educational services to students pursuant to Minn. Stat. Ch. 136D at the request of a school district; and

WHEREAS, this Agreement is at the request of the following local school districts located in Dakota County, Minnesota: Special School District No. 6 and Independent School District Nos. 191, 192, 194, 195, 196, 197, 199, 200 and Intermediate School District 917; and

WHEREAS, the School District desires to retain and compensate a qualified party to provide facilitation and coordination for the Community Transitions Interagency Committee ("CTIC") as herein described; and

WHEREAS, the County desires and is qualified to provide facilitation and coordination for the CTIC as herein described; and

WHEREAS, the County understands and agrees that:

1. The County is not an agent, servant, or employee of the School District and shall not make any such representations nor hold itself out as such; and
2. The County shall have no authority to bind the School District for the performance of any services or to otherwise obligate the School District, authority being specifically limited to the duties assigned under this Agreement; and
3. The County employees performing under this Agreement shall not accrue any continuing contract rights for the services performed pursuant to this Agreement, including but not limited to those afforded by Minn. Stat. § 122A.40, and the County specifically waives any and all rights thereto; and

WHEREAS, the Dakota County Board of Commissioners by Resolution No. 13-377 authorized the County to enter into an agreement with the School District for the provision of facilitation and coordination for the CTIC by the County to the School District; and

WHEREAS, the School District is willing to retain the County to provide facilitation and coordination for the CTIC.

NOW, THEREFORE, in consideration of the mutual promises and benefits that the County and School District shall derive from this Agreement and other good and valuable consideration, the County and School District hereby enter into this Agreement for the purposes stated herein.

Article 1
PURPOSE

The purpose of this Agreement is to set out the respective duties and responsibilities of the County and the School District for the provision of facilitation and coordination for the CTIC by the County to the School District, as herein described.

Article 2
TERM

This Agreement shall be effective the date of the signatures of the parties to this Agreement, or from the commencement of services as herein described, whichever is first, and shall remain in effect through June 30, 2014, or until completion by the parties of their respective obligations under this Agreement, whichever occurs first, unless earlier terminated by law or according to the provisions of this Agreement. This Agreement may be terminated with or without cause, by either party upon thirty (30) days written notice. Upon early termination, the County will be entitled only to a proportionate share of the compensation described in Article 6.

Article 3
COOPERATION

The County and the School District agree to cooperate and use their reasonable efforts to ensure prompt implementation of the various provisions of this Agreement and to, in good faith, undertake resolution of any dispute in an equitable and timely manner.

Article 4
PROVISION OF SERVICES

The County agrees to provide facilitation and coordination services for the CTIC as follows:

- A. Provide 300 hours of facilitation and coordination for the CTIC;
- B. Maintain accurate and current documentation of the services as herein described in accordance with professional standards;
- C. Comply with all applicable federal, state, and local laws and/or regulations applicable to the services as herein described;
- D. Provide staff with the necessary qualifications, certifications and/or registrations required by federal, state and local laws and regulations, and standards of professional practice applicable to the services as herein described; and
- E. Maintain professional standards and principles as defined in federal, state and local laws and regulations, and standards of professional practice applicable to the services as herein described.

Article 5
RECORDS AND REPORTS

The County agrees to keep and maintain such records for and provide reports on the services as herein described as may be required by any fiscal intermediary, federal, state or local governmental agency.

Article 6
COMPENSATION

6.1 Total Compensation. The School District shall pay the County an amount not to exceed Twelve Thousand and No/100 Dollars (\$12,000.00) for the services herein described.

In the event this Agreement is terminated by the parties prior to completion of the services, payment shall be made by the School District to the County on a prorated basis for the services furnished prior to termination of the Agreement.

6.2 Invoices. The County shall, within fifteen (15) working days following the last day of June 2014 submit an invoice and request for payment on an invoice form acceptable to the School District, which provides an itemization of the services provided and the dates of the performance period covered by the invoice.

The School District shall notify the County in writing within fifteen (15) working days of receipt of an invoice of any particular item that is disputed or alleged to be incorrect. The payment of any such disputed amount shall be withheld until

such time as the disputed amount is resolved or the incorrect amount is corrected. The School District shall submit payment within thirty-five (35) days of the date it receives the invoice.

Article 7
PROPERTY

The School District shall make available for the County's use appropriate space to provide the services as herein described. The County will provide basic equipment and materials for the provision of the services as herein described. Upon termination of this Agreement, any property or surplus funds acquired as a result of the School District's compensation to the County shall be returned to the School District after the purpose of this Agreement has been completed.

Article 8
LIABLE FOR OWN ACTS

Each party to this Agreement shall be liable for the acts of their own agents, volunteers or employees and results thereof to the extent authorized by law and shall not be responsible for the acts of the other party, its officers, agents, volunteers or employees.

It is understood and agreed that the provisions of the Minn. Stat. § 471.59, the Municipal Tort Claims Act, Minn. Ch. 466 and other applicable laws govern liability arising from the parties' acts or omissions. Each party warrants that they are able to comply with the aforementioned indemnity requirements through an insurance or self-insurance program and that each has minimum coverage consistent with the liability limits contained in Minn. Stat. Ch. 466.

The provisions of Article 8 shall survive the expiration or termination of this Agreement.

Article 9
INDEPENDENT CONTRACTOR

The County is and shall remain an independent contractor with respect to any and all work performed under this Agreement. The County on behalf of its employees and agents shall at all times be free to exercise initiative, judgment and discretion as to how to best perform or provide the services as herein described.

The County acknowledges and agrees that the County on behalf of its employees and agents is not entitled to receive any of the benefits received by School District employees and is not eligible for workers' or unemployment compensation benefits under the School District. The County also acknowledges and agrees that no withholding or deduction for state or federal income taxes, FICA, FUTA, or otherwise, will be made from the payments due the County and that it is the County's sole obligation to comply with the applicable provisions of all federal and state tax laws.

Article 10
GENERAL

10.1 Notices. The School District or County may, by giving written notice to the other party, designate any address or addresses to which notices or other communications to them shall be sent when required by or related to this Agreement. Until otherwise provided by the respective parties, all notices or communications shall be addressed as follows:

To the School District:
Intermediate School District 917
Attn: Melissa Schaller
1300 145th Street East
Rosemount, MN 55068

To the County:
Joan Granger-Kopesky, Community Services Deputy Director
Dakota County Community Services
14955 Galaxie Avenue
Apple Valley, MN 55124

10.2 Amendments. No amendments or variations of the terms and conditions of this Agreement shall be valid unless in writing and signed by the parties.

10.3 Severability. All terms and covenants contained in this Agreement are severable. In the event any provision of this Agreement shall be held invalid by any court of competent jurisdiction, this Agreement shall be interpreted as if such invalid terms or covenants were not contained in the Agreement and that such holding shall not invalidate or render unenforceable any other provision.

10.4 Choice of Law. The laws of the state of Minnesota shall govern as to the interpretation, validity, and effect of this Agreement. The captions and headings of the provisions under this Agreement are for convenience only and shall not be considered or referred to concerning questions of interpretation or construction.

10.5 Data Privacy. The parties agree that any information and data received from the other party during the term of this Agreement shall be treated and maintained in accordance with all applicable federal, state, and local laws, rules and regulations governing same, including but not limited to the provisions of the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13 and the Minnesota Rules implementing the Act now in force or hereafter adopted. The County and the School District agree to provide to each other data which is reasonably necessary to fulfill the purpose of this Agreement, provided such sharing of data is done in accordance with the Minnesota Government Data Practices Act and other state and federal law regulating the dissemination of data.

10.6 Health Insurance Portability & Accountability Act. The parties agree to comply with the requirements of the Health Insurance Portability & Accountability Act (HIPAA) which are applicable to the duties under this Agreement. In performing its obligations under this Agreement, the parties agree to comply with the HIPAA Privacy requirements, the HIPAA Standards for Electronic Transactions, the HIPAA security requirements, and any other applicable HIPAA laws, standards and requirements now in effect or hereinafter adopted as they become law.

10.7 Non-Appropriation. Notwithstanding any provision of this Agreement to the contrary, this Agreement may be terminated by either party in the event sufficient funds from the County, State, Federal or other sources are not appropriated, obtained and continued at least at the level relied on for the performance of this Agreement, and the non-appropriation of funds did not result from the any act of bad faith on the part of the terminating party.

10.8 Entire Agreement. This Agreement is the entire agreement for the provision of the services as herein described between the School District and the County and it supersedes all prior written or oral agreements on this program. There are no covenants, promises, undertakings, or understandings outside of this Agreement other than those as specifically set forth. Any term, condition, prior course of dealing, course of performance, usage of trade, understanding, or agreement purporting to modify, vary, supplement, or explain any provision of this Agreement is null and void and of no effect unless in writing and signed by representatives of both parties authorized to amend this Agreement.

IN WITNESS WHEREOF, this Agreement was entered into on the date(s) set forth below and the undersigned, by execution hereof, represent that they are authorized to enter into this Agreement on behalf of the respective parties and state that this Agreement has been read by them and that the undersigned understand and fully agree to every provision, and hereby acknowledge receipt of a copy.

Approved by Dakota County Board
Resolution No. 13-377

Approved as to form:

Margaret M. Johnson 8/22/13
Assistant County Attorney/Date
File No. #13-13-237

COUNTY OF DAKOTA

By _____
Kelly Harder
Title Community Services Director
Date of Signature _____

FOR THE SCHOOL DISTRICT

(I represent and warrant that I am authorized by law to execute this Agreement and legally bind the School District.)

By _____

(Please print name.)

Title _____
Date of Signature _____