



Regular Meeting Agenda

Diamondhead Education Center
200 W. Burnsville Parkway
Burnsville, MN 55337
December 11, 2014
6:30 PM

(6:00 PM Board Listening Session with Chair Schmid and Director Sweep)

I. Call to Order

- A. Welcome Public
- B. Pledge of Allegiance

II. Business Meeting

- A. Approval of Agenda
- B. Consent Agenda

Description: Although Board action is required, it is generally unnecessary to hold discussion on these items. In the event a Board member wishes to discuss an item, that item will be moved for separate consideration.

- 1. Meeting Minutes 3
- 2. Human Resources 5
- 3. Donations 6
- 4. Approve the List of School Bus Stops at Which School Bus Drivers Shall not Activate the Eight-way Flashing Red Signals and Authorize the Director of Transportation to Modify the List as Necessary as School Bus Routes are Modified 8
- 5. Approve Out of State Travel by Board Member 24
- 6. Approve an Extended Field Trip for Eagle Ridge Junior High Ninth Grade Students to Travel to England, June 9-20, 2015 25
- 7. Adopt a Resolution Amending Resolution Calling an Election on the Approval of a Capital Project Levy Authorization 26

III. New Business

- A. Approve the Financial Audit Report for 2013-14 34
Speaker(s): Lisa Rider, Executive Director of Business Services
- B. Report on Vision One91

Speaker(s): Joe Gothard, Superintendent and Ruth Dunn, Director of Communications

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IV. Reports

- A. Student Advisor
- B. Superintendent
- C. Board Members

V. Adjourn

District 191 welcomes members of the public to attend Board of Education meetings, work sessions and other public gatherings. However, public participation is allowed only during listening sessions, which are held before regular board meetings. Community members who wish to share their thoughts and opinions on meeting topics should contact the Superintendent's office at 952-707-2005 to schedule a meeting with the Superintendent or member of her leadership team.

School Board Minutes
 INDEPENDENT SCHOOL DISTRICT 191
 November 20, 2014

The meeting of the Board of Education was called to order by Chair Schmid at 6:30 p.m. at the Burnsville High School Senior Campus in the Diamondhead Education Center.

Call to Order

Directors Currier, Alt, VandenBoom, Hill, Luth, Sweep and Chair Schmid were present. Others in attendance were Superintendent Gothard, Student Representative Davidson, administrators, staff and members of the public.

Attendance

Schmid welcomed the audience and asked Luth to lead the Pledge of Allegiance.

Pledge of Allegiance

Public recognition was given to S. Vuong and M. Abegaz for being named honorees to represent Burnsville High School for the 2015 Prudential Spirit of Community Award.

Public Recognition

Moved by Sweep, seconded by Luth, to approve the agenda. Motion carried (7, 0).

Agenda

Moved by VandenBoom, seconded by Alt, to approve the consent agenda:

Consent Agenda
 Minutes
 Personnel

- Minutes of the November 13, 2014 board meeting.
- Approve personnel recommendations for C. Baranauckas, M. Begley, S. Kronbach, S. Peterson, A. Goebel, T. Sassaman, T. Craner, H. Winey and P. MacDonald.
- Adopt a resolution to approve and accept the donations as presented.
- Approve October payroll checks numbered 717899-717937, and Direct Deposit notices numbered 551113-554166, in the net amount of \$3,940,270.21. Oct & Nov claims to date represented by checks numbered 435680-436222, 1011414-1011592, 85-88, and 100989-100992 and wire transfers and adjustments totaling \$6,408,548.42. Accept October receipts of \$12,338,708.65 and investments for the General Fund, 2012A Alt Facilities, and OPEB of \$48,965,146.54 as of October 31, 2014.
- Accept the Budget Analysis for the month ending October 31, 2014.
- Approve, on a second reading basis, Board Policy 531: *Pledge of Allegiance* and rescind Policy INC.

Donations

Direct deposits,
 receipts and
 investments

Budget Analysis

Policy 531

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <p>- Approve out-of-state travel by Director Luth who will be attending the NSBA Annual Conference in Nashville, TN March 21-23, 2015.
Motion carried (7, 0).</p> | <p>NSBA</p> |
| <p>Moved by Hill, seconded by Sweep, to approve the World's Best Workforce Plan. Motion carried after discussion (7, 0).</p> | <p>World's Best Workforce</p> |
| <p>Moved by Sweep, seconded by Hill, to adopt the resolution authorizing issuance of Certificates of Election for the School District Election held on November 4, 2014. Motion carried (7, 0).</p> | <p>Certificates of Elections</p> |
| <p>Moved by Currier, seconded by Luth, to adopt the resolution establishing combined precincts and designating hours during which the polling places will remain open for voting for school district elections not held on the day of a statewide election. Motion carried (7, 0).</p> | <p>Combined Precincts</p> |
| <p>Moved by VandenBoom, seconded by Currier, to approve the shared use agreement with the City of Burnsville for the Diamondhead Education Center Parking Lot. Motion carried (7, 0).</p> | <p>Diamondhead Parking Lot</p> |
| <p>Received reports from Luth on behalf of the Legislative Committee; Schmid on behalf of Meet and Confer; Alt on behalf of the Policy Review Committee; VandenBoom on behalf of the Student Performance and Achievement Committee; and Luth on behalf of the Ad Hoc Technology Committee.</p> | <p>Committee Reports</p> |
| <p>Moved by Sweep, seconded by Alt, to adjourn to a board workshop at 7:27 p.m. Motion carried (7, 0).</p> | <p>Adjourn to Workshop</p> |
| <p>The workshop began at 7:36 p.m. and adjourned at 9:00 p.m. The purpose of the workshop was Vision One91 Financing..</p> | <p>Adjourn to Work session</p> |

December 11, 2014

DeeDee Currier, clerk

Date Approved

**Burnsville-Eagan-Savage Public Schools
Independent School District 191
Human Resources**

TO: Members, Board of Education
Joe Gothard, Superintendent

FROM: Stacey Sovine, Executive Director of Human Resources

DATE: December 11, 2014

RE: Recommended Personnel Changes

**Certified
Appointment**

Debra Brandon *New-SPED Interventionist, .5 FTE, Districtwide, effective 12/11/14

Susan Breun -Replacement-Long term substitute, .5 FTE, ECSE, effective 11/17/14

Change in Assignment

Carole Brinkman -Assignment changes to Speech Language Pathologist, 1.0 FTE, Central/West Clusters, effective 10/20/14

Leave of Absence

Bridget Mason *Teacher, Byrne, requests a .5 FTE general leave of absence, working .5 FTE, effective 2015/16 school year

Melissa Smith *Teacher, Byrne, requests a .5 FTE general leave of absence, working .5 FTE, effective 2015/16 school year

Return from Leave

Laurie Coddington -Teacher (currently on leave), requests to return to work 1.0 FTE, effective 2nd semester 2014/15

**Classified
Appointment**

Daniel Hartman *Replacement-AVID Tutor, NJH, effective 11/20/14

Amani Omar *Replacement-Level 2 EA-Lunchroom, 3 hrs/day, VV, effective 12/1/14



**Agenda II.B.3.
December 11, 2014**

To: Members, Board of Education
From: Lisa K. Rider, Executive Director of Business Services
Date: December 11, 2014
Re: Donations

RECOMMENDATION: to adopt a resolution to approve and accept the donations as presented.

RESOLUTION TO APPROVE AND ACCEPT DONATIONS

WHEREAS,

1. School Board Policy 706 establishes guidelines for the acceptance of gifts to the District; and
2. Minnesota Statute 123B.02 states the School Board may receive, for the benefit of the district, bequests, donations, or gifts for any proper purpose and apply the same to the purpose designated; and
3. Minnesota Statute 465.03 states the School Board may accept a gift, grant, or devise of real or personal property only by the adoption of a resolution approved by two-thirds of its members; and
4. Businesses and individuals have submitted donations to the district;

THEREFORE, BE IT RESOLVED by the School Board of ISD 191 to approve and accept with appreciation the donations as presented below and to permit their use as designated by the donors.

Moved by: _____

Seconded by: _____

Members in favor of the motion:

Members opposed:

Whereupon said Resolution was declared duly passed and adopted on December 11, 2014.

Jim Schmid
Chair - Board of Education

DeeDee Currier
Clerk – Board of Education

Date Received	Donor	Recipient of donation	Purpose	Donation
12/4/2014	Donald and Mary Anne Bennett	ISD 191	BrainPower in a BackPack Food	\$ 160.00
11/21/2014	Jolene Kump	Burnsville High School	BHS Theatre Guild	\$ 120.00
11/21/2014	Pauline Mitby	Burnsville High School	BHS Theatre Guild	\$ 120.00
11/21/2014	Elizabeth Keenan	Burnsville High School	BHS Theatre Guild	\$ 120.00
11/21/2014	Veronica Dutcher	Burnsville High School	BHS Theatre Guild	\$ 120.00
11/21/2014	Paula Nania	Burnsville High School	BHS Theatre Guild	\$ 120.00
11/21/2014	Jane Kaplan	Burnsville High School	For the BHS Theatre Guild	\$ 120.00
12/1/2014	Sue Campbell	ISD 191	BrainPower in a BackPack food	\$ 300.00
11/11/2014	Janet Seim	Gideon Pond Elementary	support student needs in Health Office and the school	\$ 400.00
11/20/2014	Sioux Trail PTO	ISD 191	BrainPower in a BackPack food	\$ 500.00
11/18/2014	Cheryle L L L Gannaway	ISD 191	Bowls for BrainPower	\$ 50.00
11/18/2014	John Ficken and Paula Nania	ISD 191	BrainPower in a BackPack	\$ 100.00
11/20/2014	Valley Natural Foods	ISD 191	BrainPower in a BackPack food	\$ 203.35
11/19/2014	Presbyterian Church of the Apostles	ISD 191	Donation to fund Brainpower in a Backpack for Pond students	\$ 1,500.00
11/13/2014	Sheryl and Mike Burkhardt	ISD 191	BrainPower in a BackPack food	\$ 50.00

Total monetary contributions to accept: **\$3,983.35**



**Agenda II.B.4
December 11, 2014**

To: Members, Board of Education

From: Glenn Simon, Director of Operations and Transportation

Date: December 11, 2014

Re: Authorization for transportation bus stops

RECOMMENDATION: That the Board of Education, as authorized by Minnesota State Statute 169.443 subd 3, approve the following school bus stops at which school bus drivers shall not activate the eight way flashing red signals and authorize the Director of Transportation to modify the list as necessary as school bus routes are modified.

Minnesota Statute 169.443 subd 3 specifies how and when school bus drivers must use the eight way flashing red signals and the stop-signal arm. In most situations, school bus drivers are to activate the eight way flashing red signals and extend the stop-signal arm when the school bus is stopped on a street or highway to load or unload school students. The same Minnesota statute also allows for the loading and unloading of students, without the use of the eight way flashing red signals, when students are not required to cross the street or highway and when the bus is able to pull off the traveled portion of the roadway.

Special transportation bus stops typically take longer than regular school bus stops resulting in the roadway being blocked for extended periods of time when the eight way flashing red signals are used. After consulting with the Minnesota Department of Public Safety, the local highway department and the district's transportation contractor, the Director of Transportation has identified a list of special transportation bus stops that qualify as bus stops at which school bus drivers shall not use the eight way flashing red signals while loading and unloading students in order to avoid blocking the roadway for extended periods of time.

Therefore, we recommend that the Board of Education annually approve a list of school bus stops at which school bus drivers shall not activate the pre-warning flashing amber signals or flashing red signals when loading and unloading students. We also recommend that the Board of Education authorize the Director of Transportation to modify the list of approved bus stops during the course of a school year in order to accommodate the changing transportation needs of individual students.

Burnsville-Eagan-Savage School District #191 Bus Stop Listing

Abbreviation	Description
	ARBOR VISTA RD
	130TH ST E
	EMERSON AVE W
	FOREST GLEN CT
	BURNSVILLE PKWY W
	BURNSVILLE PKWY W
	LEISURE LN
	BURNSVILLE PKWY W
	BURNSVILLE PARKWAY W
	BURNSVILLE PARKWAY W
	MEADOW CIRCLE S
	DEVONSHIRE CIR
	ELM ST
	HAROLD DR
	TRAVELERS TRL E
	ARBOR VISTA RD
	27TH AVE
	SOUTHVIEW DR
	BRIDGEWOOD CT
	FREMONT PL
	TERRITORIAL CT
	CARVER CT
	RIVER HILLS DR
	RIVER HILLS DR W
	RIVER HILLS DR
	VALLEY CT
	ARBOR VISTA RD
	HIGHWAY 13 - NEW HORIZONS
	135TH ST E

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
[REDACTED]	RIVER HILLS DR W - FRONT ENTRANCE
[REDACTED]	RIVER HILLS DR W - FRONT ENTRANCE
[REDACTED]	RIVER HILLS DR
[REDACTED]	CHANCELLOR MNR
[REDACTED]	HWY 13 E
[REDACTED]	HOLLY LN
[REDACTED]	23RD AVE
[REDACTED]	COUNTY RD 11
[REDACTED]	COUNTY ROAD 11
[REDACTED]	COUNTY ROAD 11
[REDACTED]	17TH AVE
[REDACTED]	PARKVIEW LN
[REDACTED]	PARKVIEW LN
[REDACTED]	17TH AVE
[REDACTED]	ALLEN DR
[REDACTED]	PARKVIEW LN
[REDACTED]	PARKVIEW LN
[REDACTED]	PARKWOOD DR
[REDACTED]	OAK LEAF CT
[REDACTED]	17TH AVE
[REDACTED]	HWY 13 E
[REDACTED]	ALLEN DR
[REDACTED]	BIRNAMWOOD CT.
[REDACTED]	BIRNAMWOOD CT.
[REDACTED]	INGLEWOOD AVE
[REDACTED]	LYNN AVE
[REDACTED]	PORTLAND AVE - SUMMIT PARK APTS
[REDACTED]	PORTLAND AVE - SUMMIT OAKS
[REDACTED]	PORTLAND AVE

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
[REDACTED]	PORTLAND AVE (SUMMIT OAKS)
[REDACTED]	PORTLAND AVE
[REDACTED]	CAVELL AVE
[REDACTED]	ELM ST
[REDACTED]	CHOWEN BEND
[REDACTED]	CHOWEN BND
[REDACTED]	HARBOR VISTA RD
[REDACTED]	NICOLLET AVE
[REDACTED]	PHEASANT RUN
[REDACTED]	PORTLAND AVE
[REDACTED]	EAGLE RIDGE DR
[REDACTED]	GREENWOOD DR
[REDACTED]	125TH ST E
[REDACTED]	DUPONT AVE S
[REDACTED]	MORGAN AVE S
[REDACTED]	WHITEWOOD DR
[REDACTED]	COUNTRY VIEW LN
[REDACTED]	NICOLLET AVE
[REDACTED]	PENN AVE - STONE GROVE APTS
[REDACTED]	PENN AVE S - STONE GROVE APTS
[REDACTED]	UPTON AVE - STONE GROVE APTS
[REDACTED]	1ST AVE
[REDACTED]	WASHBURN CT
[REDACTED]	5TH AVE
[REDACTED]	APPLE VIEW LN
[REDACTED]	OLIVER AVE S
[REDACTED]	1ST AVE
[REDACTED]	HIGHCLERE DR
[REDACTED]	COUNTY ROAD 5 - RIVER RIDGE APT

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
	2ND AVE
	EAGLE BLUFF DR
	COURT PL
	GIRARD AVE S
	HAMBURG CT
	OLIVER AVE S
	SALEM PL
	OLIVER AVE S
	VERNON AVE
	IRVING AVE S
	COUNTY RD 5
	FOREST GLEN DR
	IRVING AVE S
	YOSEMITE AVE S
	HARRIET AVE
	GLENHURST AVE
	HARRIET AVE
	PARKWOOD DR
	COUNTY ROAD 5
	134TH ST E
	HARRIET AVE
	JOPPA AVE
	IRVING AVE S
	OAKLAND DR
	MYRTLE DR
	TAYLOR PL
	FREMONT AVE S
	HUMBOLDT AVE
	ACORN CIR

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
[REDACTED]	GLENDALE LN
[REDACTED]	PARKWOOD DR
[REDACTED]	COURT PL
[REDACTED]	PARKWOOD DR
[REDACTED]	PARKWOOD DR
[REDACTED]	PARKWOOD DR
[REDACTED]	PARKWOOD DR
[REDACTED]	PARKWOOD DR
[REDACTED]	PARKWOOD DR
[REDACTED]	PARKWOOD DR
[REDACTED]	PARKWOOD DR
[REDACTED]	PARKWOOD DR
[REDACTED]	MORGAN AVE S
[REDACTED]	ELAINE CT
[REDACTED]	MORGAN AVE S - WILLOWAY APTS
[REDACTED]	JUDICIAL RD
[REDACTED]	ALDRICH AVE
[REDACTED]	COMMONWEALTH DR
[REDACTED]	UPTON AVE S
[REDACTED]	MORGAN AVE S
[REDACTED]	UPTON AVE S
[REDACTED]	YORK AVE
[REDACTED]	MORGAN CT
[REDACTED]	PLEASANT LN
[REDACTED]	BRYANT AVE
[REDACTED]	1ST AVE.
[REDACTED]	QUEBEC AVE
[REDACTED]	LYNN AVE.
[REDACTED]	COUNTY RD 5 - CYPRESS MONTESSORI
[REDACTED]	137TH PL W
[REDACTED]	GRAND AVE
[REDACTED]	MONTEREY AVE S

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
	PRINCETON AVE
	SALEM AVE
	ARBOR VISTA RD
	WOODHILL RD
	WOODBIDGE LN
	OCONNELL RD
	JOPPA AVE
	OCONNELL RD
	GREENRIDGE LN
	BURNELL PARK DR
	WOODHILL RD
	LOWER ENDICOTT WAY
	YOSEMITE AVE S
	OAKWOOD PL
	BURNSVILLE PKWY E
	CHERRY LN
	BURNSVILLE PKWY E
	BURNSVILLE PKWY E
	GREENHAVEN DR
	CIRCLE DR
	BURNSVILLE PKWY E
	LYNDALE CIR
	MCANDREWS RD W
	MCANDREWS RD W
	HWY 13 W
	ARBOR VISTA RD
	143RD ST W - WHISPERING OAKS ENTRANCE
	CLIFF RD E
	MCANDREWS RD W

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
[REDACTED]	CLIFF RD E
[REDACTED]	HYLAND AVE
[REDACTED]	HYLAND AVE
[REDACTED]	ASPEN
[REDACTED]	FRANKLIN TRL SE
[REDACTED]	138TH ST W
[REDACTED]	BURNSVILLE PARKWAY W
[REDACTED]	KNOX DR
[REDACTED]	116TH ST E
[REDACTED]	PARK AVE
[REDACTED]	MONTEREY LANE
[REDACTED]	PARK AVE
[REDACTED]	GABBRO TRAIL
[REDACTED]	EUREKA AVE W
[REDACTED]	8 GABBRO TRL
[REDACTED]	RIVERWOOD DR @ CORNER
[REDACTED]	RIVER WOODS LN
[REDACTED]	CARNELIAN LANE
[REDACTED]	LACOTA LN
[REDACTED]	PARK AVE
[REDACTED]	SLATER LN
[REDACTED]	TACONITE TR/1818 TACONITE TRL
[REDACTED]	115TH ST E
[REDACTED]	TACONITE TRAIL
[REDACTED]	PARK AVE
[REDACTED]	SIOUX CT
[REDACTED]	ARBOR VISTA RD
[REDACTED]	115TH ST E
[REDACTED]	GOLD TRL

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
	HARBOR VISTA RD
	ROYALE DR
	SIBLEY CT
	MANOR BLVD W
	121ST STREET E @ COLONIAL VILLAGE
	HIGHLAND VIEW AVE
	BLUESTONE LN
	FLINT LN
	KINGS RD
	JADE LANE
	JADE LN
	OPAL DR
	CARNELIAN LN
	VALLEY HIGH RD
	MARBLE LN
	QUARTZ LN
	CEDAR BEND
	CLIFF RD E
	MANOR DR
	TAMARACK LN
	117TH ST E (ANDREW'S POINTE)
	117TH ST E
	HARBOR LANE
	GARNET DRIVE
	117TH ST E (ANDREW'S POINTE)
	117TH ST E
	CEDAR GROVE TRL
	117TH ST E
	SAPPHIRE LN

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
	CLIFF RD E
	HORIZON RD
	140TH ST W
	LIBERTY LN
	114TH ST E
	ARBOR VISTA RD
	CEDAR BEND
	BIRNAMWOOD DR
	ARBOR VISTA RD
	115TH ST E
	114TH ST E
	RIVERSIDE AVE
	BROOKVIEW DR
	TERRACE DR
	139TH ST W
	HIGHLAND VIEW LN
	WESTCLIFFE DR
	WILLIAMS DR - STONE GROVE APTS
	ARBOR VISTA RD
	148TH ST W
	122ND ST E
	SHAWNEE LN
	COUNTY RD 42 W
	RIVER HILLS DR W
	SHAWNEE LN
	ARBOR VISTA RD
	ARBOR VISTA RD
	SELKIRK DR
	PARKRIDGE KNLS

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
[REDACTED]	SEQUOIA COURT
[REDACTED]	ARBOR VISTA RD
[REDACTED]	HORIZON HTS
[REDACTED]	TIMBERLAND DR
[REDACTED]	BURNSVILLE PKWY E
[REDACTED]	MCLEOD ST
[REDACTED]	ARBOR VISTA RD
[REDACTED]	W PARK DR - PARENTS CHOICE DAYCARE
[REDACTED]	EVERGREEN
[REDACTED]	SKYVIEW DR
[REDACTED]	DANA DR
[REDACTED]	134TH ST W
[REDACTED]	HIGHLAND DRIVE
[REDACTED]	125TH ST E
[REDACTED]	HIGHLAND DR
[REDACTED]	WESCOTT WOODLANDS
[REDACTED]	ALDRICH AVE N
[REDACTED]	LODESTONE LN
[REDACTED]	SIBLEY ST
[REDACTED]	SIBLEY ST
[REDACTED]	IRIS CIR
[REDACTED]	COUNTRY CREEK WAY
[REDACTED]	HEATHER DR
[REDACTED]	HAMILTON ST
[REDACTED]	HAMILTON ST
[REDACTED]	BALLANTRAE RD
[REDACTED]	BALLANTRAE RD
[REDACTED]	126TH ST W
[REDACTED]	141ST ST W

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
[REDACTED]	126TH ST W
[REDACTED]	BURNSVILLE PKWY E
[REDACTED]	126TH ST W
[REDACTED]	137TH ST W
[REDACTED]	141ST ST W
[REDACTED]	136 1/2 ST W
[REDACTED]	138TH ST E
[REDACTED]	HERITAGE CIR N
[REDACTED]	141ST ST W
[REDACTED]	MAGNETITE PT
[REDACTED]	141ST ST W
[REDACTED]	141ST ST W
[REDACTED]	136TH ST W
[REDACTED]	MCCOLL DR
[REDACTED]	MCCOLL DR@EVERGREEN PT TOWNHOMES
[REDACTED]	141ST ST W
[REDACTED]	MEADOWLARK RD S
[REDACTED]	126TH ST W
[REDACTED]	125TH ST W
[REDACTED]	MCCOLL DR
[REDACTED]	124TH ST W
[REDACTED]	MCCOLL DR
[REDACTED]	124TH ST W
[REDACTED]	134TH ST W
[REDACTED]	125TH ST W
[REDACTED]	132ND ST W
[REDACTED]	TOPAZ DR
[REDACTED]	132ND ST W
[REDACTED]	134TH LN W

Burnsville-Eagan-Savage School District #191

Bus Stop Listing

Abbreviation	Description
[REDACTED]	126TH ST W
[REDACTED]	141ST ST W
[REDACTED]	141ST ST W
[REDACTED]	TRAVELERS TRL E - TRAILWAY POND APTS
[REDACTED]	141ST W - AT CORNER
[REDACTED]	MCCOLL DR
[REDACTED]	MCCOLL DR
[REDACTED]	141ST ST W
[REDACTED]	MCCOLL DR
[REDACTED]	141ST ST W
[REDACTED]	MOONSTONE DR
[REDACTED]	41ST ST W
[REDACTED]	MOONSTONE DR
[REDACTED]	RAHN RD
[REDACTED]	TIMBERLAND DR
[REDACTED]	RAHN RD
[REDACTED]	KIPLING CT
[REDACTED]	137TH ST W
[REDACTED]	RIVER CROSSING CT
[REDACTED]	RIVER BEND PL
[REDACTED]	SOUTH PARK DR
[REDACTED]	145TH ST W
[REDACTED]	ARBOR VISTA RD
[REDACTED]	145TH ST W
[REDACTED]	BURNSVILLE PKWY E
[REDACTED]	SOUTH PARK DR
[REDACTED]	144TH ST W
[REDACTED]	SOUTH PARK DR
[REDACTED]	132ND ST W

Burnsville-Eagan-Savage School District #191 Bus Stop Listing

Abbreviation Description

- 132ND ST W
- 143RD ST W
- CIRCLE DOWN
- RIVERWOOD LN
- 130TH ST W
- 157TH ST W
- BURNSVILLE PKWY E
- ARBOR VISTA RD
- 136TH ST W
- BRYANT LN
- 133RD ST W
- 1ST AVE S
- GROVE CIR
- ARBOR VISTA RD
- HUNTERS WAY
- KNOB HILL RD
- LEISURE LN
- LACOTA LN
- 126TH ST W
- DUCHESS LN
- ELM ST
- BRIDLE CREEK DR
- ANNA'S BANANA'S DAYCARE
- BHS SPED DOOR #9
- CEDAR GROVE TRANSIT
- CEDAR SUN
- COMFORT INN - BLOOMINGTON
- DAKOTA CO JUVENILE CTR - NEW CHANCE
- DEC ECSE LOWER DOOR # 9

Bus Stop Listing

Description

- DIAMONDHEAD DOOR #9
- EAGLE RIDGE JUNIOR FRONT DOOR
- EAGLE RIDGE SPED BUS
- EDUCARE MONTESSORI
- HAMILTON BUS AREA
- KINDER CARE [REDACTED] 134TH ST - SOUTHSIDE ENTRANCE
- LACOTA LN - BACK DOOR OF BURNSVILLE PKWY APTS
- LITTLE VOYAGERS - [REDACTED] CLIFF RD E
- NEILL SPED BUS AREA
- NEW HORIZON ACADEMY
- NICOLLET JR SPED BUS AREA
- ON MEADOW CIR S AT WENTWORTH AVE
- PARK AVE@EVERGREEN
- RAHN SPED BUS AREA
- RIVER HILLS METHODIST DAY CARE
- SIOUX TRAIL SPED BUS AREA
- SKY OAKS SPED BUS AREA
- ST JAMES DAYCARE - [REDACTED] WILLIAMS DR
- TRAVELODGE
- VISTA VIEW SPED BUS AREA
- WHISPERING OAKS (MAIN ENTRANCE BY DOOR) [REDACTED]

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Superintendent of Schools

TO: Members, Board of Education
Joe Gothard Superintendent Agenda Item II.B.5

FROM: Jim Schmid, Board Chair

DATE: December 11, 2014

RE: Approve Out-of -State Travel by a Board Member

Recommendation: That the Board of Education approves out-of-state travel by Director Hill who will be attending the NSBA Annual Conference in Nashville, TN March 21-23, 2015.

Travel to out-of-state meetings, such as regional or national meetings of the National School Boards Association, for which a board member intends to seek reimbursement from the school district, must be preapproved by the Board of Education at a regularly scheduled meeting. (See Board Policy 214.)

Requests for reimbursement must adhere to the district's expense reimbursement regulations, be itemized on the appropriate school district form and submitted to the Superintendent. Reimbursable expenses may include transportation, meals, lodging, registration fees, required materials, parking fees, tips, and other reasonable and necessary school district-related expenses. Receipts for lodging, commercial transportation, registration, and other reasonable and necessary expenses must be attached to the reimbursement form.

Amounts to be reimbursed for board member out-of-state travel, including registration fees, shall be within the School Board's approved budget allocations.



Agenda II.B.6
December 11, 2014

To: Members, Board of Education

From: Lisa K. Rider, Executive Director of Business Services

Date: December 5, 2014

Re: Extended Field Trip to England

RECOMMENDATION: that the Board of Education approves the extended field trip to England for Eagle Ridge Junior High School ninth grade students during the summer of 2015 and allow an exception for the frequency of this trip.

The Eagle Ridge Junior High has proposed an optional ninth grade summer trip to England June 9-20, 2015. This is an extension of their studies of William Shakespeare's writing and relevant British history.

Currently, 45 students are registered for the trip with 7 chaperones with completed background checks also registered. Final lists of students, chaperones and phone numbers as well as detailed itinerary will be made available to the Business Office and principal prior to departure.

E.F. Travel, Inc. has been selected to provide the experience. The travel arranger, E.F. Travel, Inc. conforms to our district policy requirements.

Average cost for the trip is around \$3,860.00 per student with spending money additional and determined by individual.

Board Policy IICA states travel outside the continental U.S. should not occur more than once every two years for any particular group, class or organization. This trip has been made each year for many years with the exception of 2001(9/11). Once again, we request an exception to the frequency of travel stated in policy. This proposal is in compliance with Board Policy IICA in all other respects. I recommend the approval of this extended field trip to England for Eagle Ridge Junior High ninth grade students.



**Agenda II.B.7
December 11, 2014**

To: Members, Board of Education

From: Lisa K. Rider, Executive Director of Business Services

Date: December 11, 2014

Re: Adopt a Resolution Amending Resolution Calling an Election on the Approval of a Capital Project Levy Authorization

RECOMMENDATION: that the Board of Education adopts a resolution amending resolution calling an election on the approval of a capital project levy authorization.

November 13, 2014, the Board adopted a resolution (the "Resolution") entitled "Resolution Relating to the Issuance of School Building Bonds and the Approval of a Capital Project Levy Authorization, and calling an election thereon" which contained a typographical error relating to the first year taxes would be payable under the proposed new capital project authorization.

The new resolution corrects the first year the capital project authorization would be levied. The first year the capital project authorization would be levied should be taxes payable in 2016 rather than the taxes payable in 2015 as had been previously indicated. Additionally, the ballot language will be adjusted.

There is no change to the date on which the election is called for, the election date remains February 24, 2015.

CERTIFICATION OF MINUTES RELATING
TO
SCHOOL BUILDING BONDS

ISSUER: INDEPENDENT SCHOOL DISTRICT NO. 191
(BURNSVILLE-EAGAN-SAVAGE)
BURNSVILLE, MINNESOTA

GOVERNING BODY: SCHOOL BOARD

KIND, DATE, TIME AND PLACE OF MEETING:

A regular board meeting held December 11, 2014, at 6:30 o'clock p.m., in the School District.

MEMBERS PRESENT:

MEMBERS ABSENT:

Documents Attached: Extract of Minutes of said meeting.

**RESOLUTION AMENDING RESOLUTION CALLING AN ELECTION ON THE
APPROVAL OF A CAPITAL PROJECT LEVY AUTHORIZATION**

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

WITNESS MY HAND officially as such recording officer this 11th day of December, 2014.

School District Clerk

EXTRACT OF MINUTES OF A MEETING
OF THE SCHOOL BOARD
OF INDEPENDENT SCHOOL DISTRICT NO. 191
(BURNSVILLE-EAGAN-SAVAGE)
STATE OF MINNESOTA

HELD: DECEMBER 11, 2014

Pursuant to due call and notice thereof, a regular meeting of the School Board of Independent School District No. 191 (Burnsville-Eagan-Savage), State of Minnesota, was duly held in said school district on December 11, 2014, at 6:30 o'clock p.m., for the purpose, in part, of amending an earlier adopted resolution calling an election on the approval of a capital project levy authorization.

Member _____ moved the adoption of the following Resolution:

**RESOLUTION AMENDING RESOLUTION CALLING AN ELECTION ON THE
APPROVAL OF A CAPITAL PROJECT LEVY AUTHORIZATION**

WHEREAS on November 13, 2014, the Board adopted a resolution (the "Resolution") entitled "Resolution Relating to the Issuance of School Building Bonds and the Approval of a Capital Project Levy Authorization, and calling an election thereon"; and

WHEREAS the Resolution contained a typographical error relating to the first year taxes would be payable under the proposed new capital project authorization;

NOW THEREFORE BE IT RESOLVED by the School Board of Independent School District No. 191, State of Minnesota, as follows:

1. On the fifth line of Section 1(b) of the Resolution, delete "for taxes payable in 2015, the first year it is to be levied" and insert "for taxes payable in 2016, the first year it is to be levied".
2. In Section 7, delete School District Question 2 in its entirety, and insert the following:

**SCHOOL DISTRICT QUESTION 2
APPROVAL OF CAPITAL PROJECT LEVY AUTHORIZATION
TO FUND TECHNOLOGY**

The school board of Independent School District No. 191 (Burnsville-Eagan-Savage) has proposed a capital project levy authorization in the amount of 3.632% times the net tax capacity of the school district. The proposed authorization will raise approximately \$2,500,000 for taxes payable in 2016, the first year it is to be levied, and would be authorized for ten years. The estimated total cost of the projects to be funded over that time period is approximately \$25,000,000. The money raised by this authorization will provide funds for the acquisition and maintenance of technology and technology systems, and to pay the costs of technology-related personnel and training.

- YES** Shall the capital project levy authorization proposed by the board of Independent School District No. 191 be approved?
- NO**

**BY VOTING "YES" ON THIS BALLOT QUESTION,
YOU ARE VOTING FOR A PROPERTY TAX INCREASE.**

3. The Clerk is authorized and directed to cause a copy of this resolution to be given to the County Auditor of each county in which the School District is located, in whole or in part, and to the Commissioner of Education, at least seventy-four (74) days prior to the date of said election.

The motion for the adoption of the foregoing resolution was duly seconded by

_____. On a roll call vote, the following voted in favor:

and the following voted against:

whereupon said resolution was declared duly passed and adopted.

**NOTICE OF SPECIAL ELECTION
INDEPENDENT SCHOOL DISTRICT NO. 191
(BURNSVILLE-EAGAN-SAVAGE)
STATE OF MINNESOTA**

NOTICE IS HEREBY GIVEN that a special election has been called and will be held in and for Independent School District No. 191 (Burnsville-Eagan-Savage), State of Minnesota, on Tuesday, February 24, 2015, for the purpose of voting on the following questions:

**SCHOOL DISTRICT QUESTION 1
APPROVAL OF SCHOOL DISTRICT BOND ISSUE**

YES

NO

Shall the school board of Independent School District No. 191 (Burnsville-Eagan-Savage) be authorized to issue its general obligation school building bonds in an amount not to exceed \$65,000,000 to provide funds for the acquisition and betterment of school sites and facilities, including the construction and equipping of additions and improvements to the Burnsville High School site and facility to allow that facility to serve grades 9 to 12 and to construct an activity center at that site; the renovation of various portions of the Diamondhead Education Center and the Administrative Services Center; the construction of additional space at various elementary school sites and facilities and the remodeling of existing elementary classrooms; and the acquisition and construction of safety and security upgrades to various district sites and facilities and the construction of secure controlled entries to various schools?

**BY VOTING "YES" ON THIS BALLOT QUESTION, YOU
ARE VOTING FOR A PROPERTY TAX INCREASE.**

SCHOOL DISTRICT QUESTION 2
APPROVAL OF CAPITAL PROJECT LEVY AUTHORIZATION
TO FUND TECHNOLOGY

The school board of Independent School District No. 191 (Burnsville-Eagan-Savage) has proposed a capital project levy authorization in the amount of 3.632% times the net tax capacity of the school district. The proposed authorization will raise approximately \$2,500,000 for taxes payable in 2016, the first year it is to be levied, and would be authorized for ten years. The estimated total cost of the projects to be funded over that time period is approximately \$25,000,000. The money raised by this authorization will provide funds for the acquisition and maintenance of technology and technology systems, and to pay the costs of technology-related personnel and training.

YES

Shall the capital project levy authorization proposed by the board of Independent School District No. 191 be approved?

NO

**BY VOTING "YES" ON THIS BALLOT QUESTION,
YOU ARE VOTING FOR A PROPERTY TAX INCREASE.**

Passage of either School District Question 1 or School District Question 2 will result in an increase in your property taxes.

The combined polling places for this election and the precincts served by those polling places will be as follows:

COMBINED POLLING PLACE: Edward Neill Elementary School
13409 Upton Avenue
Burnsville, MN 55337

This combined polling place serves all territory in Independent School District No. 191 located in the City of Burnsville, P-02, P-07, P-11, P-12 and P-16; Dakota County, Minnesota.

COMBINED POLLING PLACE: Gideon Pond Elementary School
613 E. 130th Street
Burnsville, MN 55337

This combined polling place serves all territory in Independent School District No. 191 located in the City of Burnsville, P-06, P-08, P-09 and P-14; Dakota County, Minnesota.

COMBINED POLLING PLACE: John Metcalf Junior High School
2250 Diffley Road
Burnsville, MN 55337

This combined polling place serves all territory in Independent School District No. 191 located in the City of Eagan, P-04, P-5A, P-5B, P-9A and P-9B; Dakota County, Minnesota.

COMBINED POLLING PLACE: Sioux Trail Elementary School
2801 River Hills Drive
Burnsville, MN 55337

This combined polling place serves all territory in Independent School District No. 191 located in the City of Apple Valley, P-5A, and the City of Burnsville, P-01, P-05 and P-10; Dakota County, Minnesota.

COMBINED POLLING PLACE: Vista View Elementary School
13109 County Road 5
Burnsville, MN 55337

This combined polling place serves all territory in Independent School District No. 191 located in the City of Burnsville, P-03, P-04 and P-17; Dakota County, Minnesota.

COMBINED POLLING PLACE: Harriet Bishop Elementary School
14400 O'Connell Road
Savage, MN 55378

This combined polling place serves all territory in Independent School District No. 191 located in the City of Savage, P-3, P-4, P-6 and P-8; Scott County, Minnesota.

COMBINED POLLING PLACE: Hidden Valley Elementary School
13875 Glendale Road
Savage, MN 55378

This combined polling place serves all territory in Independent School District No. 191 located in the City of Savage, P-1, P-2 and P-7, and the City of Shakopee, P-4 and P-12A; Scott County, Minnesota.

Any eligible voter residing in the school district may vote at said election at the combined polling place designated above for the precinct in which he or she resides. The polls for said election will be opened at 7:00 o'clock a.m. and will close at 8:00 o'clock p.m. on the date of said election.

A voter must be registered to vote to be eligible to vote in this election. An unregistered individual may register to vote at the combined polling place on election day.

Dated: November 13, 2014.

BY ORDER OF THE SCHOOL BOARD

/s/ _____
School District Clerk
Independent School District No. 191
(Burnsville-Eagan-Savage)
State of Minnesota



**Agenda III. A
December 11, 2014**

To: Members, Board of Education
From: Lisa K. Rider, Executive Director of Business Services
Date: December 11, 2014
Re: Approve Financial Audit Report for 2013-2014

RECOMMENDATION: That the Board of Education approve the Financial Audit Report for 2013-2014.

CliftonLarsonAllen will provide an overview of the Comprehensive Annual Financial Report (CAFR) for 2013-2014 during the board meeting December 11, 2014. Electronic copies of the Financial Audit Report for 2013-2014 have been made available to board members and the bound copies will be made available in print to Members of the Board on Thursday evening. Once approved by the Board of Education electronic copies of the report will be made available via the website for the public.

There are three main reports.

- 1) Comprehensive Annual Financial Report (CAFR)
- 2) Schedule of Expenditures of Federal Awards and Other Required Reports
- 3) Executive Audit Summary (EAS)

The EAS is prepared by CliftonLarsonAllen and provides a nice summary of the CAFR including a legislative summary. This is a good starting point in absorbing the Annual Financial Audit.

Next, I would suggest the reading of the Introductory Section, Financial Section and Required Supplementary Section within the CAFR for overviews on the Financial Audit.

Highlights include:

- "Unmodified" Audit Report
- No compliance issues noted
- No "material weaknesses" in internal controls noted
- No Single Audit findings
- No Legal Compliance Findings
- General Fund unassigned fund balance decreased by \$1,469,294

- Budget to Actual Variance on General Fund total revenues of 1.7% to the positive impact on Unassigned Fund Balance.
- Budget to Actual Variance on General Fund total expenditures of 0.7% to the negative impact on Unassigned Fund Balance.

I recommend the Board of Education approve the Financial Audit Report for 2013-2014.



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAAconnect.com

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December 1, 2014

School Board
Independent School District No. 191
Burnsville-Eagan-Savage Schools
Burnsville, Minnesota

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the school board. We encourage you to review the sections of this report, the audited financial statements and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the District for the courtesies, cooperation and assistance extended to us during the course of our work.

CliftonLarsonAllen LLP

Dennis Hoogeveen, CPA
Principal

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191**

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2014

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
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JUNE 30, 2014**

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**EXECUTIVE AUDIT SUMMARY (EAS)
FOR
BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
YEAR ENDED JUNE 30, 2014**

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the District's financial records for the year ended June 30, 2014.

Audit Opinion – The financial statements are fairly stated. We issued what is known as an “unmodified” audit report.

Yellow Book Compliance Findings – No compliance issues were noted in our review of laws, regulations, contracts and grants that could have significant financial implications to the District.

Internal Controls Over Financial Reporting – No “material weaknesses” in internal controls over financial reporting were noted.

Single Audit – There were no findings reported in regard to the requirements for the major federal programs tested.

Legal Compliance – No compliance issues were reported with respect to Minnesota Statutes.

Fund Balance – The District's General Fund unassigned fund balance decreased by \$1,469,294 during fiscal 2013-2014, changing from a balance of \$17,472,471 to a balance of \$16,003,177 at June 30, 2014. Total fund balance of the General Fund decreased by \$1,553,240, ending at \$21,960,591 as of June 30, 2014. The ending unassigned fund balance represents a balance of 13.77% of General Fund expenditures. A District's fund balance is an important aspect in considering the District's financial well being since a healthy fund balance represents things such as cashflow, as a cushion against unanticipated expenditures, enrollment declines, funding deficiencies, state aid metering changes and aid prorations at the state level and similar problems.

Enrollment – For fiscal 2013-2014, Burnsville-Savage-Eagan Public Schools served an estimated total adjusted average daily membership of 9,468.67 (or 10,864.36 adjusted pupil units). For fiscal 2012-2013, Burnsville-Savage-Eagan Public Schools had served total adjusted average daily membership of 9,576.40 (or 10,976.75 adjusted pupil units).

Budget to Actual – Total revenues on a net basis in the General Fund were \$1,884,412 (or 1.7%) higher than the final budgeted amount while total expenditures on a net basis were \$811,855 (or 0.7%) higher than had been budgeted. Including other financing sources of \$245,297 (insurance recovery proceeds), the net effect was a decrease to total fund balance that was approximately \$1.3 million less than had been reflected in the District's final amended budget. On a budget this large, the expenditure variances reflect good budgeting, monitoring and outcomes.

Non-public Consultation – During our testing we noted that documentation was only kept for the consultation that took place for one of the two private schools. CLA recommends that they keep all documentation relating to compliance requirements.

User Access Rights – During our review of the District's employee user access rights, it was noted that personnel rights for screens outside of their department have been appropriately limited; however, some personnel within the finance department continue to have more access to the finance system than is necessary for their position. We recommend that the School District review its list of user access rights and limit employees' access to only the modules necessary for their position and allow them read-only access to the other modules.

Approval of Employee Expense Reimbursements – During our testing of employee expense reimbursements we noted that the Executive Director of Business Services was signing off as the approver of the Superintendent’s expense reimbursement. CLA recommends that someone at least one level above approve employee expense reimbursements, therefore, we recommend that someone from the board be approving it for the Superintendent.⁴⁰

Journal Entry Review – During our review of journal entries and journal entry procedures we noted that there is no formal process for journal entries that are posted by accounting staff. We recommend that all journal entries be reviewed and signed off on, which can be done in batch form.

Employee Receipts – During our testing of general disbursements, we noted that not all receipts were received from employees using District credit cards. Through discussion with District staff, the procedures do require supporting receipts for transactions, therefore, we recommend the procedures be re-communicated and enforced with cardholders.

Statement of Net Position

The Statement of Net Position essentially tells you what your District owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the District has leftover to use 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, the statement divides the net position into three components: net investment in capital assets, restricted net position, and unrestricted net position. The following table presents components of the District’s net position at year-end, along with a simplified reconciliation of the difference between the governmental fund balances and total net position:

	As of June 30,	
	2014	2013
Total Fund Balance for Governmental Funds	\$ 37,876,822	\$ 47,320,723
Capital Assets, Less Accumulated Depreciation	109,666,496	107,549,764
Long-Term Liabilities	(108,239,884)	(114,538,349)
Other - Net	18,882,697	19,085,714
Total Net Position - Governmental Activities	<u>\$ 58,186,131</u>	<u>\$ 59,417,852</u>
Net Position:		
Net Investment in Capital Assets	\$ 30,452,283	\$ 30,342,438
Restricted	5,749,042	6,159,342
Unrestricted	21,984,806	22,916,072
Total Net Position - Governmental Activities	<u>\$ 58,186,131</u>	<u>\$ 59,417,852</u>

Most of the District’s fund balances translate into restricted net position by virtue of external restrictions (statutory reserves) or by the nature of the fund they are in (e.g. restricted for food service 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 non-capital long-term obligations such as vacation or severance payable.

Statement of Activities

The Statement of Activities tracks the District's yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing education. This statement provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses. The following table presents a simplified reconciliation of the change in the District's governmental fund balances to the change in total net position for fiscal years 2014 and 2013:

	Year Ended June 30,	
	2014	2013
Net Change in Fund Balance - Total Governmental Funds	\$ (9,443,901)	\$ 12,686,201
Capital Asset Purchases	8,496,560	7,028,298
Depreciation	(6,379,479)	(6,280,155)
Debt Proceeds	-	(16,910,000)
Repayment of Debt	5,396,721	4,838,442
Change in Other Long-Term Liabilities	531,060	(104,444)
Change in Net Position of Internal Service Funds	430,239	318,963
Other - Net	533,913	104,174
Change in Net Position - Governmental Activities	<u>\$ (434,887)</u>	<u>\$ 1,681,479</u>

I. FINANCIAL RESULTS

Fund Balances

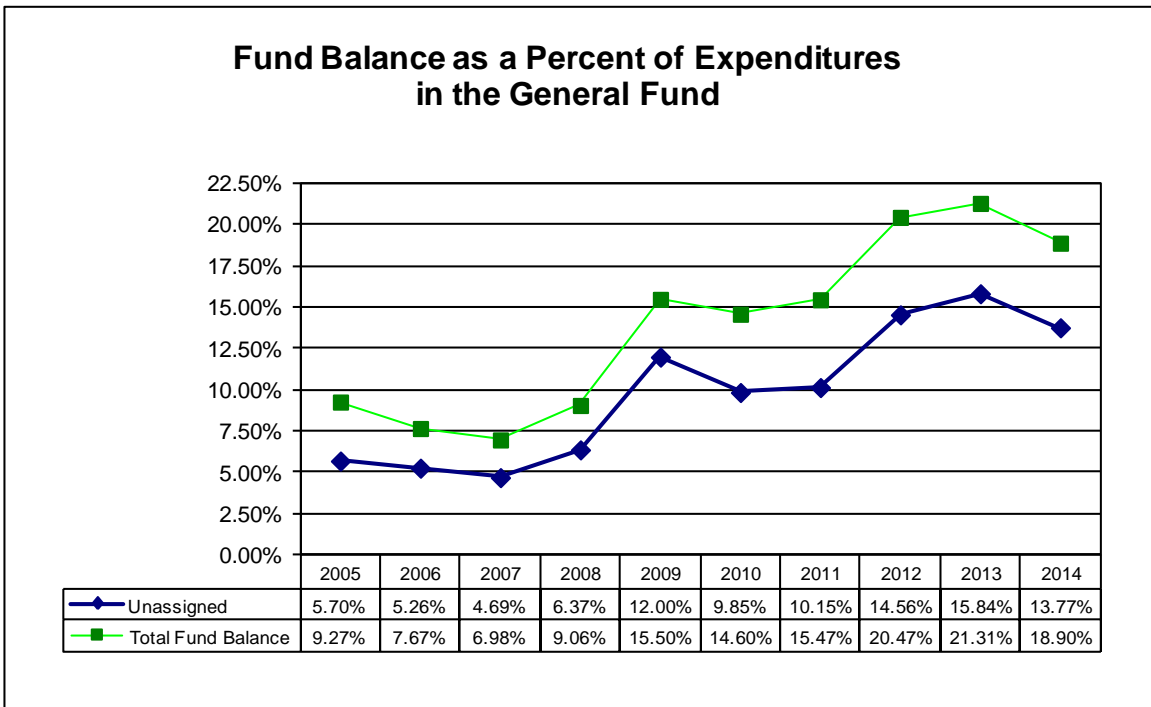
ISD #191 - BURNSVILLE-EAGAN-SAVAGE
AUDITED FUND BALANCES THROUGH JUNE 30, 2014 (UFARS basis)

FUND DESCRIPTION	6/30/2013 AUDITED BALANCE	2013-14 AUDITED REVENUES	2013-14 AUDITED EXPENDITURES	2013-14 APPROVED TRANSFER	6/30/2014 AUDITED BALANCE
GENERAL FUND					
A. UNASSIGNED	\$17,472,471	\$92,637,693	\$92,233,405	(\$1,873,582)	\$16,003,177
B. NONSPENDABLE FOR PREPAIDS	\$270,695	\$0	\$14,498	\$0	\$256,197
B. NONSPENDABLE	\$270,695	\$0	\$14,498	\$0	\$256,197
C. COMMITTED FOR PROGRAM CARRYOVER PRO PAY PROGRAM	\$1,034,290 \$868,911	\$337,344 \$2,950,403	\$0 \$3,123,600	\$0 \$0	\$1,371,634 \$695,714
C. COMMITTED	\$1,903,201	\$3,287,747	\$3,123,600	\$0	\$2,067,348
D. RESTRICTED FOR GIFTED AND TALENTED CAREER AND TECH PROGRAM LEARNING AND DEVELOPMENT BASIC SKILLS STAFF DEVELOPMENT AREA LEARNING CENTER SAFE SCHOOLS OPERATING CAPITAL HEALTH & SAFETY	\$0 \$0 \$0 \$58,254 \$0 \$2,659,998 \$0 \$1,149,212 \$0	\$130,690 \$207,923 \$2,247,819 \$7,587,675 \$1,154,863 \$3,437,313 \$368,290 \$3,109,198 \$457,427	\$577,216 \$543,129 \$2,293,580 \$7,588,914 \$2,097,741 \$3,518,608 \$440,369 \$3,225,427 \$523,391	\$446,526 \$335,206 \$45,761 \$0 \$942,878 \$0 \$72,079 \$0 \$31,132	\$0 \$0 \$0 \$57,015 \$0 \$2,578,703 \$0 \$1,032,983 (\$34,832)
D. RESTRICTED	\$3,867,464	\$18,701,198	\$20,808,375	\$1,873,582	\$3,633,869
BUDGET		\$112,496,929	\$115,368,023	\$0	\$20,642,737
TOTAL GENERAL FUND	\$23,513,831	\$114,626,638	\$116,179,878	\$0	\$21,960,591
DIFFERENCE		\$2,129,709	\$811,855		\$1,317,854
% VARIANCE		1.89%	0.70%		
FOOD SERVICE					
NONSPENDABLE FOR INVENTORY RESTRICTED FOR FOOD SERVICE	\$22,033 \$1,076,653	\$4,951 \$5,226,812	\$0 \$4,934,679	\$0 \$0	\$26,984 \$1,368,786
BUDGET		\$4,889,425	\$4,826,683		\$1,161,428
TOTAL FOOD SERVICE	\$1,098,686	\$5,231,763	\$4,934,679	\$0	\$1,395,770
DIFFERENCE		\$342,338	\$107,996		\$234,342
% VARIANCE		7.00%	2.24%		
COMMUNITY EDUCATION					
A. RESTRICTED FOR REGULAR COMMUNITY ED EARLY CHILDHOOD FAMILY ED SCHOOL READINESS ADULT BASIC EDUCATION OTHER PURPOSES	\$914,732 \$78,669 \$15,221 \$0 \$34,095	\$4,182,642 \$505,367 \$189,743 \$533,695 \$131,701	\$4,530,764 \$485,669 \$126,381 \$610,818 \$126,363	(\$71,805) \$0 \$0 \$77,123 (\$5,318)	\$494,805 \$98,367 \$78,583 \$0 \$34,115
BUDGET		\$5,042,218	\$5,186,439	\$0	\$898,496
TOTAL COMMUNITY EDUCATION	\$1,042,717	\$5,543,148	\$5,879,995	\$0	\$705,870
DIFFERENCE		\$500,930	\$693,556		(\$192,626)
% VARIANCE		9.93%	13.37%		
CAPITAL PROJECTS FUND					
A. RESTRICTED FOR ALTERNATIVE FACILITIES PROGRAM	\$19,694,156	\$21,592	\$7,425,642		\$12,290,106
BUDGET		\$25,000	\$12,835,540		\$6,883,616
TOTAL CAPITAL PROJECTS	\$19,694,156	\$21,592	\$7,425,642	\$0	\$12,290,106
DIFFERENCE		(\$3,408)	(\$5,409,898)		\$5,406,490
% VARIANCE		-13.63%	-42.15%		
DEBT SERVICE					
A. RESTRICTED FOR OPERATING OPEB BOND DEBT SERVICE	\$1,757,734 \$213,599	\$7,923,480 \$1,643,179	\$8,428,857 \$1,584,650		\$1,252,357 \$272,128
BUDGET		\$9,513,196	\$10,016,955		\$1,467,574
TOTAL DEBT SERVICE	\$1,971,333	\$9,566,659	\$10,013,507	\$0	\$1,524,485
DIFFERENCE		\$53,463	(\$3,448)		\$56,911
% VARIANCE		0.56%	-0.03%		
INTERNAL SERVICE FUNDS					
DENTAL SELF-INSURANCE HEALTH BENEFITS SELF-INSURANCE SEVERANCE BENEFITS OTHER POST-EMPLOYMENT BENEFITS	\$341,536 \$2,136,880 \$2,674,718 \$14,654,314	\$903,935 \$17,140,505 \$8,595 \$682,912	\$911,923 \$16,567,677 (\$215,598) \$1,041,706		\$333,548 \$2,709,708 \$2,898,911 \$14,295,520
TOTAL INTERNAL SERVICE FUNDS	\$19,807,448	\$18,735,947	\$18,305,708	\$0	\$20,237,687
TRUST FUNDS					
EMPLOYEE BENEFITS TRUST FUND PRIVATE-PURPOSE TRUST FUND	\$135,123 \$83,317	\$722,789 \$72,927	\$768,210 \$59,313		\$89,702 \$96,931
TOTAL TRUST FUNDS	\$218,440	\$795,716	\$827,523		\$186,633

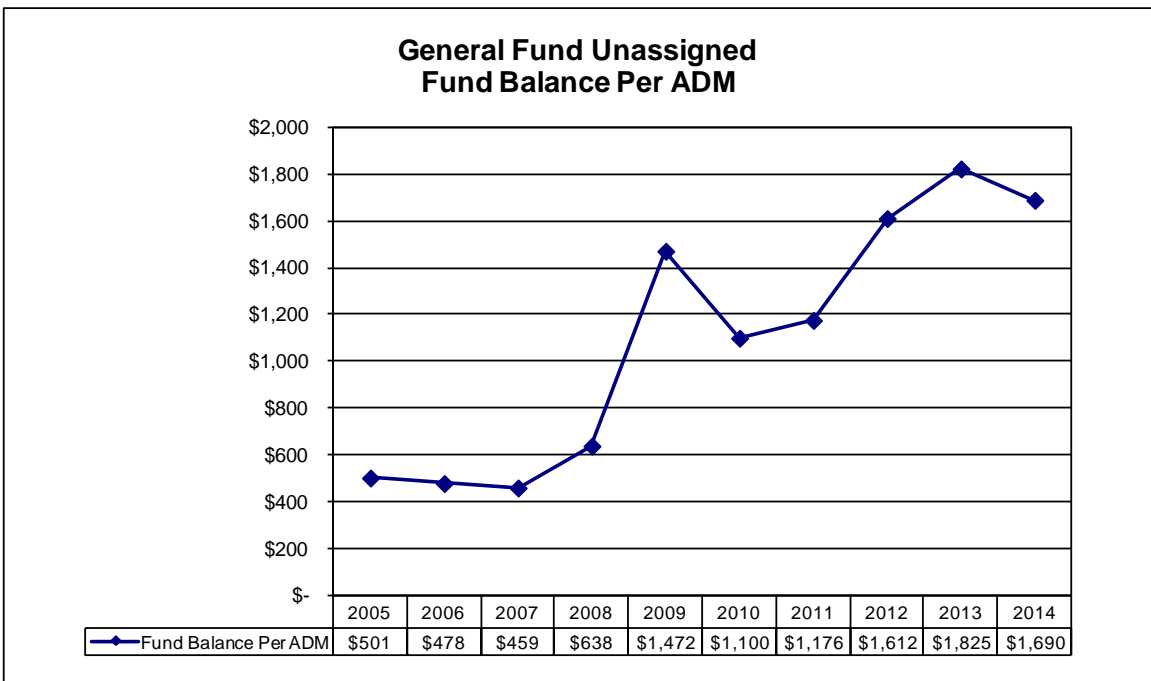
I. FINANCIAL RESULTS (CONTINUED)

Fund Balances (Continued)

As a percentage of annual expenditures:



Per student served for aid.

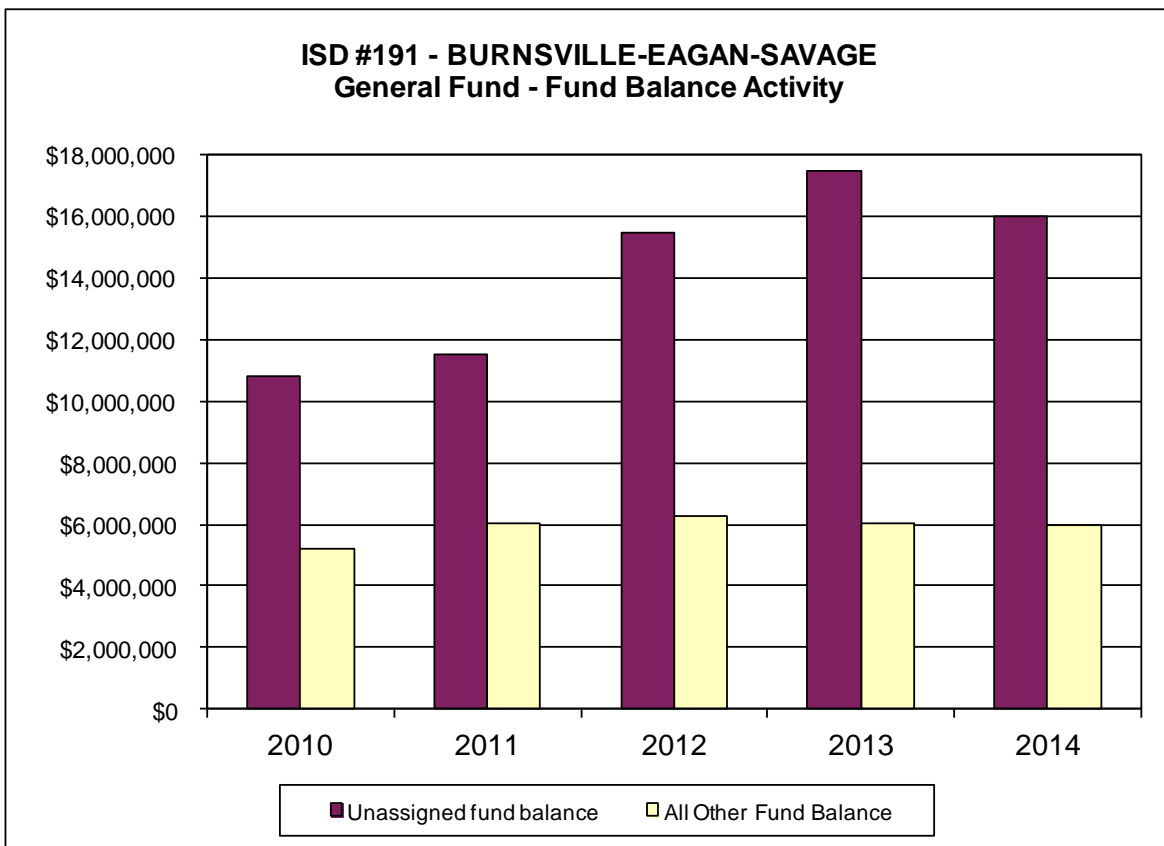


I. FINANCIAL RESULTS (CONTINUED)

Fund Balances of the General Fund

Unless otherwise noted, all graphs and charts reflect the combined activity of the District's General Fund.

<u>UFARS Basis</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Unassigned Fund Balance	\$ 10,820,200	\$ 11,508,180	\$ 15,451,213	\$ 17,472,471	\$ 16,003,177
All Other Fund Balance	5,212,773	6,033,226	6,271,068	6,041,360	5,957,414
Total Fund Balance	<u>\$ 16,032,973</u>	<u>\$ 17,541,406</u>	<u>\$ 21,722,281</u>	<u>\$ 23,513,831</u>	<u>\$ 21,960,591</u>
Total Expenditures	<u>\$ 109,846,644</u>	<u>\$ 113,377,017</u>	<u>\$ 106,139,763</u>	<u>\$ 110,325,578</u>	<u>\$ 116,179,878</u>
Unassigned Fund Balance as a % of Total Expenditures	<u>9.85%</u>	<u>10.15%</u>	<u>14.56%</u>	<u>15.84%</u>	<u>13.77%</u>



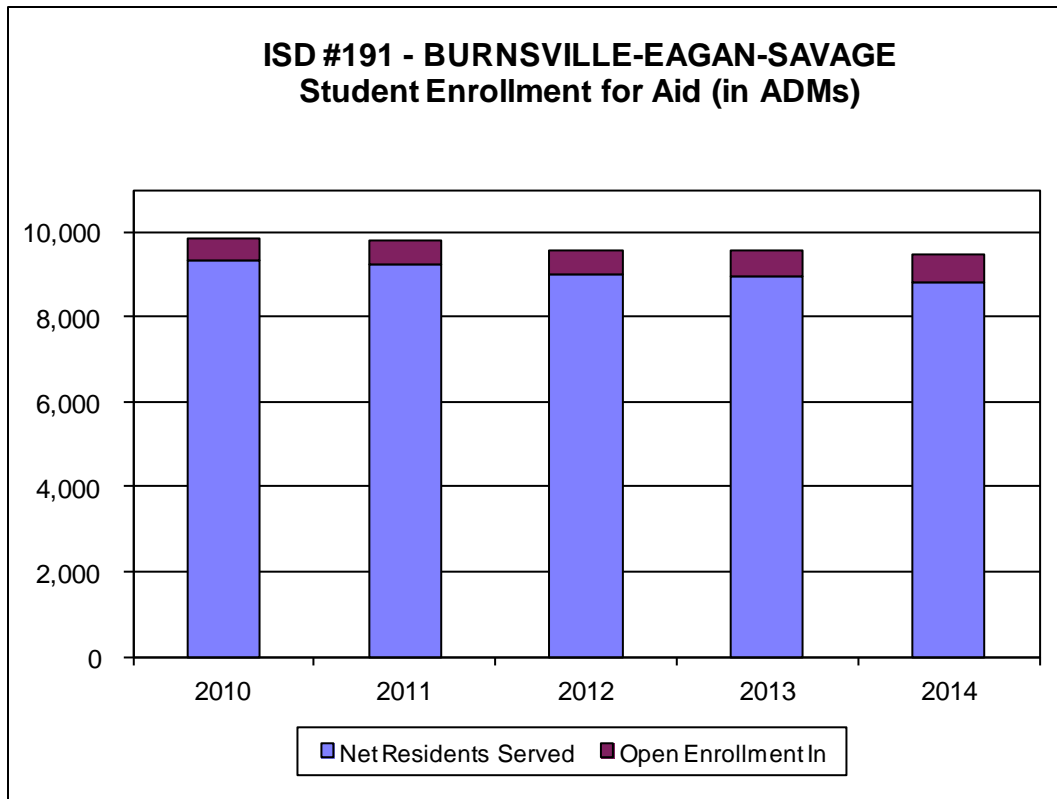
As reflected in the graph above, the District has been able to reestablish financial strength through cost cutting measures and through community support for the operating referendum.

I. FINANCIAL RESULTS (CONTINUED)

Students Served for Aid

	2010	2011	2012	2013	2014
Total Residents	10,476.01	10,502.62	10,402.10	10,452.71	10,489.52
Open Enrollment Out *	(1,140.69)	(1,254.32)	(1,382.10)	(1,498.23)	(1,656.60)
Net Residents Served	9,335.32	9,248.30	9,020.00	8,954.48	8,832.92
Open Enrollment In	503.41	537.72	565.34	621.92	635.75
Net ADM Served	9,838.73	9,786.02	9,585.34	9,576.40	9,468.67
Net Pupil Units Served	11,410.38	11,308.18	11,068.65	10,976.75	10,864.36

* - includes enrolled in charter schools



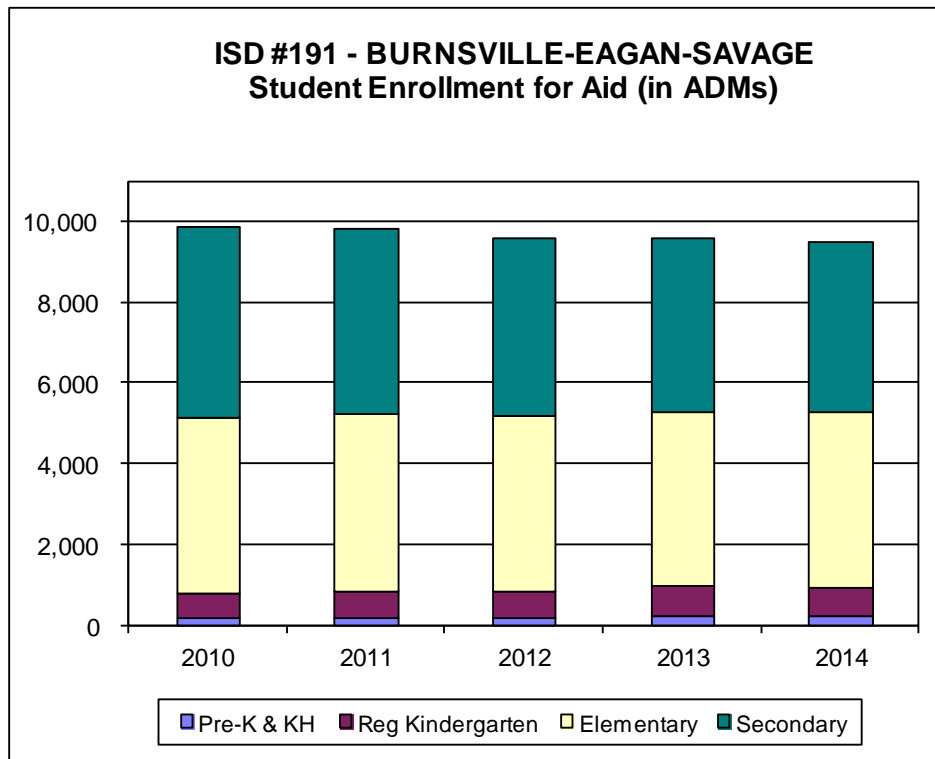
As reflected in the above chart and graph, the District's net open enrollment, which had remained fairly constant, saw significant increases in the net open enrollment out for the past few fiscal years.

APPENDIX A

FINANCIAL TRENDS OF YOUR DISTRICT

Within this report there are a number of areas where condensed financial statement data has been presented. The last page of this document (Appendix E) contains an Independent Auditors' Report on Condensed Financial Statements Included Herein that should be considered when reading such condensed information. Also, the District adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended June 30, 2011. The prior year fund balance information has been presented using these new fund balance categories for comparative analysis only.

Student Enrollment

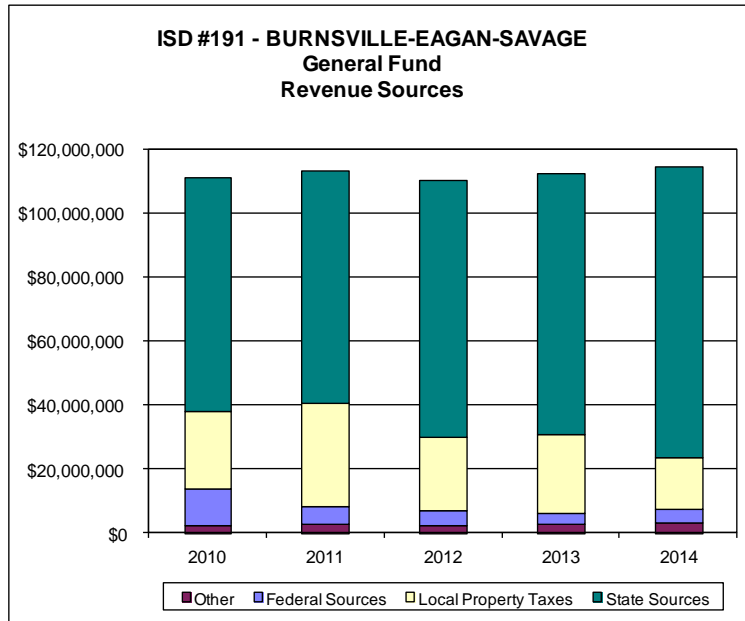


	2010	2011	2012	2013	2014
Pre-K & KH	148.72	160.89	156.48	211.41	190.55
Reg Kindergarten	635.37	674.43	653.63	768.30	730.68
Elementary	4,356.99	4,387.32	4,364.45	4,294.96	4,322.64
Secondary	4,697.65	4,563.38	4,410.78	4,301.73	4,224.80
Net ADM Served	<u>9,838.73</u>	<u>9,786.02</u>	<u>9,585.34</u>	<u>9,576.40</u>	<u>9,468.67</u>
Percent Change	-1.23%	-0.54%	-2.05%	-0.09%	-1.12%

As noted in the above chart, the District's student count for fiscal 2013-2014 was 108 students (or 1.12%) lower than for the prior year which was due mostly to open enrollment.

General Fund Revenue

The following table and graph summarizes the District’s General Fund Revenue sources for the last five years.



The table below illustrates the fluctuation that occurs between the taxes and state aid categories based on legislative activity. The Legislature determines what portion of the general education funding formula will be paid by local taxpayers. In addition, when the tax shift percentage changes or the state provides property tax relief, this only impacts the mix between state aids and taxes and does not change total revenue. For example, in fiscal 2011, the MDE shifted a total of approximately \$8.6 million of the payable 2011 property tax receipts for the General and Community Service Funds, allowing such amounts to be recognized as taxes in fiscal 2011 rather than fiscal 2012, and giving the appearance of a significant increase in taxes for 2011. This tax shift was then reversed in fiscal 2014. For this and other reasons, school finance in Minnesota continues to be a very difficult subject to explain to the general public.

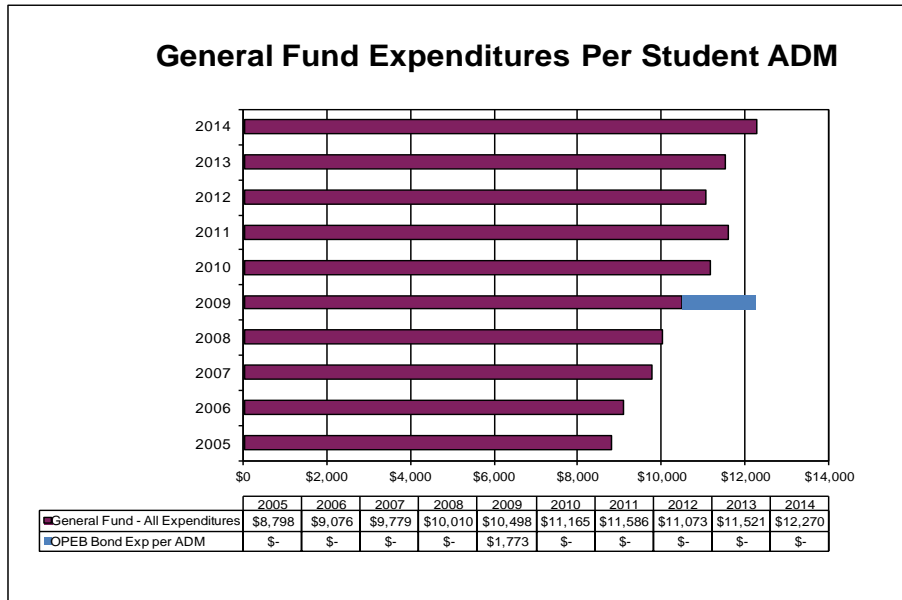
	2010	2011	2012	2013	2014
Local Property Taxes	\$ 24,098,279 *	\$ 32,487,487 *	\$ 22,730,154	\$ 24,610,109	\$ 15,949,634
State Sources	73,029,271	72,456,484	80,263,558	81,229,337	90,985,769
Federal Sources	11,379,936	5,547,251	4,849,495	3,438,114	4,326,228
Other	2,245,046	2,546,809	2,214,800	2,803,851	3,119,710
Total Revenues	\$ 110,752,532	\$ 113,038,031	\$ 110,058,007	\$ 112,081,411	\$ 114,381,341

	2010	2011	2012	2013	2014
Local Property Taxes	21%	29%	21%	22%	14%
State Sources	66%	64%	73%	72%	80%
Federal Sources	10%	5%	4%	3%	4%
Other	2%	2%	2%	3%	3%
Total Revenues	100%	100%	100%	100%	100%

- The large increase in taxes in 2011 compared to 2010 is not due to a large levy increase, but rather relates primarily to the tax shift whereby the State withholds state aid payments but instructs school districts to advance recognize tax revenue to offset the aid withheld. In 2011, the District advance recognized \$8,132,868 of tax revenue in the General Fund due to the tax shift prescribed by the State of Minnesota. A corresponding state aid revenue reduction was recognized, resulting in the change in percentage of revenue. Without this advance recognition, tax revenue would have been \$24,354,619, comparable to the prior year and representing 21.5% of total revenue.

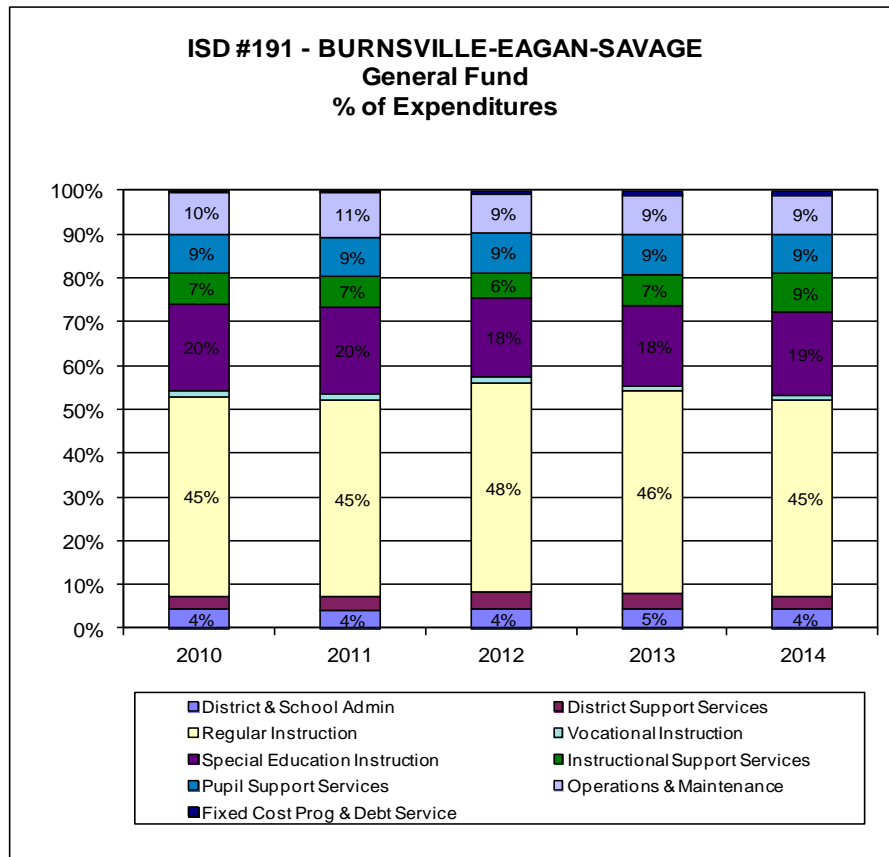
Expenditures Per Student

Expenditures per Student (average daily membership) are summarized in the following graph.

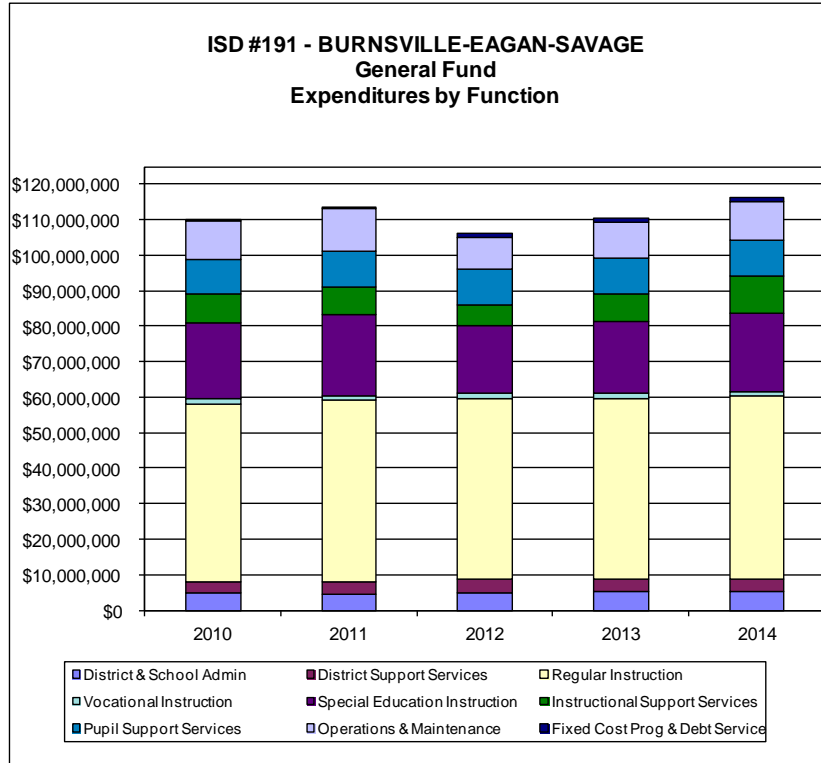


General Fund Expenditures for fiscal 2009 were grossed up by the impact of OPEB bonds which added approximately \$17.7 million of employee benefit costs on a one-time basis to move the bond proceeds to a trust fund that can only be used to pay employee postemployment benefit costs.

The following schedule shows total expenditures of the General Fund by program type:



Expenditures Per Student (Continued)



	2010	2011	2012	2013	2014
District and School Admin	\$ 4,799,116	\$ 4,543,487	\$ 4,699,625	\$ 5,063,843	\$ 5,165,097
District Support Services	3,344,439	3,546,514	3,937,222	3,600,142	3,413,639
Regular Instruction	49,875,662	50,950,664	50,892,667	51,088,533	51,801,948
Vocational Instruction	1,585,080	1,477,605	1,502,082	1,315,737	1,239,045
Special Education Instruction	21,526,541	22,683,237	19,149,651	20,108,199	22,223,518
Instructional Support Services	7,997,915	7,804,901	5,951,117	8,061,262	10,207,507
Pupil Support Services	9,752,263	10,017,559	9,803,131	9,869,403	10,358,327
Operations and Maintenance	10,729,450	12,143,030	9,263,799	10,234,030	10,722,992
Fixed Cost Prog and Debt Service	236,178	210,020	940,469	984,429	1,047,805
Total Expenditures	\$ 109,846,644	\$ 113,377,017	\$ 106,139,763	\$ 110,325,578	\$ 116,179,878

The following chart summarizes District General Fund Expenditures by object type.

	2014				2013	2012
	Final Amended Budget	Actual	Over (Under) Budget	Var %	Actual	Actual
Salaries	\$ 69,687,703	\$ 67,484,759	\$ (2,202,944)	(3.2)%	\$ 64,952,395	\$ 62,442,823
Employee Benefits	23,141,442	24,979,928	1,838,486	7.9	22,304,699	21,211,993
Purchased Services	15,578,908	16,305,814	726,906	4.7	15,760,778	15,092,539
Supplies and Materials	3,042,520	3,285,761	243,241	8.0	2,995,280	4,113,268
Capital Expenditures	2,310,421	3,025,027	714,606	30.9	2,744,804	1,805,937
Other Expenditures	1,607,029	1,098,589	(508,440)	(31.6)	1,567,622	1,473,203
Total Expenditures	\$ 115,368,023	\$ 116,179,878	\$ 811,855	0.7 %	\$ 110,325,578	\$ 106,139,763

As reflected above, total expenditures of the General Fund were 0.7% over the budgeted amount. The majority of the over-expended amounts can be attributed to the capital expenditures category which relates to the timing of projects and the use of site carryover.

General Fund Operations and Financial Position

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

	Year Ended				
	2010	2011	2012	2013	2014
Revenues	\$ 110,752,532	\$ 113,038,031	\$ 110,058,007	\$ 112,096,004	\$ 114,381,341
Expenditures	109,846,644	113,377,017	106,139,763	110,325,578	116,179,878
Excess (Deficiency) of Revenues Over (Under) Expenditures	905,888	(338,986)	3,918,244	1,770,426	(1,798,537)
Other Financing Sources (Uses):					
Proceeds from Capital Lease	1,103,500	-	-	-	-
Proceeds from Insurance Recovery	2,571	1,847,419	262,631	21,124	245,297
Operating Transfers (Out)	(4,918,776)	-	-	-	-
Total Other Financing Sources (Uses)	(3,812,705)	1,847,419	262,631	21,124	245,297
Change in Fund Balance	(2,906,817)	1,508,433	4,180,875	1,791,550	(1,553,240)
Fund Balance:					
Beginning of Year	18,939,790	16,032,973	17,541,406	21,722,281	23,513,831
End of Year	\$ 16,032,973	\$ 17,541,406	\$ 21,722,281	\$ 23,513,831	\$ 21,960,591
Restricted Fund Balance	\$ 2,636,276	\$ 2,851,833	\$ 3,562,528	\$ 3,867,464	\$ 3,633,869
Committed Fund Balance	2,352,197	2,903,318	2,519,534	1,903,201	2,067,348
Nonspendable Fund Balance	224,300	278,075	189,006	270,695	256,197
Unassigned Fund Balance	10,820,200	11,508,180	15,451,213	17,472,471	16,003,177
Total Fund Balance	\$ 16,032,973	\$ 17,541,406	\$ 21,722,281	\$ 23,513,831	\$ 21,960,591
Unassigned Fund Balance as a Percentage of Expenditures	9.85%	10.15%	14.56%	15.84%	13.77%

The District's General Fund unassigned fund balance changed by \$1,469,294 during fiscal 2013-2014, decreasing from \$17,472,471 to \$16,003,177 at June 30, 2014. Total fund balance of the General Fund decreased by \$1,553,240, ending at \$21,960,591 as of June 30, 2014. The ending unassigned fund balance represents 13.77% of General Fund expenditures.

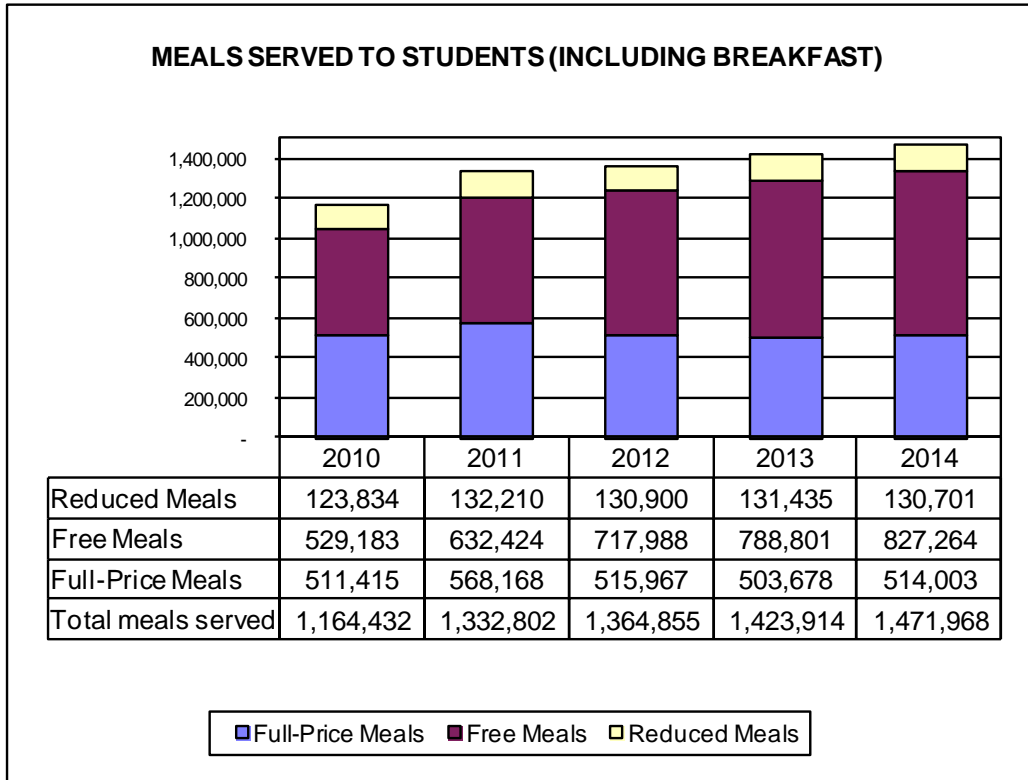
Food Service Fund

The following chart reflects the growth of the Food Service Program over the past five years:

	Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenues	\$ 4,395,501	\$ 4,469,158	\$ 4,619,763	\$ 5,114,519	\$ 5,226,228
Expenditures	4,265,457	4,331,054	4,424,902	4,982,811	4,934,679
Excess of Revenues Over Expenditures	130,044	138,104	194,861	131,708	291,549
Other Financing Sources:					
Proceeds from Sale of Equipment	4,135	1,050	5,500	7,081	5,535
Change in Fund Balance	134,179	139,154	200,361	138,789	297,084
Fund Balance:					
Beginning of Year	486,203	620,382	759,536	959,897	1,098,686
End of Year	\$ 620,382	\$ 759,536	\$ 959,897	\$ 1,098,686	\$ 1,395,770
Meals Served to Students	1,164,432	1,332,802	1,364,855	1,423,914	1,471,968
Revenue per Lunch Served	\$ 3.77	\$ 3.35	\$ 3.38	\$ 3.59	\$ 3.55
Percentage of Total Meals Served by Type (including Breakfast):					
Full Price Meals	43.9%	42.6%	37.8%	35.4%	34.9%
Reduced Price Meals	10.6%	9.9%	9.6%	9.2%	8.9%
Free Meals	45.4%	47.5%	52.6%	55.4%	56.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Total revenues and other financing sources exceeded total expenditures by \$297,084 in the District's Food Service Fund for 2014, resulting in a fund balance of \$1,395,770 at June 30, 2014.

Total actual revenues were higher than the budgeted amount by a net of \$336,803 or 6.9%. Total expenditures were higher than the budgeted amount by \$107,996. The net impact of these variances, including other financing sources, was an improvement to fund balance that was approximately \$234,000 more than had been reflected in the final budget.



Community Service Fund

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

	Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenues	\$ 6,328,216	\$ 6,533,760	\$ 5,915,113	\$ 5,384,563	\$ 5,543,148
Expenditures	6,780,590	6,422,722	5,345,789	5,022,208	5,879,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	(452,374)	111,038	569,324	362,355	(336,847)
Other Financing Sources:					
Transfers from Other Fund	345,512	-	-	-	-
Change in Fund Balance	(106,862)	111,038	569,324	362,355	(336,847)
Fund Balance:					
Beginning of Year	106,862	-	111,038	680,362	1,042,717
End of Year	\$ -	\$ 111,038	\$ 680,362	\$ 1,042,717	\$ 705,870
Fund Balance (Deficit) - (UFARS Basis):					
Restricted for Community Ed	\$ (87,044)	\$ (3,408)	\$ 588,964	\$ 914,732	\$ 494,805
Restricted for ECFE	12,227	(27,715)	24,861	78,669	98,367
Restricted for School Readiness	13,619	34,952	39,789	15,221	78,583
Restricted for Adult Basic Ed	71,595	92,015	26,748	-	-
Restricted for Other Purposes	(10,397)	15,194	-	34,095	34,115
Total Fund Balance	\$ -	\$ 111,038	\$ 680,362	\$ 1,042,717	\$ 705,870

The District's Community Service Fund results reflected that expenditures exceeded revenues by \$336,847 for fiscal 2014, decreasing the combined fund balance from \$1,042,717 at June 30, 2013, to \$705,870 at June 30, 2014. The District historically had struggled to operate the Community Service programs on a self-sustaining basis. The outcomes in recent years represented a significant improvement from prior years when transfers from the general fund were needed to cover fund balance deficits. We encourage you to continue the process of identifying ways to increase program revenues and improve the matching of available revenues with corresponding program costs with flexibility built into the program development such that if programs cannot reasonably be operated on a self-sustaining basis the costs are not incurred.

Total revenues of the District's Community Service Fund for 2014 were approximately \$500,000 higher than the budgeted amount while total expenditures were approximately \$694,000 higher than the budgeted amount. The net impact of these variances was to decrease total fund balance by \$192,626 more than had been reflected in the budget. As part of any budget update initiated for fiscal 2014-2015, the community services department will want to take these budget variances into consideration in order to limit budget variances to every extent possible.

APPENDIX B

Expenditures Per Student (ADM) Served

	Statewide			ISD No. 191 Burnsville-Eagan-Savage		
	All Districts	Seven County Metro Area	Enrollment > than 4,450			
	2013	2013	2013	2012	2013	2014
	\$	\$	\$	\$	\$	\$
District and School Admin and Support Services	892	837	817	868	871	821
Regular Instruction (including Co- & Extra-Curricular)	4,955	5,273	5,145	5,167	5,134	5,295
Vocational Instruction (Career & Technical)	132	132	134	153	134	127
Special Education Instruction	1,896	2,055	2,073	1,950	2,026	2,269
Instructional Support Services	466	562	550	511	758	971
Pupil Support Services (Including Transportation)	916	991	967	997	1,006	1,064
Operations and Maintenance and Other	838	800	820	1,008	1,041	1,093
Food Service	497	500	495	423	472	498
Community Service	515	646	619	543	510	588
Capital Expenditure	570	469	462	216	318	339
Debt Service	1,173	1,322	1,223	926	936	1,030
Total Pre-K - 12 Expenditures, including OPEB	\$ 12,850	\$ 13,587	\$ 13,305	\$ 12,762	\$ 13,207	\$ 14,095
Percent Change from Prior Year, excluding OPEB				-3.92%	3.49%	6.72%

Source of Statewide Data: School District Profiles published by the Minnesota Department of Education

District and school admin and support services - all costs related to providing administration to the District (school board, superintendent, principals, assistant superintendents, directors of instructional areas, etc.) and all central office administration (business services, human resources, legal, data processing, other district-wide support activities)

Regular instruction - includes all activities dealing directly with the teaching of pupils including co-curricular and extra-curricular activities and the interaction between teachers and pupils in the classroom (excluding exceptional, vocational and community education instruction) and includes activities of aides or assistants of any type (paraprofessionals, clerks, graders, etc.) who assist in the educational process, except spec ed aides

Vocational instruction - consists of costs related to courses and activities which develop knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability

Special education instruction - consists of activities providing learning experiences for pupils of any age, who because of certain atypical characteristics or conditions, have been identified as requiring, or who would benefit by, educational programs differentiated from those provided pupils in regular or vocational instruction

Instructional support services - activities for assisting instructional staff with content and process of providing learning experiences for pupils in K-12 (curriculum, staff dev, educ media, libraries and media centers, etc.)

Pupil support services - all services to pupils not classified as instructional (counseling & guidance, health services, psychological services, social work, pupil transportation and safety, etc.)

Operations and maintenance - activities related to the operation, maintenance, repair and remodeling of all physical plant, facilities and grounds of the District

Food service - all costs of the Food Service Fund

Community service - all costs of the Community Service Fund

Capital expenditures - all capital expenditures charged to operating funds

Debt service - all debt service costs (principal, interest and fiscal agent costs)

APPENDIX C

LEGISLATIVE ACTIVITY

What follows are some education-related highlights of recent legislative sessions as summarized from information made available by the Minnesota Department of Education, the Minnesota School Boards Association, the Office of the Legislative Auditor, the Minnesota Association of Charter Schools and the Minnesota House of Representatives.

Formula Increase

The General Education Revenue formula allowance was increased \$25 per pupil (.5% increase) for FY15. This increases funding for other revenues linked to the formula allowance (e.g., compensatory, sparsity, transportation sparsity, nonpublic transportation, nonpublic pupil, Indian tribal contract, and, beginning in FY 2015, ECFE).

Local Optional Revenue

Extends Local Optional Revenue, formerly known as location equity revenue, to all school districts. This provides every school district the opportunity to levy operating dollars on Referendum Market Value tax base up to \$424 per pupil.

English Language Learners

The maximum number of years a student may receive state-funded English learner services was increased from five to six years. Students with less than six years of ADM in Minnesota whose test results indicate proficiency in English will continue to be eligible for funding up to the six-year limit if the classroom teacher determines that the student is not proficient.

Teacher Evaluation

Appropriates \$10 million (in FY15 only) for non-Q Comp districts to begin to implement teacher evaluation. Non-Q Comp school districts will receive \$302 times the number of full-time equivalent teachers employed on October 1 of the previous school year. Revenue under this section must be reserved for teacher development and evaluation activities. "Teacher" is broadly defined to include other professional employees and administrators required to hold a license from MDE.

School Lunch and Breakfast

Fully funds reduced-price lunch by increasing the state school lunch aid from 12.5 cents to 52.5 cents per reduced-price lunch, making the lunches free for those students. Extends fully priced breakfast to all kindergarten students by increasing state aid for school breakfasts from 55 cents to \$1.30, making school breakfasts free for all kindergarten students.

Safe Schools Levy for Intermediate School Districts

The safe schools levy for intermediate districts was increased by \$5 per pupil (from \$10 to \$15) beginning in FY16 (Pay 2015 levy).

Building Lease Levy

Increases lease levy authority by \$50 per APU (from \$162 to \$212) for regular districts and \$19 per APU (from \$46 to \$65) for intermediate districts beginning in FY16 (Pay 2015 levy).

Review and Comment

Increases the minimum qualifying amount needed to trigger a review and comment from \$1.4 million to \$2 million. Removes the need for a review and comment on most maintenance projects. Exempts from review and comment: a) facility additions, remodeling and maintenance projects funded only with general education revenue, health & safety revenue, alternative facilities revenue, deferred maintenance revenue, lease levies, or facilities bonding, and b) technology purchases funded with capital projects referendum.

Aligning Minnesota's Alternative Teacher Professional Pay System and Teacher Evaluation Program

Directs MDE to consult with experts and legislators on better aligning Minnesota's alternative professional pay system and teacher developmental and evaluation program and to report to the legislature by February 1, 2015, on effecting and funding an improved alignment.

Career and Technical Education Programs

Directs MDE to consult with experts knowledgeable about secondary and post-secondary career and technical education programs to determine the content, status, and resources of specific career and technical education programs available in Minnesota.

Special Education Online Reporting

Directs MDE to integrate, customize, and sustain a streamlined statewide online system, with a single, integrated model online form, for collecting and reporting special education-related data. Requires the online system to interface with existing state reporting systems and with local district data systems.

Natural Disaster Debt Service Equalization

Defines "eligible natural disaster debt service revenue" as the amount necessary to raise between 105 and 106 percent of the annual repayment of debt for repair of facilities that (1) have been impacted by a natural disaster occurring since January 1, 2005; (2) sustained damage of more than \$500,000; and (3) have repair and replacement costs that are not covered by FEMA or insurance.

School Readiness

Increases appropriation by \$1.8 million in FY15, \$4 million in FY16-17.

Early Childhood Family Education

Increases appropriation by \$4.65 million in FY15, \$10.88 million in FY16-17. Also changes ECFE formula so it keys off the K-12 per pupil formula (the ECFE allowance equals 2.3 percent of the general education formula allowance) which is an 11.8 percent increase. Includes policy language on program implementation and a community needs assessment.

Early Learning Scholarships

Appropriates \$4.65 million in FY15 and \$10.33 million in FY16-17. Clarifies that recipients of Pathway II scholarships may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants. Allows Pathway II recipients to be paid directly from MDE.

Adult Basic Education Supplemental Service Grants

Increases the maximum amount of a supplement services grant to any single organization from 20 to 40 percent of the total amount of supplemental service aid.

State Total Adult Basic Education Aid

Increases the adult basic education program growth factor from 1.025 to 1.03 for fiscal years 2015 and later. Increases the portion of adult basic education aid available for supplemental service grants from two to three percent of the total program aid.

APPENDIX D

TECHNICAL UPDATE

GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities

This statement is a companion to GASB Statement No. 63 and was effective for the school district's fiscal year ended June 30, 2014. Upon adoption of GASB 65, certain items previously reported as assets are now reported as deferred outflows, and certain items previously reported as liabilities are now reported as deferred inflows. One common liability — property taxes levied for subsequent year (unearned revenue) — demonstrates the significance of the changes in how financial statements will appear.

Minnesota school districts levy property taxes and have a tax calendar that looks like this:

- January 1 — Tax levy occurs and lien attaches
- May 1 — First half of annual taxes collected
- July 1 — New fiscal year begins
- October 1 — Second half of annual taxes collected

Previously, school districts would report a property tax receivable, and a comparable unearned revenue liability (property taxes levied for subsequent year), for the portion of the property tax levied but not intended as revenue as of June 30. Under GASB 65, the unearned revenue amount is now presented as a deferred inflow rather than a liability.

This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

GASB Statement No. 67 – Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25

The primary objective of this statement is to improve financial reporting by state and local governmental pension plans. In Minnesota this will be applicable to statewide pension plans such as PERA and TRA for the fiscal year ended June 30, 2014. GASB Statement No. 67 replaces the requirements of GASB Statements Nos. 25 and 50 for pension plans that are administered through trusts or equivalent arrangements that meet the following criteria: contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable; pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms; and pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members. The requirements of GASB Statements Nos. 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement, although there is currently an exposure draft covering these statements also which will make similar changes. Not all retiree health care benefits and OPEB benefits are subject to the GASB's new pension standards. Instead, they are subject to the GASB's current OPEB standards provided in Statements Nos. 43 and 45, although the OPEB standards are also currently under review by GASB.

**GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – An Amendment of⁵⁸
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 is effective for school district financial statements for the fiscal year ending June 30, 2015, although earlier application is encouraged. This statement replaces the requirements of GASB Statements 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 above for GASB Statement No. 67). 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.

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.

When GASB Statement No. 68 is implemented, pension costs will be much more prominent in school district financial statements – each employer's share of the TRA or PERA unfunded liability will have to be shown on the face of the government-wide financial statements. Previously school districts only disclosed the annual contributions they paid to the pension systems as a percentage of payroll as required by the Legislature to pay down that unfunded liability. Both TRA and PERA will regularly report actuarial valuation results for each school district. The unfunded portion of the school district's pension obligation will be reported to the school district so that it can show it as a liability in its financial statements and that amount may be substantial for many. School districts currently have no comparable reporting requirements in statements, footnotes or schedules. Instead, they report their annual contributions to the pension systems.

GASB Statement No. 69 – Government Combinations and Disposals of Government Operations ⁵⁹

This statement provides accounting and financial reporting guidance, including disclosure requirements, for government combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. Included within the scope of this statement are combinations of governmental entities or combinations of governmental entities, with nongovernmental entities (such as a nonprofit entity) as long as the new or continuing organization is a government. This statement does not apply to combinations in which a government acquires an organization that continues to exist as a separate entity, or acquires an equity interest in an organization that remains legally separate from the acquiring government. A disposal of operations occurs when a government either transfers or sells specific operations. This statement is effective for school district financial statements for the fiscal year ending June 30, 2015, although earlier application is encouraged.

GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees

Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred.

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by the school district to a defined benefit pension plan after the measurement date of the school district's beginning net pension liability.

Statement 68 requires a school district employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a school district makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the school district recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in

the net pension liability of a school district that arise from other types of events. At transition to⁶⁰ Statement 68, if it was not practical for a school district to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of a school district's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a school district recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

Changes to Federal Grant Audit Requirements

The U.S. Office of Management and Budget (OMB) has issued OMB Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards, which includes broad revisions to OMB Circular A-133 and other key grant reforms. The guidance includes a number of significant changes to the federal Single Audit process, including; an increase in the dollar threshold for requiring a Single Audit (from \$500,000 to \$750,000), changes to the process for determining major programs (the Type A program threshold was raised from \$300,000 to \$750,000 with all other programs considered Type B), a reduction in the percentage of expenditures required to be covered by a Single Audit (from 50% to 40% of federal expenditures for high risk auditees and from 25% to 20% of federal expenditures for low risk auditees), revised criteria for determining low risk auditees, a reduction in the types of compliance requirements to be tested, and an increase in the threshold for reporting questioned costs (raised to \$25,000). The guidance consolidates OMB circulars and cost principles; and changes certain federal requirements related to indirect costs, time and effort reporting, and grant administration. Grant administrators within districts will need to be on top of changes to compliance requirements and the timing of changes to avoid findings as part of the Single Audit process.

Crackdown by the Securities and Exchange Commission (SEC)

The SEC has been stepping up efforts to enforce Rule 15c2-12, which for the past 20 years has required underwriters to verify that government entities regularly post financial reports about existing bonds. The requirement to post reports is meant to keep investors informed about the district's financial health and operating condition over time, including the disclosure of significant events that could impact key features of the district's bonds. Before underwriting new bonds, dealers are required to check the Electronic Municipal Market Access (EMMA) website to ensure that a district has a spotless history of posted reports with any previously issued bonds. Problems arise when boilerplate language in new bond documents indicate that the district had properly disclosed all required reports in a timely manner when the due diligence required to verify the accuracy of that claim was not conducted. The SEC's enforcement division has charged school districts with defrauding bond investors in cases when it has been shown that required information had not, in fact, been submitted as required by the continuing disclosure rules. While most school districts rely on their trusted financial advisor to ensure that all required continuing disclosure requirements are met on an accurate, timely and complete basis, given the fact that district officials could be held liable under securities fraud laws, it is also important that the district itself be familiar with the requirements and not assume that an advisor is responsible. This is especially true where school districts use multiple bond advisors for different types of transactions or where the school district changes their professional advisor.



APPENDIX E

FORMAL REQUIRED COMMUNICATIONS

Board of Education
Independent School District No. 191
Burnsville-Eagan-Savage Schools
Burnsville, Minnesota

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 191 (the school) as of and for the year ended June 30, 2014, and have issued our report thereon dated December 1, 2014. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the school are described in Note 1 to the financial statements.

In 2014, the District changed accounting policies related to financial reporting guidance for deferred outflows of resources and deferred inflows of resources by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 65, *Items Previously Reported as Assets and Liabilities*, in fiscal year 2014. This change in principle resulted in the District writing-off all bond issuance costs in the current year that had been capitalized in prior years under the previous accounting standards as well as reclassifying the losses on refunded bonds as deferred outflows rather than assets in the form of deferred charges.

We noted no transactions entered into by the school 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.

Qualitative aspects of accounting practices (continued)

Accounting estimates

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:

- Due from Minnesota Department of Education
- Due from other Minnesota school districts
- Due from federal through the Minnesota Department of Education
- Estimated useful lives of depreciable capital assets

Management's estimate of the due from Minnesota Department of Education is based on amounts anticipated to be received from the state for various aid entitlements for fiscal 2014. The most significant of these is the aid portion of general education revenue. General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the school. Student attendance is accumulated in a statewide database, Minnesota Automated Reporting Student System (MARSS). Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for fiscal year 2014 is not finalized until well into the next fiscal year. MDE calculates amounts owed to the School for special education excess cost tuition billing and adds the amount to the School's special education aid. Because the tuition amounts are based on estimated information, final entitlements are not expected to be known until well into the following fiscal year. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of due from other Minnesota school districts is based on amounts that have been billed to other school districts under the excess special education cost tuition billing system. The school has made a good faith effort to accurately calculate such amounts billed, but until the resident school district has an opportunity to review such underlying details as membership days, disability codes, and rates, it will not be known whether such amounts will be collected or not. Management expects any difference between amounts billed and amounts ultimately collected will be insignificant.

Management's estimate of due from federal through the Minnesota Department of Education is based on amounts anticipated to be received through the state for various federal aid entitlements for fiscal 2014. Many federal entitlements require that supporting financial reporting information be provided both in the Uniform Financial Accounting and Reporting Standards (UFARS) accounting system and also the Electronic Data Reporting System (EDRS) reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

Qualitative aspects of accounting practices (continued)

Accounting estimates (continued)

Management's estimate of the useful lives for depreciable capital assets is based on guidance recommended by the Minnesota Department of Education and other sources. The useful life of a depreciable capital asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Corrected misstatements

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

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2014.

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 school’s financial statements or a determination of the type of auditors’ 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.

Significant issues discussed with management prior to engagement

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

Other audit findings or issues

We have provided a separate letter to you dated December 1, 2014, communicating internal control related matters identified during the audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 1, 2014.

With respect to the individual fund financial statements and the Uniform Financial Accounting and Reporting Standards Compliance Table (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, 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 or the reasons for such changes, 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 have issued our report thereon dated December 1, 2014.

The statistical section accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * * * *

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014



APPENDIX F

INDEPENDENT AUDITORS' REPORT ON CONDENSED FINANCIAL STATEMENTS INCLUDED HEREIN

Board of Education
Independent School District No. 191
Burnsville-Eagan-Savage Schools
Burnsville, Minnesota

Report on the Financial Statements

We have audited the financial statements of Independent School District No. 191 (the District) as of and for the years ended June 30, 2014, 2013, 2012, 2011, and 2010 (not presented herein).

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.

Auditors' 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 auditors' 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 entity'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 entity'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.

Auditors' Responsibility (Continued)

The condensed Statements of Revenues, Expenditures and Changes in Fund Balance for the years presented on pages 12, 13 and 15 are presented as a summary and, therefore, do not include all of the disclosures required by U.S. generally accepted accounting principles.

Opinions

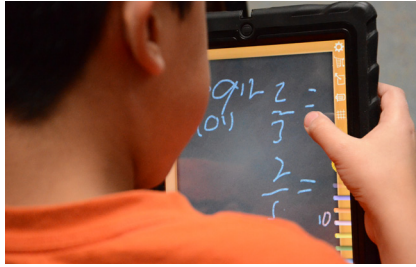
In our opinion, because of the significance of the omission of the information referred to in the preceding paragraph, the condensed financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America the results of its operations for the years then ended.

This report is intended solely for the information and use of the School Board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014



Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2014



INDEPENDENT SCHOOL DISTRICT 191

Each Student Real-World Ready

Prepared by the District 191 Business Office
100 River Ridge Court
Burnsville MN 55337
(952) 707-2050

FISCAL YEAR 2014

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT OF
BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
BURNSVILLE, MINNESOTA
YEAR ENDED JUNE 30, 2014**

**PREPARED BY THE
BUSINESS OFFICE**

**LISA K. RIDER
EXECUTIVE DIRECTOR OF BUSINESS SERVICES**

**BRADY HOFFMAN
DIRECTOR OF ACCOUNTING SERVICES**

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
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INTRODUCTORY SECTION



To: Citizens of Burnsville Eagan Savage Schools
Board of Education
Staff of Burnsville Eagan Savage Schools

Date: December 1, 2014

INTRODUCTION

The comprehensive annual financial report (CAFR) of Independent School District No. 191, Burnsville, Minnesota (the District) for the fiscal year ended June 30, 2014 is hereby presented for your information and review. The CAFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. Every effort has been made to ensure the reliability and integrity of the data contained herein. Although that data was received from many sources, the accuracy and thoroughness of this report rests solely with the District. This report belongs to the citizens of the Burnsville – Eagan – Savage community, for it describes, in financial terms, the position and operating results of the District. Questions and comments are solicited and welcome.

REPORT FORMAT

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

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

DISTRICT ORGANIZATION

The District was incorporated in 1955 and serves parts of five suburban communities in the Minneapolis/St. Paul area. The District is guided by its mission:

Our Schools will:

*Empower Learning,
Energize Achievement,
Embrace Community*

Each Student Real-World-Ready

The District enrolled 9,469 students from a population of over 66,000 citizens residing in a 37 square mile area. During 2013-14, the District operated 19 buildings: 1 high school, 1 alternative high school, 3 junior high schools, 10 elementary schools, 3 special services buildings, and an office building. The District is organized by grade level with elementary schools serving students in kindergarten through Grade 6, junior highs serving Grades 7–9, and the high schools serving Grades 10–12.

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.

FINANCIAL STATEMENTS

The financial statements contained in this report disclose the financial position of the District as of June 30, 2014 and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of CliftonLarsonAllen LLP performed the audit for the 2013-14 fiscal year. Their report is included in the financial section of this report. The auditor has given an unqualified opinion on the District's financial statements. An unqualified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

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

ACCOUNTING AND BUDGETING

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

Budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes and School Board policy. The adopted budget serves as the authorizing document for all expenditures, although the School Board approves all checks issued on a monthly basis. The superintendent and business manager are authorized to make financial commitments within budgetary guidelines for contracts not requiring sealed bids. Additional expenditure controls are maintained by the Business Office in accordance with state statutes, i.e., the District cannot incur a negative unassigned balance in the General Fund in excess of 2.5 percent of the preceding year's expenditures. The budget is published annually to inform residents of the District's financial position and operating plan for the fiscal year. The School Board receives Board reports on monthly revenue and expense reports. Program managers may receive weekly budget reports via email which indicate the approved budget on a line item basis; the month-to-date and year-to-date revenues, expenditures, and encumbrances assigned to those line items; the budget remaining; and the percent earned or expended to date. Monthly monitoring of revenues and expenditures by the School Board as well as ongoing monitoring by program managers helps to ensure budget integrity and provides an opportunity to detect material budget variances before the end of the fiscal year.

The budget is adopted by the School Board in the spring of each year for the following fiscal year beginning July 1. In the fall the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures. The revised budget is presented to the School Board for approval. To accurately track and report financial activities with a focus on site-based accounting, approximately 13,000 accounts have been defined in the District's chart of accounts.

SIGNIFICANT EVENTS

The District's finances are largely dependent on student enrollment. Since 2002-2003 the District has experienced a decline in the number of students enrolled in the District's schools. This is a natural occurrence in a fully developed community and is the result of smaller kindergarten cohorts replacing a larger graduating class. For 2013-14, the incoming kindergarten enrollment was larger than the senior class graduating. Grades K-11 have a range in class size from a low of 673 to a high of 818 students. One half of the grades fall within 700 to 735 students. The result is an indication of a much more stable enrollment rather than a decline as has been experienced in the past 9 years. Indicators show our resident population and our served population of students leveling and are projected to begin increasing in the years to come.

Declining enrollment and the lack of a funding increase from the state have placed the District in the position of a need to reduce expenditures to balance the budget in recent years. Most of the District's operating revenue is directly related to the number of students enrolled in its schools. While revenues decline in direct proportion to the change in enrollment, expenditures decline at a much slower rate because the enrollment change is spread over all 15 schools and 13 grades. As student numbers decline, the number of teachers providing direct services to students can be reduced accordingly and some cost reduction occurs. Other costs, such as facility operations, are not proportionally related to enrollment and cannot be adjusted as readily. Strong expenditure curtailment measures were imposed in 2005–2006, 2006–2007, and 2007–2008 in an effort to ensure a favorable financial result. Significant efforts were made in 2010-2011 to evaluate the necessity of filling open positions, evaluating contracts for cost savings, and taking a proactive approach to program based budgeting for the 2011-2012 school year as well. These ongoing efforts to curtail expenditures have allowed the District to improve the fund balance in its General Fund

FINANCIAL PROSPECTS FOR FUTURE YEARS

The District has a long history of maintaining positive fund balances and matching revenues with expenditures. Residents of the District have repeatedly supported the District's efforts to increase revenues through levy referenda. The District has two separately authorized levy referenda. First, in the amount of \$630.52 per pupil unit (724.56 per adjusted pupil unit under new law), was approved in November 2007 and is set to expire after 2017-2018. The second, in the amount of \$845.68 per pupil unit (971.81 per adjusted pupil unit under new law), was approved November 2011 and is set to expire after 2022-2023. The support shown by residents most recently in the fall of 2011 has allowed for stability in delivery of services to our students for at least the next five years at which time the first referenda will need to be addressed.

The State Legislature did increase the general education formula slightly the past two bienniums after not increasing funding per student for the two previous bienniums. In addition to little change in the basic funding formula, the Legislature increased the amount of state aid and property tax shifts for future years. Unfortunately, the declining enrollment, near flat funding, and inflationary expenditure increases have created budget gaps and are at risk of continuing going forward. The District has taken significant measures to conserve budget. The results of the 2013-14 show a decrease to the fund balance including a planned spend down of fund balance. It must be noted fund balance is available for use only once so the ability to maintain stability will be dependent on the district's ability to keep expenditures within revenues each year beyond the use of the fund balance that may be available.

Continued financial uncertainty is likely to be the major challenge of the next decade. While enrollment, staffing, and expenses can be projected, it is impossible to predict with any certainty the configuration or adequacy of funding formulas to be enacted in the future by the Legislature. Nonetheless, the District is committed to maintaining programs and services and to operating within its financial limitations. As the District approaches the 2014-2015 revised budget and 2015-2016 adopted budget, stakeholder input and curriculum based decisions will be at the forefront of the discussion. Closing the achievement gap and increasing student achievement for all students remains at the forefront of District operations.

ECONOMIC FACTORS

The District is located in Dakota and Scott Counties, both of which are located in the seven-county metro area of Minneapolis/St. Paul. The cities that comprise the District are suburban communities. Residents are typically employed in professional vocations within the metropolitan area. The economic downturn of the past years has had some effect on the community as evidenced by greater mobility and increased participation in the free and reduced price lunch program.

The taxable market value of property within the District is generally expected to remain consistent. While the District is essentially fully developed residentially, commercial development and redevelopment is clearly evident throughout the community. While the numbers and types of taxable property have increased, any benefit to total market value has been offset by a decline in the aggregate market value as a whole.

The state of Minnesota assumes major responsibility for funding public education. In the District, approximately 25 percent of our revenues are generated locally from the property tax and 70 percent of the property tax is the result of voter approved, local initiatives. This includes the referendum that was approved in November 2002, renewed in November 2011, which provided revenue in the amount of \$11,000,000 commencing in fiscal year 2004 as well as the referendum that was approved in November 2007 which provided revenue in the amount of \$6,750,000 commencing in fiscal year 2009.

Reliance on the state for the majority of its operating revenues places the District in the position of being dependent on state-wide economic conditions that drive state tax collections. The State Legislature has provided limited increase to the basic formula and categorical funding for the past two biennium (2011-2015). This increase does not keep pace with inflation and increases for the next biennium are not expected to meet inflationary increases as well. The District has responded to this financial challenge by curtailing expenditures when possible, revamping the budget process and by judiciously drawing on fund reserves to maintain programs and services.

MAJOR INITIATIVES

The District's administrators, bargaining groups, and Board approved the transition from a fully insured health insurance plan to a self-insured health insurance plan beginning July 1, 2013. Continued focus on cost containment for health insurance is a priority of the District.


The summer of 2011 and 2012 marked the beginning and completion of Phase I of the renovation of the Burnsville Senior High School. The renovation of the campus is scheduled to be completed over two phases. In the first phase students and staff saw significant changes to the science, administration, world language and math areas as well as behind the scenes improvements to the mechanical systems. Phase II of the renovation of the Burnsville Senior High School completed locker replacement, improvements to cafeteria and kitchen area, roof replacement and continued behind the scenes improvements to the mechanical systems. Phase II the summer of 2013 and has been essentially completed in the fall of 2014.

CERTIFICATE OF EXCELLENCE

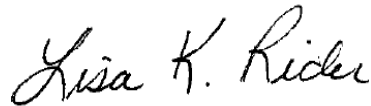
This report will be submitted to the Association of School Business Officials International for consideration for the Certificate of Excellence in Financial Reporting. The District received this award for the past 25 fiscal years and expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness acknowledged by the Certificate of Excellence program.

ACKNOWLEDGMENTS

The time, effort, and attention that goes into the timely preparation of a CAFR requires the commitment and cooperation of many people. Special appreciation must be extended to the entire Business Office staff for their dedication and to the School Board for their encouragement and leadership.



Joe Gothard
Superintendent



Lisa K. Rider
Executive Director of Business Services

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 191
 SCHOOL BOARD AND ADMINISTRATION
 JUNE 30, 2014**

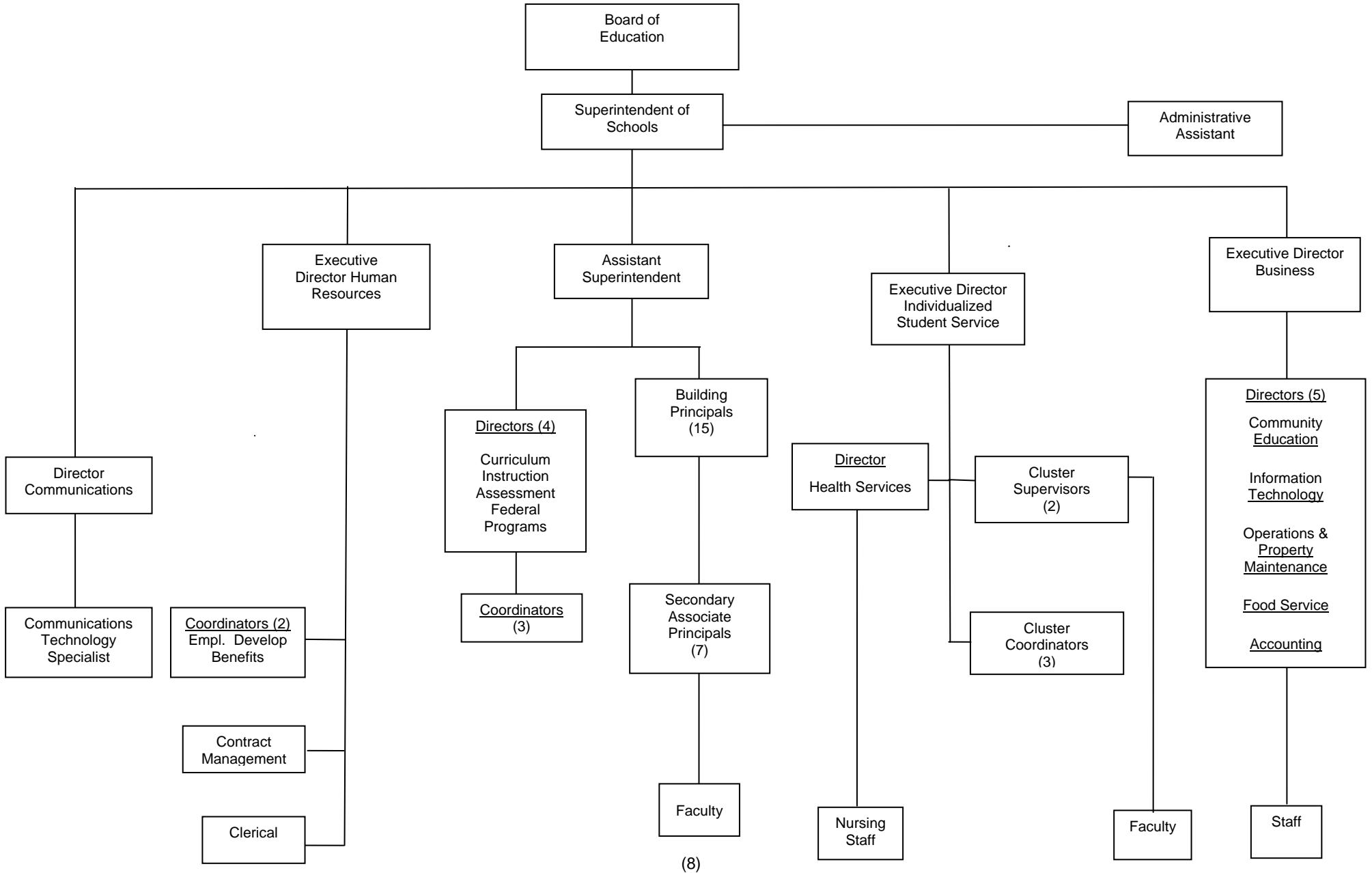
SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Jim Schmid	December 2014	Chairperson
Bob VandenBoom	December 2014	Vice Chairperson
Abigail Alt	December 2014	Treasurer
DeeDee Currier	December 2016	Clerk
Ron Hill	December 2016	Director
Dan Luth	December 2014	Director
Sandra Sweep	December 2016	Director

ADMINISTRATION

Joe Gothard	Superintendent
Cindy Amoroso	Assistant Superintendent
Lisa K. Rider	Executive Director of Business Services
Stacey Sovine	Executive Director of Human Resources
Brady Hoffman (thru July 31, 2014)	Director of Accounting Services

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
ORGANIZATIONAL CHART
JUNE 30, 2014**



Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Independent School District 191

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

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



A handwritten signature in black ink, reading "Terrie S. Simmons".

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

School Board
Independent School District No. 191
Burnsville, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 191, 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.

Auditors' 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 auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 191 as of June 30, 2014, and the respective changes in financial position, the respective budgetary comparison for the General, Food Service and Community Service funds and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Prior Period Adjustment

As discussed in Note 15 to the financial statements, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. This included the retroactive write-off of previously capitalized bond issuance costs and a prior period adjustment was made to the June 30, 2013 net position to reflect this write-off. Our opinion was not modified with respect to this matter.

Report on Summarized Prior Year Information

We have previously audited Independent School District No. 191's 2013 financial statements of the governmental activities, each major fund and the aggregate remaining fund information, and we expressed an unmodified opinion on those audited financial statements in our report dated October 15, 2013. In our opinion, the summarized 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 Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for other postemployment benefits 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 Independent School District No. 191's basic financial statements. The combining and individual fund financial statements, uniform financial accounting and reporting standards compliance table and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The combining and individual fund financial statements and the uniform financial accounting and reporting standards 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 statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014, on our consideration of the Independent School District No. 191's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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 Independent School District No. 191's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014

REQUIRED SUPPLEMENTARY INFORMATION

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

This section of Independent School District No. 191's comprehensive annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this letter.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Government Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2013-14 fiscal year include the following:

- The overall district financial position has remained essentially the same as the prior year. Government-wide net position decreased by \$1,231,721 after a prior period adjustment of \$796,834 (related to the implementation of GASB No. 65 restatement of beginning net position) resulting in total ending net position of \$58,186,131 as of June 30, 2014.
- Government-wide revenues totaled \$135,293,763 and expenses were \$135,728,650.
- The total fund balance of the General Fund, as presented in the governmental funds, decreased by \$1,553,240 from the prior year.
- The unassigned fund balance in the General Fund decreased by \$1,469,294 from \$17,472,471 to \$16,003,177.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts: Independent Auditors' Report, Required Supplementary Information which includes MD&A (this section), the basic financial statements, and supplementary information.

The basic financial statements include several statements that present different views of the District:

- The **government-wide financial statements**, including the *Statement of Net Position* and the *Statement of Activities*, provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are **fund financial statements** that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- **Governmental funds statements** tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- **Proprietary funds statements** offer short- and long-term financial information about the activities the District operates like businesses.
- **Fiduciary funds statements** provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets 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 statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, liabilities and deferred inflows – is one way to measure the District's financial health or *position*.

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

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

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

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Funds* – The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has four internal service funds for self-insured health and dental benefits and its severance and postemployment benefits liabilities.
- *Fiduciary Funds* – The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship funds and the flexible benefit plan. The District is responsible for ensuring that the assets are 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 district-wide financial statements because the District cannot use these assets to finance its operations.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was \$58,186,131 on June 30, 2014. This was a decrease of 2.07% from the prior year (see Table A-1).

**Table A-1
The District's Net Position**

	Governmental Activities		Percentage Change
	2014	2013	
Current and Other Assets	\$ 109,810,241	\$ 111,066,847	(1.13)%
Capital and Non-Current Assets	109,666,496	107,549,764	1.97
Total Assets	219,476,737	218,616,611	0.39
Current Liabilities	28,166,292	27,070,219	4.05
Long-Term Liabilities	103,463,167	110,175,236	(6.09)
Total Liabilities	131,629,459	137,245,455	(4.09)
Deferred Inflows of Resources			
Property Taxes Levied for Subsequent Year	29,661,147	21,953,304	35.11
Net Position:			
Net Investment in Capital Assets	30,452,283	30,342,438	0.36
Restricted	5,749,042	6,159,342	(6.66)
Unrestricted	21,984,806	22,916,072	(4.06)
Total Net Position	\$ 58,186,131	\$ 59,417,852	(2.07)

The District's financial position is the product of many factors. For example, the determination of the District's net investments 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 calculated amounts.

The District's overall financial position remained essentially the same as the 2013 fiscal year, as total net position decreased only slightly. The District is able to report positive balances in all three categories of net position, as was true for the previous year-end. The largest portion of the District's net position (52.3%) represents its investment in capital assets (land, buildings, equipment, etc.) less any related debt used to acquire those assets that is still outstanding. This element of net position increased by \$109,845 in the current fiscal year.

Another portion of the District's net position, restricted net position (9.9%) represents resources that are subject to external restrictions on how they may be used. This portion of the District's net position decreased by \$410,300 in the current year. The remaining unrestricted net position (37.8%) is that which may be used to meet the District's ongoing obligations. This portion of net position decreased \$931,266 in the current fiscal year, however \$796,834 is related to a prior period adjustment for the implementation of a new GASB statement requiring the write-off of bond issuance costs.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

Changes in Net Position

In Table A-2, Change in Net Position, operations are reported on a governmental-wide basis with no reference to funds.

**Table A-2
Change in Net Position**

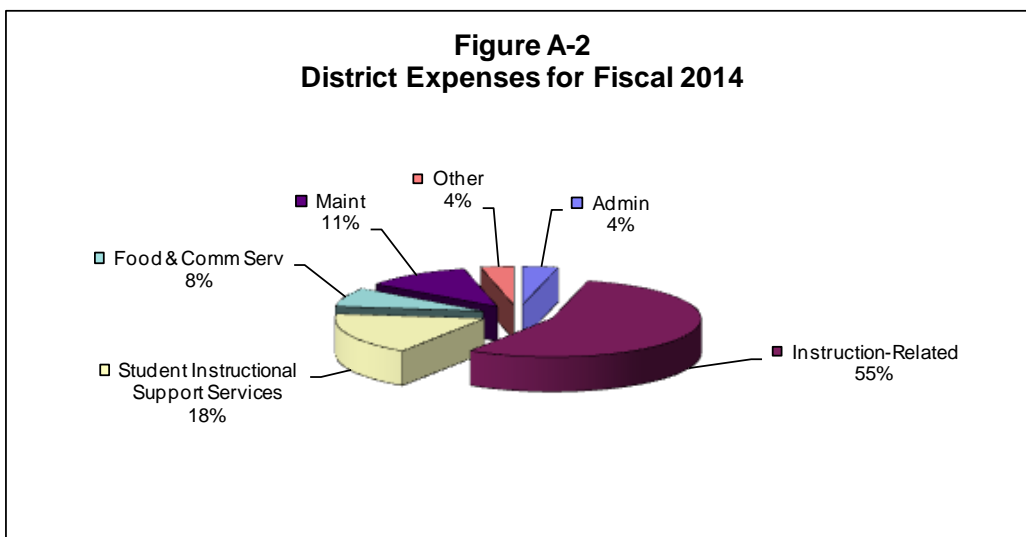
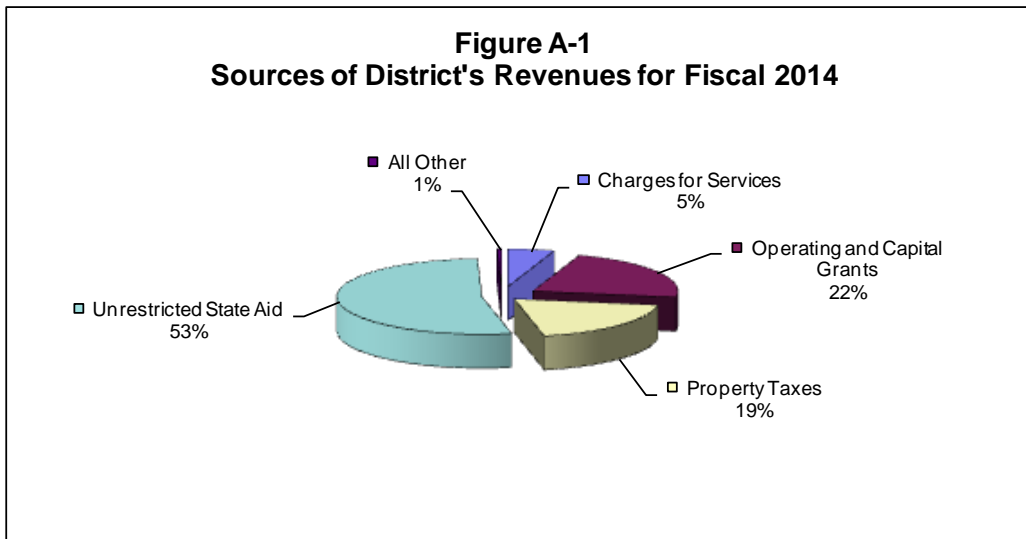
	Governmental Activities for the Fiscal Year Ended June 30,		Total % Change
	2014	2013	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 6,996,729	\$ 6,867,176	1.89 %
Operating Grants and Contributions	29,387,695	27,428,931	7.14
Capital Grants and Contributions	985,391	903,453	9.07
<u>General Revenues</u>			
Property Taxes	25,825,041	34,556,912	(25.27)
Unrestricted State Aid	71,455,903	61,702,475	15.81
Investment Earnings	348,647	77,510	349.81
Gain on Sale of Capital Assets	5,186	-	N/A
Other	289,171	278,153	3.96
Total Revenues	135,293,763	131,814,610	2.64
Expenses			
Administration	5,222,596	5,017,728	4.08
District Support Services	3,395,055	3,558,217	(4.59)
Regular Instruction	51,729,124	50,949,918	1.53
Vocational Education Instruction	1,236,118	1,312,146	(5.79)
Special Education Instruction	22,197,325	20,061,117	10.65
Instructional Support Services	10,268,318	7,811,846	31.45
Pupil Support Services	10,347,505	9,868,782	4.85
Sites and Buildings	15,688,853	17,070,641	(8.09)
Fiscal and Other Fixed Cost Programs	359,332	295,956	21.41
Food Service	4,945,020	4,900,535	0.91
Community Service	5,852,106	5,011,420	16.78
Interest and Fiscal Charges on Long-Term Liabilities	4,487,298	4,274,825	4.97
Total Expenses	135,728,650	130,133,131	4.30
Change in Net Position	(434,887)	1,681,479	
Beginning Net Position	59,417,852	57,736,373	
Prior Period Adjustment	(796,834)	-	
Beginning Net Position, as Restated	58621018	57736373	
Ending Net Position	\$ 58,186,131	\$ 59,417,852	

Total revenues were \$135,293,763 while total expenses were \$135,728,650 decreasing net position by a net of \$434,887.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

The cost of all *governmental* activities this year was \$135,728,650.

- Some of the cost was paid by the users of the District's programs (Table A-2, Charges for Services, \$6,996,729). The majority of this category, approximately \$5.2 million, comes from food service meal sales and community education class tuition.
- The federal and state governments subsidized certain programs with grants and contributions (Table A-2, Operating and Capital Grants and Contributions, \$29,387,695).
- Most of the District's costs were paid for with local property taxes, unrestricted state aid, investment earnings, and other general revenues. Governmental activities were paid for with \$25,825,041 in property taxes, \$71,455,903 of unrestricted state aid, and with investment earnings and other general revenues.



**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

All governmental funds include not only funds received for the general operation of the District but also include resources from the entrepreneurial-type funds of Food Service and Community Education. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance general operation resources.

Table A-3, seen below, presents the cost of twelve major District activities such as, instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and others. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2014	2013		2014	2013	
Administration	\$ 5,222,596	\$ 5,017,728	4.08 %	\$ 5,118,094	\$ 4,976,358	2.85 %
District Support Services	3,395,055	3,558,217	(4.59)	3,071,394	3,401,316	(9.70)
Regular Instruction	51,729,124	50,949,918	1.53	45,199,252	44,125,580	2.43
Vocational Education Instruction	1,236,118	1,312,146	(5.79)	1,232,709	1,309,978	(5.90)
Special Education Instruction	22,197,325	20,061,117	10.65	7,658,011	6,565,638	16.64
Instructional Support Services	10,268,318	7,811,846	31.45	6,855,728	4,710,659	45.54
Pupil Support Services	10,347,505	9,868,782	4.85	9,526,595	8,710,797	9.37
Sites and Buildings	15,688,853	17,070,641	(8.09)	14,315,016	16,128,686	(11.24)
Fiscal and Other Fixed Cost Programs	359,332	295,956	21.41	359,332	295,956	21.41
Food Service	4,945,020	4,900,535	0.91	(284,057)	(219,155)	29.61
Community Service	5,852,106	5,011,420	16.78	819,463	652,933	25.50
Interest and Fiscal Charges on Long-Term Liabilities	4,487,298	4,274,825	4.97	4,487,298	4,274,825	4.97
Total	\$ 135,728,650	\$ 130,133,131	4.30	\$ 98,358,835	\$ 94,933,571	3.61

The cost of all governmental activities this year was \$135,728,650, an increase of \$5,595,519 over the prior year. After applying program specific revenue, the net cost of all governmental activities this year was \$98,358,835 or an increase of \$3,425,264 from the prior year. The main reason for the increase in the net cost of services was due to program specific revenues remaining flat while expenditures increased due to inflation and salary increases.

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. The General, Community Service, Capital Projects-Building Construction, and Debt Service funds had less revenues than expenditures in 2014, thereby contributing to the decrease in individual fund balance. At the end of the 2013-14 fiscal year, the District's governmental funds reported combined fund balances of \$37,876,822. This is a 20% decrease over the prior year. The decrease is primarily due to revenues remaining stagnant while expenditures increased with inflation and salary increases. This decline in fund balance included a planned spend down of fund balance.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

Revenues and other financing sources for the District's governmental funds were \$134,989,800, while total expenditures other financing uses were \$144,433,701. As a result, the District completed the year with a net change in fund balances of \$9,443,901.

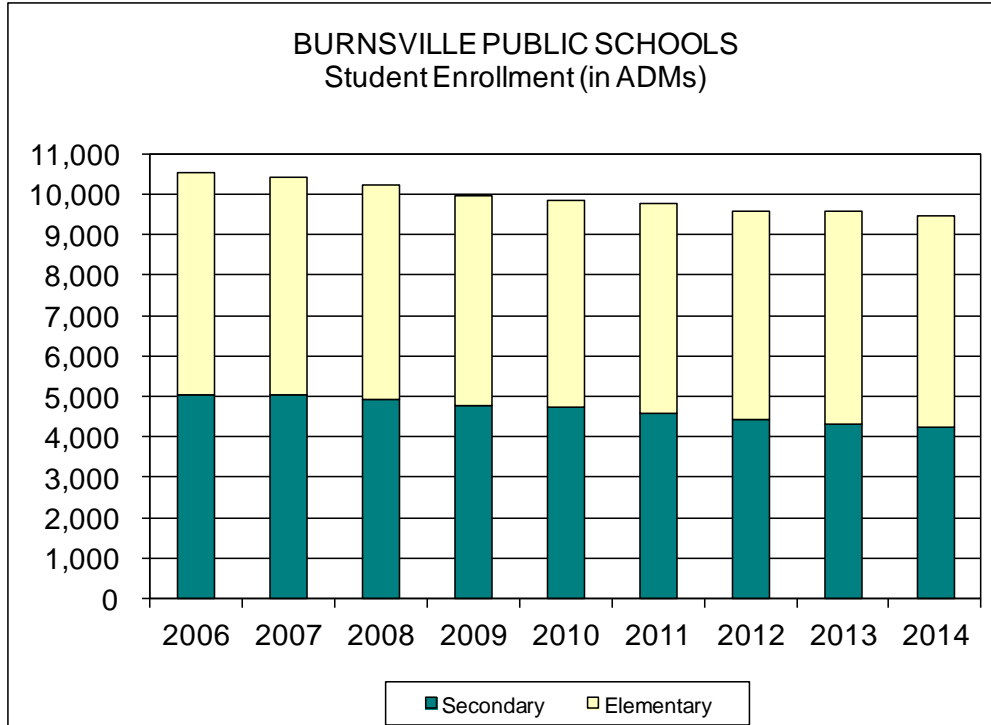
General Fund

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for: K-12 educational activities; district instructional and student support programs; expenditures for the superintendent; district administration; normal operations and maintenance; pupil transportation; capital expenditures; and legal school district expenditures not specifically designated to be accounted for in any other fund.

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately 70% of General Fund revenue being determined by enrollment. Like many Minnesota school districts, the District has been facing declining enrollment. During the last five years, the District has averaged a 1.3% decrease in students per year. However, the decrease from 2013 to 2014 was only 1.1%. The following chart reflects that the number of students has decreased over the last nine years.

**Table A-4
Student Enrollment
Average Daily Membership (ADM)**



**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2014	June 30, 2013	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 15,949,634	\$ 24,610,109	\$ (8,660,475)	(35.2)%
Earnings on Investments	37,648	14,593	23,055	158.0
Other	3,082,062	2,803,851	278,211	9.9
State Sources	90,985,769	81,229,337	9,756,432	12.0
Federal Sources	4,326,228	3,438,114	888,114	25.8
Total General Fund Revenue	<u>\$ 114,381,341</u>	<u>\$ 112,096,004</u>	<u>\$ 2,285,337</u>	2.0

General Fund revenue increased by \$2,285,337 or 2.0% from the previous year.

Property taxes decreased \$8,660,475. This decrease is mainly a result of the tax shift.

State Sources increased by \$9,756,432. The increase is primarily due to the tax shift (approximately \$8 million), increase in the funding formula, and the increase in the District's extended time ADM's.

Federal Revenue is recorded in the year in which the related expenditure is made. Federal Sources increased by \$888,114. The increase is primarily due to higher expenditures as a result of salary and benefit increases. Additionally, \$750,000 of federal special education funds were used to offset state benefits and keep the maintenance of effort stable.

General Fund Revenue is received in two major categories as follows:

1. State Education Finance Appropriations
 - A. General Education Aid – The largest share of the education finance appropriation, general education aid, is intended to provide the basic financial support for the education program and is enrollment driven.
 - B. Categorical Aids – Categorical revenue formulas are used to meet costs of that program (i.e. special education) or promote certain types of programs (i.e., career and technical aid, staff development, operating capital).
2. Property Tax Levies

The largest share of the levy is from voter-approved levies: the excess operating referendum which is also enrollment driven.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2014	June 30, 2013		
Salaries	\$ 67,484,759	\$ 64,952,395	\$ 2,532,364	3.9 %
Employee Benefits	24,979,928	22,304,699	2,675,229	12.0
Purchased Services	16,305,814	15,760,778	545,036	3.5
Supplies and Materials	3,285,761	2,995,280	290,481	9.7
Capital Expenditures	3,025,027	2,744,804	280,223	10.2
Other Expenditures	1,098,589	1,567,622	(469,033)	(29.9)
Total Expenditures	<u>\$ 116,179,878</u>	<u>\$ 110,325,578</u>	<u>\$ 5,854,300</u>	5.3

Total General Fund expenditures increased \$5,854,300 or 5.3% from the previous year. The majority of this increase was related to step and lane increases for staffing as well as increased capital expenditures related to the cafeteria renovation at Burnsville High School.

In fiscal 2014, salary and employee benefit costs increased primarily due to approved increases in salary of the various bargaining groups. Other factors impacting salaries and benefits were longevity, education, pay rates, other items included in bargaining agreements, increases in TRA employer contributions, and the rising health insurance premiums. The District continues to look at various strategies to minimize the impact of rising health insurance premiums through self insurance, wellness initiatives and employee education.

Purchased Services and Supplies and Materials consist of expenditures for fees for service, postage, utilities, diesel and gasoline, property insurance, maintenance repairs, leases, travel, telephone, tuition, instructional supplies and textbooks. The main increase in these categories was due to the additional consulting services in fiscal year 2013-14.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

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General Fund Budgetary Highlights

After initial approval of the budget, the District revised the budget based on changes in unbudgeted costs or revenue changes. While the District anticipated, in its final budget, that the net change in fund balance would be a decrease of \$2,871,094, total fund balance decreased by \$1,553,240 resulting in a fund balance of \$21,960,591 at June 30, 2014.

Actual revenues were \$1,884,412 more than budgeted primarily due to conservative State Sources budgeting. The actual expenditures were \$811,855 more than budgeted due to increases in salaries and benefits.

Food Service Fund

The Food Service Fund revenue and other financing sources for 2013-14 totaled \$5,231,763 and expenditures were \$4,934,679. The June 30, 2014 fund balance is \$1,395,770, an increase of \$297,084 from fiscal year 2013. Actual revenues and other financing sources were \$342,338 higher than budget mainly due to increased meal participation during 2013-14. Actual expenditures were \$107,996 higher than budget mainly due to increases in food costs. These variances resulted in the change in fund balance being \$234,342 higher than budgeted.

Community Service Fund

The Community Service Fund revenue for 2013-14 totaled \$5,543,148 and expenditures were \$5,879,995. The June 30, 2014 fund balance is \$705,870, a decrease of \$336,847 from fiscal year 2013. The decrease in fund balance is due to the purposeful spending of funds for materials, supplies and capital items needed across the program areas.

Capital Projects-Building Construction Fund

The Capital Projects-Building Construction Fund revenue and other financing sources for 2013-14 totaled \$21,592 and expenditures were \$7,425,642. The June 30, 2014 fund balance is \$12,290,106, a decrease of \$7,404,050 from fiscal year 2013. The decrease in fund balance is due to the spending of bond proceeds for projects during 2013-14. The remaining balance of bond proceeds will be spent on continuation of alternative facility projects beyond June 30, 2014.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, operating capital, or for initial or refunding bonds. The Debt Service Fund revenue and other financing sources for 2013-14 totaled \$9,566,659, a decrease of \$269,662 from fiscal year 2013. The expenditure budget is based on the payment schedule of bond principal and interest on the general obligation bonds issued from 2004 through 2013.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014, the District had invested over \$220 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). The most significant change from last year is the increase in construction in progress related to the alternative facility projects. (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation expense for the year was just under \$6.4 million.

**Table A-7
The District's Capital Assets**

	2014	2013	Percentage Change
Land	\$ 3,119,968	\$ 3,119,968	-
Construction in Progress	10,421,931	5,483,248	90.1
Land Improvements	14,248,031	13,752,738	3.6
Buildings and Improvements	185,482,732	182,572,446	1.6
Equipment	6,939,428	6,873,331	1.0
Less: Accumulated Depreciation	<u>(110,545,594)</u>	<u>(104,251,967)</u>	6.0
Total	<u>\$ 109,666,496</u>	<u>\$ 107,549,764</u>	2.0

Long-Term Liabilities

At year-end, the District had \$107,534,319 in general obligation bonds and obligations under capital lease payable outstanding as shown in Note 4 to the financial statements. The District also had an estimated net \$2,859,387 in postemployment severance and health benefits payable at June 30, 2014. Total long-term liabilities at June 30, 2014 decreased 5.9% as compared to June 30, 2013.

**Table A-8
The District's Long-Term Liabilities**

	2014	2013	Percentage Change
General Obligation Bonds	\$ 103,405,000	\$ 108,795,000	(5.0)%
Net Bond Premium and Discount	1,254,231	1,413,613	(11.3)
Obligations Under Capital Leases	2,875,088	3,406,148	(15.6)
Special Assessments Payable	-	6,721	(100.0)
Other Postemployment Benefits Payable	67,601	132,423	(49.0)
Severance Benefits Payable	2,153,822	2,756,952	(21.9)
Compensated Absences Payable	<u>637,964</u>	<u>784,444</u>	(18.7)
Total	<u>\$ 110,393,706</u>	<u>\$ 117,295,301</u>	(5.9)
Long-Term Liabilities:			
Due Within One Year	\$ 6,930,539	\$ 7,120,065	(2.7)%
Due in More Than One Year	<u>103,463,167</u>	<u>110,175,236</u>	(6.1)
Total	<u>\$ 110,393,706</u>	<u>\$ 117,295,301</u>	(5.9)

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on the State of Minnesota for most of its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

The basic revenue formula allowance increased to \$5,302 in fiscal 2014. The 2013 Legislature approved a 1.5% increase in the General Education formula for each year of the biennium. The funding formula has been below the current annual rate of inflation for the last twenty years. Accordingly, the District continues to utilize sophisticated enrollment and financial planning tools, along with detailed and conservative budgeting and budget monitoring processes. The District will continue to seek all available sources of funding, respond to enrollment decreases, balance revenue to expenditures, and maintain systems that ensure financial stability.

The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is 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 money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 191, 100 River Ridge Court, Burnsville, Minnesota 55337. The telephone number for the District is (952) 707-2050. Financial and other district information is also available on the District's website at isd191.org.

BASIC FINANCIAL STATEMENTS

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STATEMENT OF NET POSITION
JUNE 30, 2014**

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(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	2014	2013
ASSETS		
Cash and Investments	\$ 78,537,596	\$ 74,983,860
Receivables:		
Property Taxes	18,921,687	19,800,922
Other Governments	11,742,709	15,048,914
Other	325,068	143,589
Prepaid Items	256,197	270,695
Inventories	26,984	22,033
Deferred Charges	-	796,834
Capital Assets:		
Land and Construction in Progress	13,541,899	8,603,216
Other Capital Assets, Net of Depreciation	96,124,597	98,946,548
Total Assets	219,476,737	218,616,611
LIABILITIES		
Salaries and Compensated Absences Payable	12,203,142	11,312,114
Accounts and Contracts Payable	6,538,987	5,983,589
Accrued Interest Payable	1,828,463	1,962,703
Due to Other Governmental Units	246,774	307,879
Unearned Revenue:		
Local Sources	418,387	383,869
Long-Term Liabilities:		
Portion Due Within One Year	6,930,539	7,120,065
Portion Due in More Than One Year	103,463,167	110,175,236
Total Liabilities	131,629,459	137,245,455
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	29,661,147	21,953,304
NET POSITION		
Net Investment in Capital Assets	30,452,283	30,342,438
Restricted for:		
General Fund Operating Capital Purposes	1,032,983	1,149,212
General Fund State-Mandated Reserves	2,600,886	2,718,252
Food Service	1,395,770	1,098,686
Community Service	719,403	1,056,224
Debt Service	-	136,968
Unrestricted	21,984,806	22,916,072
Total Net Position	\$ 58,186,131	\$ 59,417,852

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

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(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

Functions	2014				Net (Expense)	2013
	Expenses	Program Revenues			Revenue and	Net (Expense)
		Charges for	Operating	Capital	Changes in	Revenue and
			Services	Grants and	Grants and	Net Position
		Contributions	Contributions	Total	Total	
				Governmental	Governmental	
				Activities	Activities	
Governmental Activities						
Administration	\$ 5,222,596	\$ 3,075	\$ 91,914	\$ 9,513	\$ (5,118,094)	\$ (4,976,358)
District Support Services	3,395,055	107,339	117,052	99,270	(3,071,394)	(3,401,316)
Regular Instruction	51,729,124	835,616	5,529,731	164,525	(45,199,252)	(44,125,580)
Vocational Education Instruction	1,236,118	-	3,409	-	(1,232,709)	(1,309,978)
Special Education Instruction	22,197,325	401,262	14,138,052	-	(7,658,011)	(6,565,638)
Instructional Support Services	10,268,318	725	3,198,500	213,365	(6,855,728)	(4,710,659)
Pupil Support Services	10,347,505	52,946	767,964	-	(9,526,595)	(8,710,797)
Sites and Buildings	15,688,853	399,322	475,797	498,718	(14,315,016)	(16,128,686)
Fiscal and Other Fixed Cost Programs	359,332	-	-	-	(359,332)	(295,956)
Food Service	4,945,020	1,807,330	3,421,747	-	284,057	219,155
Community Service	5,852,106	3,389,114	1,643,529	-	(819,463)	(652,933)
Interest and Fiscal Charges on Long-Term Liabilities	4,487,298	-	-	-	(4,487,298)	(4,274,825)
Total School District	<u>\$ 135,728,650</u>	<u>\$ 6,996,729</u>	<u>\$ 29,387,695</u>	<u>\$ 985,391</u>	<u>(98,358,835)</u>	<u>(94,933,571)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes					15,967,774	24,589,073
Community Service					484,038	985,656
Debt Service					9,373,229	8,982,183
State Aid Not Restricted to Specific Purposes					71,455,903	61,702,475
Earnings on Investments					348,647	77,510
Gain on Sale of Capital Assets					5,186	-
Miscellaneous					289,171	278,153
Total General Revenues					<u>97,923,948</u>	<u>96,615,050</u>
Change in Net Position					(434,887)	1,681,479
Net Position - Beginning of Year, as Previously Stated					59,417,852	57,736,373
Prior Period Adjustment					(796,834)	-
Net Position - Beginning					<u>58,621,018</u>	<u>57,736,373</u>
Net Position - Ending					<u>\$ 58,186,131</u>	<u>\$ 59,417,852</u>

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

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(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2014	2013
ASSETS							
Cash and Investments	\$ 29,669,974	\$ 1,874,226	\$ 1,631,730	\$ 14,088,439	\$ 6,119,368	\$ 53,383,737	\$ 50,329,214
Receivables:							
Current Property Taxes	12,225,607	-	592,363	-	5,567,306	18,385,276	19,095,268
Delinquent Property Taxes	377,724	-	15,241	-	143,446	536,411	705,654
Due from Other Minnesota School Districts	25,105	-	-	-	16,223	41,328	178,479
Due from Minnesota Department of Education	9,479,089	4,950	112,272	-	-	9,596,311	13,239,474
Due from Federal through Minnesota Department of Education	1,955,173	89,273	-	-	-	2,044,446	1,550,730
Due from Other Governmental Units	60,624	-	-	-	-	60,624	80,231
Other Receivables	188,919	-	82,922	4,813	-	276,654	118,071
Prepaid Items	256,197	-	-	-	-	256,197	270,695
Inventory	-	26,984	-	-	-	26,984	22,033
Total Assets	\$ 54,238,412	\$ 1,995,433	\$ 2,434,528	\$ 14,093,252	\$ 11,846,343	\$ 84,607,968	\$ 85,589,849
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 4,279,410	\$ 242,957	\$ 130,267	\$ 2,872	\$ -	\$ 4,655,506	\$ 4,307,271
Payroll Deductions and Employer Contributions Payable	7,272,521	171,675	101,794	1,646	-	7,547,636	7,004,843
Accounts and Contracts Payable	1,768,555	88,542	72,498	1,798,628	-	3,728,223	3,867,825
Due to Other Governmental Units	242,951	-	3,823	-	-	246,774	307,879
Unearned Revenue:							
Local Sources	150	96,489	321,748	-	-	418,387	383,869
Total Liabilities	13,563,587	599,663	630,130	1,803,146	-	16,596,526	15,871,687
Deferred Inflows of Resources:							
Property Taxes Levied for Subsequent Year	18,378,852	-	1,084,995	-	10,197,300	29,661,147	21,953,304
Delinquent Property Taxes	335,382	-	13,533	-	124,558	473,473	444,135
Total Deferred Inflows of Resources	18,714,234	-	1,098,528	-	10,321,858	30,134,620	22,397,439
Fund Balance:							
Nonspendable:							
Inventory	-	26,984	-	-	-	26,984	22,033
Prepays Items	256,197	-	-	-	-	256,197	270,695
Restricted for:							
Alternative Facilities Program	-	-	-	12,290,106	-	12,290,106	19,694,156
Area Learning Center	2,578,703	-	-	-	-	2,578,703	2,659,998
Basic Skills Programs	57,015	-	-	-	-	57,015	58,254
Operating Capital	998,151	-	-	-	-	998,151	1,149,212
Community Education Programs	-	-	494,805	-	-	494,805	914,732
Early Childhood and Family Educations Programs	-	-	98,367	-	-	98,367	78,669
School Readiness	-	-	78,583	-	-	78,583	15,221
Restricted for Other Purposes	-	1,368,786	34,115	-	1,524,485	2,927,386	3,082,081
Committed for:							
Program Carryover - Noncapital	1,371,634	-	-	-	-	1,371,634	1,034,290
Pro Pay Program	695,714	-	-	-	-	695,714	868,911
Unassigned	16,003,177	-	-	-	-	16,003,177	17,472,471
Total Fund Balance	21,960,591	1,395,770	705,870	12,290,106	1,524,485	37,876,822	47,320,723
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 54,238,412	\$ 1,995,433	\$ 2,434,528	\$ 14,093,252	\$ 11,846,343	\$ 84,607,968	\$ 85,589,849

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)**

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	2014	2013
Total Fund Balance for Governmental Funds	\$ 37,876,822	\$ 47,320,723
<p>Total net position reported for governmental activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:</p>		
Land	3,119,968	3,119,968
Construction in Progress	10,421,931	5,483,248
Land Improvements, Net of Accumulated Depreciation	6,343,294	6,438,068
Buildings and Improvements, Net of Accumulated Depreciation	87,929,791	90,515,897
Equipment, Net of Accumulated Depreciation	1,851,512	1,992,583
<p>Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.</p>		
	473,473	444,135
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
	(1,828,463)	(1,962,703)
<p>Bond issuance costs are reported as expenditures in the governmental funds.</p>		
	-	796,834
<p>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 governmental activities in the statement of net position. Internal service fund net position at year-end is:</p>		
	20,237,687	19,807,448
<p>Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:</p>		
Bonds Payable	(103,405,000)	(108,795,000)
Unamortized Premiums	(1,254,231)	(1,413,613)
Capital Lease Payable	(2,875,088)	(3,406,148)
Special Assessments Payable	-	(6,721)
Other Postemployment Benefits Payable	(67,601)	(132,423)
Compensated Absences Payable	(637,964)	(784,444)
Total Net Position of Governmental Activities	\$ 58,186,131	\$ 59,417,852

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)**

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	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	2014	2013
REVENUES							
Local Sources:							
Property Taxes	\$ 15,949,634	\$ -	\$ 483,488	\$ -	\$ 9,362,581	\$ 25,795,703	\$ 34,586,475
Earnings on Investments	37,648	2,686	2,331	21,592	9,416	73,673	49,189
Other	3,082,062	1,801,795	3,549,366	-	194,662	8,627,885	8,356,020
State Sources	90,985,769	194,732	1,476,411	-	-	92,656,912	82,364,820
Federal Sources	4,326,228	3,227,015	31,552	-	-	7,584,795	6,438,224
Total Revenues	<u>114,381,341</u>	<u>5,226,228</u>	<u>5,543,148</u>	<u>21,592</u>	<u>9,566,659</u>	<u>134,738,968</u>	<u>131,794,728</u>
EXPENDITURES							
Current:							
Administration	5,165,097	-	-	-	-	5,165,097	4,989,116
District Support Services	3,413,639	-	-	-	-	3,413,639	3,554,671
Regular Instruction	51,801,948	-	-	-	-	51,801,948	50,345,903
Vocational Education Instruction	1,239,045	-	-	-	-	1,239,045	1,313,835
Special Education Instruction	22,223,518	-	-	-	-	22,223,518	19,864,118
Instructional Support Services	10,207,507	-	-	-	-	10,207,507	7,436,464
Pupil Support Services	10,358,327	-	-	-	-	10,358,327	9,865,911
Sites and Buildings	10,722,992	-	-	-	-	10,722,992	9,226,327
Fiscal and Other Fixed Cost Programs	359,332	-	-	-	-	359,332	295,956
Food Service	-	4,934,679	-	-	-	4,934,679	4,633,338
Community Service	-	-	5,879,995	-	-	5,879,995	4,996,977
Capital Outlay	-	-	-	7,425,642	-	7,425,642	10,265,759
Debt Service:							
Principal	531,060	-	-	-	5,390,000	5,921,060	5,333,428
Interest and Fiscal Charges	157,413	-	-	-	4,623,507	4,780,920	4,537,801
Total Expenditures	<u>116,179,878</u>	<u>4,934,679</u>	<u>5,879,995</u>	<u>7,425,642</u>	<u>10,013,507</u>	<u>144,433,701</u>	<u>136,659,604</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,798,537)	291,549	(336,847)	(7,404,050)	(446,848)	(9,694,733)	(4,864,876)
OTHER FINANCING SOURCES							
Proceeds from Sale of Equipment	-	5,535	-	-	-	5,535	7,081
Proceeds from Insurance Recovery	245,297	-	-	-	-	245,297	21,124
Issuance of Debt	-	-	-	-	-	-	16,910,000
Bond Premium	-	-	-	-	-	-	612,872
Total Other Financing Sources	<u>245,297</u>	<u>5,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,832</u>	<u>17,551,077</u>
Net Change in Fund Balances	(1,553,240)	297,084	(336,847)	(7,404,050)	(446,848)	(9,443,901)	12,686,201
Fund Balances - Beginning	<u>23,513,831</u>	<u>1,098,686</u>	<u>1,042,717</u>	<u>19,694,156</u>	<u>1,971,333</u>	<u>47,320,723</u>	<u>34,634,522</u>
Fund Balances - Ending	<u>\$ 21,960,591</u>	<u>\$ 1,395,770</u>	<u>\$ 705,870</u>	<u>\$ 12,290,106</u>	<u>\$ 1,524,485</u>	<u>\$ 37,876,822</u>	<u>\$ 47,320,723</u>

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)**

	2014	2013
Net Change in Fund Balance - Total Governmental Funds	\$ (9,443,901)	\$ 12,686,201

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	8,496,560	7,028,298
Gain (Loss) on Disposal of Capital Assets	5,186	(37,834)
Proceeds from Sale of Capital Assets	(5,535)	(7,081)
Depreciation Expense	(6,379,479)	(6,280,155)

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Change in Accrued Interest Expense - Capital Leases	4,175	4,225
Principal Payments - Capital Leases	531,060	508,428

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General Obligation Bond Proceeds	-	(16,910,000)
Bond Premium	-	(612,872)
Bond Issuance Costs	-	374,100
Payment of Special Assessment Principal	6,721	13,442
Repayment of Bond Principal	5,390,000	4,825,000
Change in Accrued Interest Expense - General Obligation Bonds	130,065	(133,267)
Amortization of Bond Issuance Costs	-	(74,881)
Amortization of Bond Premium	159,382	92,799

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the funds.	29,338	(29,563)
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Other postemployment benefits are reported in the government funds when amounts are paid. The statement of activities reports the values of benefits earned during the year.	64,822	(20,663)
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In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	146,480	(63,661)
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Internal service funds are used by the District to charge certain costs to individual funds. The net revenue of the internal service funds is reported with governmental activities.	430,239	318,963
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Change in Net Position of Governmental Activities	\$ (434,887)	\$ 1,681,479
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See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014**

108

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 23,849,077	\$ 15,879,881	\$ 15,949,634	\$ 69,753
Earnings on Investments	-	-	37,648	37,648
Other	1,324,401	1,824,401	3,082,062	1,257,661
State Sources	81,739,465	90,682,405	90,985,769	303,364
Federal Sources	3,811,753	4,110,242	4,326,228	215,986
Total Revenues	110,724,696	112,496,929	114,381,341	1,884,412
EXPENDITURES				
Current:				
Administration	5,097,836	5,285,639	5,165,097	(120,542)
District Support Services	3,519,016	3,573,071	3,413,639	(159,432)
Elementary and Secondary Regular Instruction	53,547,357	53,725,226	51,801,948	(1,923,278)
Vocational Education Instruction	1,413,904	1,404,404	1,239,045	(165,359)
Special Education Instruction	21,719,429	21,794,462	22,223,518	429,056
Instructional Support Services	8,579,041	8,315,853	10,207,507	1,891,654
Pupil Support Services	10,104,796	10,216,254	10,358,327	142,073
Sites and Buildings	9,297,466	9,863,641	10,722,992	859,351
Fiscal and Other Fixed Cost Programs	501,000	501,000	359,332	(141,668)
Debt Service:				
Principal	531,060	531,060	531,060	-
Interest and Fiscal Charges	157,413	157,413	157,413	-
Total Expenditures	114,468,318	115,368,023	116,179,878	811,855
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,743,622)	(2,871,094)	(1,798,537)	1,072,557
OTHER FINANCING SOURCES				
Insurance Recovery Proceeds	-	-	245,297	245,297
Net Change in Fund Balance	<u>\$ (3,743,622)</u>	<u>\$ (2,871,094)</u>	(1,553,240)	<u>\$ 1,317,854</u>
FUND BALANCE				
Beginning of Year			23,513,831	
End of Year			<u>\$ 21,960,591</u>	

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2014**

109

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings on Investments	\$ 4,500	\$ 4,500	\$ 2,686	\$ (1,814)
Other - Primarily Meal Sales	1,945,000	1,945,000	1,801,795	(143,205)
State Sources	168,350	168,350	194,732	26,382
Federal Sources	2,411,818	2,771,575	3,227,015	455,440
Total Revenues	4,529,668	4,889,425	5,226,228	336,803
EXPENDITURES				
Current:				
Food Service	4,390,183	4,506,683	4,837,469	330,786
Capital Outlay	320,000	320,000	97,210	(222,790)
Total Expenditures	4,710,183	4,826,683	4,934,679	107,996
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,515)	62,742	291,549	228,807
OTHER FINANCING SOURCES				
Proceeds from Sale of Equipment	-	-	5,535	5,535
Net Change in Fund Balance	\$ (180,515)	\$ 62,742	297,084	\$ 234,342
FUND BALANCE				
Beginning of Year			1,098,686	
End of Year			\$ 1,395,770	

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2014**

110

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Property Taxes	\$ 970,555	\$ 498,865	\$ 483,488	\$ (15,377)
Earnings on Investments	-	-	2,331	2,331
Other - Primarily Tuition and Fees	3,091,912	3,091,912	3,549,366	457,454
State Sources	951,055	1,422,745	1,476,411	53,666
Federal Sources	<u>28,696</u>	<u>28,696</u>	<u>31,552</u>	<u>2,856</u>
Total Revenues	5,042,218	5,042,218	5,543,148	500,930
EXPENDITURES				
Current:				
Community Service	5,059,939	5,059,939	5,711,697	651,758
Capital Outlay	<u>126,500</u>	<u>126,500</u>	<u>168,298</u>	<u>41,798</u>
Total Expenditures	<u>5,186,439</u>	<u>5,186,439</u>	<u>5,879,995</u>	<u>693,556</u>
Net Change in Fund Balance	<u>\$ (144,221)</u>	<u>\$ (144,221)</u>	(336,847)	<u>\$ (192,626)</u>
FUND BALANCE				
Beginning of Year			<u>1,042,717</u>	
End of Year			<u>\$ 705,870</u>	

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STATEMENT OF NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	Governmental Activities - Internal Service Funds	
	2014	2013
ASSETS		
Current Assets:		
Cash and Investments	\$ 25,153,859	\$ 24,654,646
Accounts Receivable	48,414	25,518
Due from Other Funds	621,511	713,733
Total Current Assets	25,823,784	25,393,897
LIABILITIES		
Current Liabilities:		
Health and Dental Claims Payable	744,137	390,066
Due to Plan Participants	1,888,167	1,219,073
Due to Health Care Spending Plan	178,460	240,891
Severance Benefits Payable	387,856	673,574
Due to Other Funds	621,511	713,733
Total Current Liabilities	3,820,131	3,237,337
Noncurrent Liabilities:		
Severance Benefits Payable	1,765,966	2,349,112
Total Liabilities	5,586,097	5,586,449
NET POSITION		
Unrestricted	\$ 20,237,687	\$ 19,807,448

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)**

	Governmental Activities - Internal Service Funds	
	2014	2013
OPERATING REVENUES		
Charges for Services	\$ 18,460,973	\$ 16,530,688
OPERATING EXPENSES		
Health Insurance Claim Payments	16,567,677	13,827,690
Dental Insurance Claim Payments	911,923	914,727
Severance Payments	(215,598)	605,902
OPEB Payments	1,041,706	891,727
Total Operating Expenses	18,305,708	16,240,046
Operating Income	155,265	290,642
NONOPERATING INCOME		
Earnings on Investments	274,974	28,321
Change in Net Position	430,239	318,963
Total Net Position - Beginning	19,807,448	19,488,485
Total Net Position - Ending	\$ 20,237,687	\$ 19,807,448

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	Governmental Activities - Internal Service Funds	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 18,553,195	\$ 15,816,955
Payments for Dental Claims	(16,456,435)	(14,315,526)
Payments for OPEB	(1,133,928)	(1,208,239)
Payments for Severance Benefits	(715,697)	(508,108)
Net Cash Provided (Used) by Operating Activities	247,135	(214,918)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	252,078	81,138
NET DECREASE IN CASH AND CASH EQUIVALENTS	499,213	(133,780)
Cash and Cash Equivalents - Beginning	24,654,646	24,788,426
CASH AND CASH EQUIVALENTS - ENDING	\$ 25,153,859	\$ 24,654,646
DISPLAYED ON STATEMENT OF NET POSITION AS:		
Cash and Investments	\$ 25,153,859	\$ 24,654,646
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	\$ 155,265	\$ 290,642
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Due to HCSP	(62,431)	14,330
Increase in Claims Payable	700,885	75,539
Increase in Due to Plan Participants	322,280	351,352
Decrease in Severance Benefits Payable	(868,864)	(143,097)
Decrease in Due to Other Funds	(92,222)	(803,684)
Decrease in Due from Other Funds	92,222	-
Total Adjustments	91,870	(505,560)
Net Cash Provided (Used) by Operating Activities	\$ 247,135	\$ (214,918)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	None	None

See accompanying Notes to Basic Financial Statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

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	Employee Benefits Trust	Private- Purpose Trust
	<u> </u>	<u> </u>
ASSETS		
Cash and Investments	\$ 89,702	\$ 118,431
LIABILITIES		
Accounts and Contracts Payable	<u> -</u>	<u> 21,500</u>
NET POSITION		
Held in Trust for Employee Benefits or Other Purpose	<u><u> \$ 89,702</u></u>	<u><u> \$ 96,931</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2014**

	Employee Benefits Trust	Private- Purpose Trust
	<u> </u>	<u> </u>
ADDITIONS		
Plan Members Contributions	\$ 722,754	\$ -
Private Donations	-	72,757
Earnings on Investments	35	170
Total Additions	<u> 722,789</u>	<u> 72,927</u>
DEDUCTIONS		
Benefits Paid to Plan Members	768,210	-
Scholarships Awarded	-	59,313
Total Deductions	<u> 768,210</u>	<u> 59,313</u>
Change in Net Position	(45,421)	13,614
Net Position - Beginning of Year	<u> 135,123</u>	<u> 83,317</u>
Net Position - End of Year	<u><u> \$ 89,702</u></u>	<u><u> \$ 96,931</u></u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 191 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. Financial Reporting Entity

Independent School District No. 191 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP requires that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these financial statements.

The District is a member of Technology and Information Education Services (TIES), a consortium of Minnesota school districts that provides data processing services and support to its member districts. TIES is a separate legal entity that is financially independent of the District. Further, the District does not appoint a voting majority of TIES' Board of Directors. Therefore, TIES is not included as part of the District's reporting entity. During fiscal year ended June 30, 2014, the District paid TIES \$499,640 for services provided.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

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

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

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the Government-wide financial statements.

Separate fund financial statements are provided for governmental 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 employee 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 statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services 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 for services in the form of dental and health insurance premiums, severance contributions and other postemployment benefit contributions. Operating expenses for the internal service funds include the cost of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

In 2014, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This standard reclassified, as deferred inflows, certain items which were previously shown as liabilities on the governmental fund financial statements. Previously capitalized bond issuance costs were also written off in a prior period adjustment as part of the implementation.

Proprietary funds are reported using the economic resources method and the accrual basis of accounting. All assets and liabilities associated with their activity are included on their statement of net position. Revenues are recognized when earned and expenses are recognized when incurred. Regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

The District reports unearned revenue on its statement of net position and balance sheet. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and balance sheet and revenue is recognized.

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Descriptions of the funds included in this report are 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. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities equipment purchases, health and safety projects, and disabled accessibility projects.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenue is generated from state and federal grants and the sales of meals to students and teachers.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services. Revenue is generated by program fees paid by participants.

Capital Projects Fund

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

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Major Governmental Funds (Continued)

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation bonds except for refunding bond issues, for which a separate refunding bond trust account is established.

Proprietary Funds

Internal Service Fund

Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service funds are used to account for the District's liabilities for severance, other postemployment benefits (OPEB), and health and dental insurance offered by the District to its employees as a self-insured plan.

Fiduciary Funds

Trust Funds

The District maintains Private-Purpose and Employee Benefit Trust Funds which are used to account for money held by the District in the capacity of trustee or custodian, where both the principal and interest can be spent.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Capital Projects, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

Budgeted amounts include mid-year budget amendments as follows:

<u>Revenues</u>	<u>Original Budget</u>	<u>Amendments</u>	<u>Amended Budget</u>
General Fund	\$ 110,724,696	\$ 1,772,233	\$ 112,496,929
Special Revenue Funds:			
Food Service Fund	4,529,668	359,757	4,889,425
 <u>Expenditures</u>			
General Fund	\$ 114,468,318	\$ 899,705	\$ 115,368,023
Special Revenue Funds:			
Food Service Fund	4,710,183	116,500	4,826,683

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Temporary Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Highly liquid investments with maturities of three months or less are considered cash equivalents.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools operated in a manner consistent with the SEC's Rule 2a7 of the Investment Act of 1940 are valued at the pool's share price.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

J. Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to the Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy (frozen at \$3,269,341) advance recognized as revenue in fiscal 2014 with no corresponding state aid adjustment. Starting in fiscal year 2011, the shift was expanded to include all other General and Community Service Fund levies (net of credits. State aids were then reduced by this expanded shift amount, making this portion of the tax shift revenue neutral to school districts. In fiscal year 2014, the shift was reduced to only include the 2000 pay 2001 operating referendum levy. Certain other portions of the District's 2013 pay 2014 levy, normally revenue for the 2014-15 fiscal year, are also advance recognized as June 30, 2014, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2014, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the Government-wide financial statement, 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 purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Capital assets not being depreciated include land and construction in process.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting.

M. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

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

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

Eligible employees accrue vacation and sick leave at varying rates as specified by contract, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in the governmental fund statements only to the extent they have been used or otherwise matured prior to year-end. Unused vacation is accrued as it is earned in the government-wide financial statements.

O. Severance Benefits

Under the terms of collectively bargained employment contracts, certain district employee groups, including teachers, may become eligible to receive lump sum severance benefits. Eligibility is based on years of service and/or minimum age requirements.

Severance benefits are calculated by converting a portion of unused, accrued sick leave times a pay rate specified in the employee's collectively bargained contract. Severance benefits based on convertible sick leave are recorded as a liability in the Internal Service Fund as they are earned and it becomes probable they will vest at some point in the future. In accordance with Minnesota Statutes, no employee can receive severance or retirement incentive benefits that exceed one year's salary.

P. Fund Balance

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

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the Board of Education.

Assigned – consists of internally imposed constraints approved by a majority vote of the school board.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance of 8% of the annual budget for fiscal year 2014.

Q. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases insurance coverage for such risks from various providers.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

R. Net Position

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

S. Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

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INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the School District's Board.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does have a deposit policy that will minimize Custodial Credit Risk by obtaining collateral or bond for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance or bond for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The carrying value and bank balance of the District's deposits in banks at June 30, 2014 are \$62,005,792 and \$62,165,644, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes. At June 30, 2014, the District's petty cash fund totaled \$6,750.

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- 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 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- General obligations rated “A” or better; revenue obligations rated “AA” or better
- General obligations of the Minnesota Housing Finance Agency rate “A” or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement and securities lending agreements 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers
- Investments related to the OPEB Revocable Trust Fund may be invested in accordance with Minnesota statute 356A.06

At June 30, 2014, the District’s investment balances were as follows:

Minnesota School District Liquid Asset Fund

	<u>Carrying Value</u>
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	\$ 21,512,584

The MSDLAF+ is an external investment pool and its investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments.

Credit Risk – The MSDLAF+ pool is rated AAAM by Standard & Poor’s.

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JUNE 30, 2014**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Investments Held with Broker

Type	Total	Under 12 Months	13 to 24 Months	25 to 60 Months	More than 60 Months
Governmental Agencies	\$ 5,245,349	\$ 2,282,799	\$ -	\$ 158,894	\$ 2,803,656
Marketable CDs	2,987,838	1,743,225	249,199	995,414	-
External Investment Pool - MN Trust Term Series	8,500,000	8,500,000	-	-	-
	<u>\$ 16,733,187</u>	<u>\$ 12,526,024</u>	<u>\$ 249,199</u>	<u>\$ 1,154,308</u>	<u>\$ 2,803,656</u>

Custodial Credit Risk – For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investment 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.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District’s investment policies do not limit the maturities of investments; however, when purchasing investments the District considers such things as interest rates and cash flow needs.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty will not fulfill its obligation. The investments in municipal bonds are all rated either between A+ and AAA by Standard and Poor’s or between Aa1 and Aaa by Moody’s Investors Service. The negotiable CDs are not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer, excluding U.S. guaranteed investments, investment pools, and mutual funds. The Districts investment policies do not address concentration risk. At June 30, 2014, the District had not invested 5% or more in the securities of any single issuer.

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 78,537,596
Cash and Investments - Statement of Fiduciary Net Position	208,133
Total Cash and Investments	<u>\$ 78,745,729</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,119,968	\$ -	\$ -	\$ 3,119,968
Construction in Progress	5,483,248	8,307,784	(3,369,101)	10,421,931
Total Capital Assets, Not Being Depreciated	<u>8,603,216</u>	<u>8,307,784</u>	<u>(3,369,101)</u>	<u>13,541,899</u>
Capital Assets, Being Depreciated:				
Land Improvements	13,752,738	495,293	-	14,248,031
Buildings and Improvements	182,572,446	2,910,286	-	185,482,732
Equipment	6,873,331	152,298	(86,201)	6,939,428
Total Capital Assets, Being Depreciated	<u>203,198,515</u>	<u>3,557,877</u>	<u>(86,201)</u>	<u>206,670,191</u>
Accumulated Depreciation for:				
Land Improvements	(7,314,670)	(590,067)	-	(7,904,737)
Buildings and Improvements	(92,056,549)	(5,496,392)	-	(97,552,941)
Equipment	(4,880,748)	(293,020)	85,852	(5,087,916)
Total Accumulated Depreciation	<u>(104,251,967)</u>	<u>(6,379,479)</u>	<u>85,852</u>	<u>(110,545,594)</u>
Total Capital Assets, Being Depreciated, Net	<u>98,946,548</u>	<u>(2,821,602)</u>	<u>(349)</u>	<u>96,124,597</u>
Governmental Activities Capital Assets, Net	<u>\$ 107,549,764</u>	<u>\$ 5,486,182</u>	<u>\$ (3,369,450)</u>	<u>\$ 109,666,496</u>

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

Governmental Activities	
Administration	\$ 18,293
District Support Services	874
Regular Instruction	46,245
Special Education Instruction	24,829
Instructional Support Services	83,845
Pupil Support Services	1,802
Sites and Buildings	6,158,704
Food Service	40,201
Community Service	4,686
Total Depreciation Expense, Governmental Activities	<u>\$ 6,379,479</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

The District currently has the following general obligation bonds outstanding:

Issue Date	Net Interest Rate	Original Issue	Maturity Range	Principal Outstanding	
				Due Within One Year	Total
11-1-2004	2.00% - 4.25%	\$18,175,000	2007-2017	\$ 1,890,000	\$ 5,905,000
2-1-2007	3.75% - 4.25%	14,925,000	2008-2027	675,000	11,210,000
11-6-2007	4.00% - 4.50%	17,110,000	2009-2017	2,060,000	6,445,000
4-1-2008	4.25% - 5.00%	30,580,000	2018-2033	-	30,580,000
4-16-2009	4.50% - 5.75%	18,580,000	2011-2029	725,000	16,030,000
4-12-2011	2.00% - 4.00%	16,575,000	2018-2030	-	16,575,000
12-27-2012	2.00% - 3.00%	16,910,000	2014-2030	-	16,660,000
Total General Obligation Bonds				5,350,000	103,405,000
Bond Premium - Net				-	1,254,231
Capital Lease Payable				554,719	2,875,088
Other Postemployment Benefits Payable				-	67,601
Severance Benefits Payable				387,856	2,153,822
Compensated Absences Payable				637,964	637,964
				<u>\$ 6,930,539</u>	<u>\$ 110,393,706</u>

These bonds were issued to finance the acquisition and/or construction of capital facilities, to refinance (refund) previous bond issues, or to finance OPEB benefits. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized are equal to 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

B. Capital Leases

During the fiscal year ended June 30, 2007, the District entered into a capital lease agreement to finance the renovation and improvements to the Diamondhead Education Center valued at \$4,015,000. The lease carries an interest rate of 4.83% and has a final maturity of 2021. The assets acquired through the capital lease are included in buildings as of June 30, 2014. These payments will be made from the District's General Fund.

During the fiscal year ended June 30, 2009, the District entered into a capital lease agreement to finance improvements to the athletic facilities at Burnsville High School. Capital lease proceeds of \$875,000 carry an interest rate of 5.37% with a final maturity of 2024. The assets acquired through the capital lease are included in land improvements as of June 30, 2014. The lease will be repaid through the General Fund.

During the fiscal year ended June 30, 2010, the District entered into a capital lease agreement to finance a telephone system and related improvements throughout the District. Capital lease proceeds of \$1,103,500 carry an interest rate of 3.73% with a final maturity of 2015. The assets acquired through the capital lease are included in equipment as of June 30, 2014. The lease will be repaid through the General Fund.

The assets acquired through capital leases are as follows:

Asset:	
Buildings and Improvements	\$ 5,088,075
Equipment	1,256,526
Less: Accumulated Depreciation	<u>(1,582,163)</u>
Total	<u><u>\$ 4,762,438</u></u>

C. Special Assessments

Special assessments payable represent the outstanding liability relating to various improvements made to district property financed through local municipalities. The annual assessment levies consisting of principal and interest at various rates will be paid by the General Fund.

D. Compensated Absences

Compensated absences payable represents the outstanding liability at year-end for any unused, accrued vacation. Compensated absences are paid by the General Fund.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

E. Severance Benefits Payable

Severance benefits payable consist of early retirement incentive pay (based on convertible sick leave) payable to employees upon retirement. Severance benefits are paid by the Severance Benefits Internal Service Fund.

F. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, capital leases, and special assessments payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Capital Lease Obligations Payable	
	Principal	Interest	Principal	Interest
2015	\$ 5,350,000	\$ 4,362,841	\$ 554,719	\$ 133,754
2016	5,575,000	4,136,867	333,211	111,296
2017	5,810,000	3,901,367	349,798	94,709
2018	4,495,000	3,641,429	367,212	77,295
2019	4,860,000	3,473,729	385,495	59,012
2020 - 2024	27,610,000	14,569,451	884,653	82,012
2025 - 2029	34,210,000	8,266,775	-	-
2030 - 2034	15,495,000	1,530,238	-	-
Total	<u>\$ 103,405,000</u>	<u>\$ 43,882,697</u>	<u>\$ 2,875,088</u>	<u>\$ 558,078</u>

G. Changes in Long-Term Liabilities

	June 30, 2013	Additions	Retirements	June 30, 2014
Bonds Payable	\$ 108,795,000	\$ -	\$ 5,390,000	\$ 103,405,000
Bond Premium	1,413,613	-	159,382	1,254,231
Capital Lease Payable	3,406,148	-	531,060	2,875,088
Special Assessments Payable	6,721	-	6,721	-
Other Postemployment Benefits Liability (Asset)	132,423	1,127,267	1,192,089	67,601
Severance Benefits Payable	2,756,952	67,086	670,216	2,153,822
Compensated Absences Payable - Net	784,444	637,964	784,444	637,964
Total	<u>\$ 117,295,301</u>	<u>\$ 1,832,317</u>	<u>\$ 8,733,912</u>	<u>\$ 110,393,706</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. A description of deficit balance restrictions is included herein since the District has specific statutory authority to levy taxes for such deficits.

Restricted, Committed, and Assigned fund balances at June 30, 2014 are as follows:

- A. Restricted for Alternative Facilities – This amount represents the resources available for approved expenditures based on the ten-year plan for capital projects.
- B. Restricted for Area Learning Center – This represents amounts restricted for students attending area learning centers. Each district that sends students to an area learning center must reserve an amount equal to at least 90% of the district average General Education Revenue, minus .0485 times the formula allowance per pupil unit, times the number of pupils attending area learning centers. Refer to Minnesota Statute §123A.05, Subd. 2.
- C. Restricted for Basic Skills Programs – Represents amounts that can be spent on basic skills programs.
- D. Restricted for Operating Capital – This balance represents amounts available for capital expenditure equipment purchases, facility projects and personnel costs directly related to acquisition, operation and maintenance of computers, related equipment and network and applications software. Revenue to finance these expenditures is derived primarily from state aid revenue.
- E. Restricted for Community Education – This amount represents available resources for community education classes. Revenues are derived from local tax levies and state aids and expenditures are for salaries, benefits and supplies. The account is allowed to go into a deficit to the extent there is future revenues to eliminate the deficit.
- F. Restricted for Early Childhood and Family Education (ECFE) – This amount represents available resources for ECFE classes. Revenues are derived from local tax levies and state aids and expenditures are for salaries, benefits and supplies. The account is allowed to go into a deficit to the extent there is future revenues to eliminate the deficit.
- G. Restricted for School Readiness – This amount represents available resources to provide services for learning readiness programs.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 5 RESTRICTED FUND BALANCES (CONTINUED)

- H. Restricted for Other Purposes – Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- I. Committed for Program Carryover – Noncapital – Represents noncapital amounts allocated to the District's budget units which were unspent during the year.
- J. Committed for Pro Pay Program – Represents amounts that are committed for professional development through the District's Q-Comp Program.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS PLANS

At June 30, 2009, the District adopted Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*. The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions as of June 30, 2007 and 2009 and July 1, 2011 and 2013.

A. Plan Description

The District provides postemployment insurance benefits to certain eligible employees through its Other Postemployment Benefits Plan, a single-employer defined benefit plan administered by the District. All postemployment benefits are based on contractual agreements with employee groups. 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.

Employees that meet certain age and/or length of service requirements are eligible for post-retirement healthcare benefits. For teachers hired before July 1, 1989 and certain other employee groups, the District is contractually required to pay health insurance premiums for the period from retirement until eligibility for Medicare. The amount to be paid is equal to the single coverage insurance premium benefit available to full-time employees in the bargaining group.

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.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
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NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (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. The District issued \$18,580,000 of general obligation OPEB bonds in 2009 and contributed the proceeds to a revocable trust account to be used for other postemployment benefit (OPEB) payments. The District has established a separate internal service fund to account for these obligations and the assets accumulated to finance them.

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:

Annual Required Contribution	\$ 1,131,306
Interest on Net OPEB Obligation	3,973
Adjustment to Annual Required Contribution	<u>(8,012)</u>
Annual OPEB Cost	1,127,267
Contributions Made	<u>(1,192,089)</u>
Change in Net OPEB Obligation	(64,822)
Net OPEB Obligation - Beginning of Year	132,423
Net OPEB Obligation - End of Year	<u><u>\$ 67,601</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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 1,127,267	105.8%	\$ 67,601
6/30/2013	1,476,757	125.8%	132,423
6/30/2012	1,469,626	96.8%	111,760

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

D. Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$12,070,602, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,070,602. The covered payroll (annual payroll of active employees covered by the plan) was \$63,351,270, and the ratio of the UAAL to the covered payroll was 19.1%.

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 annual required contributions 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.

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, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included: a 3.0% investment rate of return (net of administrative expenses) based on the District's own investments; a 3.0% rate of projected salary increases; an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 5.0% after 6 years for medical insurance; and an annual healthcare trend rate of 4.0% for dental insurance. The UAAL is being amortized on a level dollar basis over a closed period. The original amortization period was not to exceed 30 years.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7 RETIREMENT PLANS

Substantially all employees of the District are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follows:

A. Teacher's Retirement Association (TRA)

1. Plan Description

All teachers employed by the District are covered by a cost sharing, multiple employer defined benefit pension plan administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All Basic members were first hired prior to July 1, 1989. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356.

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.

TRA publicly issues a Comprehensive Annual Financial Report (CAFR) presenting financial statements, supplementary information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA web site www.tra.state.mn.us. Alternatively, a copy of the report may be obtained by writing TRA at Teachers Retirement Association, 60 Empire Drive Suite 400, St Paul, Minnesota 55103-1855 or by calling (651) 298-6446 or 1-800-657-3853.

2. Funding Policy

Minnesota Statutes Chapter 354 sets the rates for the employee and employer contributions. These statutes are established and amended by the state legislature. Coordinated and Basic Plan members are required to contribute 6.5% and 10.0%, respectively, of their annual covered salary as employee contributions.

The District is required to contribute the following percentages of annual covered payroll: 6.5% for Coordinated Plan members and 10.5% for Basic Plan members.

The District contributions for the years ended June 30, 2014, 2013 and 2012 were \$3,834,123, \$3,401,678 and \$2,995,908, respectively, equal to the required contributions for each year as set by state statute.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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NOTE 7 RETIREMENT PLANS (CONTINUED)

B. Public Employees' Retirement Association (PERA)

1. Plan Description

All full-time and certain part-time employees of the School (other than teachers) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees' Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. GERF members belong to either the Coordinated 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.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota 55103-2088, or by calling (651) 296-7460 or 1-800-652-9026.

2. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for the 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. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2011.

The District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERF members and 7.25% for Coordinated Plan members.

The District contributions for the years ended June 30, 2014, 2013 and 2012 were \$1,203,360, \$1,140,341 and \$1,134,106, respectively, equal to the required contributions for each year as set by state statute.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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NOTE 8 FLEXIBLE BENEFIT PLANS

The District has a flexible benefit plan classified as a "cafeteria plan" (the Plan) under §125 of the Internal Revenue Code. 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 health insurance, healthcare, and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from July 1 to June 30, 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.

The dependent care and medical expense reimbursement portions of the Plan are administered by an independent contract administrator, with the activity reported by the District in an employee benefits trust fund. Health insurance premium reimbursements are administered by the District and are accounted for in the District's General Fund and special revenue funds.

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 the eligible healthcare and dependent 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 DENTAL SELF-INSURANCE PLAN

The District established an Internal Service Fund to account for and finance its uninsured risk of loss for employee dental insurance plans. Under these plans, the Internal Service Fund provides coverage to participating employees and their dependents for various dental costs as described in the plan.

The District makes premium payments to the Internal Service Fund on behalf of the 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.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 9 DENTAL SELF-INSURANCE PLAN (CONTINUED)

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 for the year 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
2014	\$ 43,252	\$ 911,923	\$ 912,591	\$ 42,584
2013	42,115	914,727	913,590	43,252

NOTE 10 HEALTH SELF-INSURANCE PLAN

The District's health benefits plan is a partially self-insured plan and maintains an Internal Service Fund to account for and finance a program for health benefits. Under the health benefits plan, the District is self-insured for the first \$5,000 for single coverage and \$10,000 for family coverage. Amounts in excess of these amounts are covered by the District's health insurance provider. The District has not purchased outside insurance for the risks of losses to which it is exposed for amounts under these limits. District management believes it is more economical to manage its risks internally and set aside assets for claim settlement. The Internal Service Fund currently services all claims and risk of loss to which the District is exposed for health expenses.

Participants in the program make premium payments to the fund based on the component insurance premium which takes into account the aforementioned risk. The excess amount received above current year claims is used to establish a reserve for future claims. The District had pre-funded the self-insurance fund with an initial transfer of \$2,600,000 at June 30, 2010. At June 30, 2014, there is a reserve of \$2,709,708 resulting from fund operations.

District 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 such complex factors 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. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 10 HEALTH SELF-INSURANCE PLAN (CONTINUED)

Premiums received through June 30, 2014 were in excess of claims paid by \$565,791. There is a possibility for loss if claims are in excess of the premiums collected up to the amounts covered by the District for single and family coverage. The District held \$4,677,917 in cash and investments at June 30, 2014, for payment of claims and carryover balances.

Changes in the balance of medical claim liabilities for the year 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
2014	\$ 346,814	\$ 15,898,583	\$ 15,543,844	\$ 701,553
2013	272,412	13,476,338	13,401,936	346,814

NOTE 11 INTERFUND BALANCES

The District had the following interfund receivable and payable at June 30, 2014:

	Due from Other Fund	Due to Other Fund
Health Benefits Self-Insurance Internal Service Fund	\$ 621,511	\$ -
OPEB Revocable Trust Internal Service Fund	-	621,511
	<u>\$ 621,511</u>	<u>\$ 621,511</u>

The interfund receivable and payable is for the District's share of retiree medical premiums funded by the revocable trust.

NOTE 12 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2014.

	Budget	Expenditures	Excess
General Funds	\$ 115,368,023	\$ 116,179,878	\$ 811,855
Special Revenue Funds:			
Food Service Fund	4,826,683	4,934,679	107,996
Community Service Fund	5,186,439	5,879,995	693,556

The overages in the General Fund, Food Service Fund and Community Service Fund were considered by District management to be the result of necessary expenditures critical to operations approved by the Board.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

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NOTE 13 COMMITMENTS AND CONTINGENCIES

A. 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.

B. Legal Claims

The District has the usual and customary types of legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. The District's management believes that the District will not incur any material liabilities relating to these claims, and none have been accrued at year-end.

C. Construction Contracts

At June 30, 2014, the District had commitments totaling \$2,274,020 under various construction contracts for which the work was not yet completed.

NOTE 14 LEASE REVENUE

In September 2012, the District entered into a lease agreement with Intermediate School District 917 to lease space within the District's Cedar School to ISD 917. The term of the lease extends ten years, ending on June 30, 2022. Minimum base rent per the lease agreement is \$16,222 per month through June 30, 2015, and the monthly payment increases by \$270 each additional year thereafter. The lease also includes common area maintenance payments to be paid by the lessor at a rate of \$7,210 per month through June 30, 2014, with an increase in the monthly payment of \$270 each additional year thereafter.

NOTE 15 RESTATEMENT OF BEGINNING NET POSITION

During fiscal year 2014, the District implemented GASB Statement No. 65, *Items Previously Recorded as Assets and Liabilities*. This standard included the retroactive write-off of previously capitalized bond issuance costs. As such, beginning net position was reduced by \$796,834 to reflect this write-off.

REQUIRED SUPPLEMENTARY INFORMATION

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 191
 SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS AND
 SCHEDULE OF EMPLOYEES CONTRIBUTIONS
 JUNE 30, 2014**

Other Postemployment Benefits Payable						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2013	\$ -	\$ 12,070,602	\$ 12,070,602	-	\$ 63,351,270	19.1%
7/1/2011	-	15,950,203	15,950,203	-	63,440,645	25.1%
6/30/2009	-	23,680,000	23,680,000	-	55,810,000	42.4%

Schedule of Employer Contributions		
Actuarial Valuation Date	Annual Required Contribution	Contributions
7/1/2013	\$ 1,131,306	105.4%
7/1/2011	1,480,200	0.0%
6/30/2009	1,873,000	85.1%

SUPPLEMENTARY INFORMATION

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
GENERAL FUND
BALANCE SHEET
JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	2014	2013
ASSETS		
Cash and Investments	\$ 29,669,974	\$ 20,031,544
Receivables:		
Current Taxes	12,225,607	13,281,267
Delinquent Taxes	377,724	500,686
Accounts and Interest Receivable	188,919	107,360
Due from Other Minnesota School Districts	25,105	162,256
Due from Minnesota Department of Education	9,479,089	13,100,108
Due from Federal through the Minnesota Department of Education	1,955,173	1,468,105
Due from Other Governmental Units	60,624	80,231
Prepaid Items	256,197	270,695
Total Assets	\$ 54,238,412	\$ 49,002,252
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 4,279,410	\$ 4,032,796
Payroll Deductions and Employer Contributions Payable	7,272,521	6,743,929
Accounts and Contracts Payable	1,768,555	2,130,660
Due to Other Minnesota School Districts	209,347	165,538
Due to Other Governmental Units	33,604	142,310
Unearned Revenue - Other	150	14,867
Total Liabilities	13,563,587	13,230,100
Deferred Inflows of Resources		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	18,378,852	11,941,243
Unavailable Revenue - Delinquent Taxes	335,382	317,078
Total Deferred Inflows of Resources	18,714,234	12,258,321
Fund Balance:		
Nonspendable:		
Prepaid Items	256,197	270,695
Restricted for:		
Operating Capital	998,151	1,149,212
Area Learning Center	2,578,703	2,659,998
Basic Skills Programs	57,015	58,254
Committed for:		
Program Carryover - Noncapital	1,371,634	1,034,290
Pro Pay Program	695,714	868,911
Unassigned	16,003,177	17,472,471
Total Fund Balance	21,960,591	23,513,831
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 54,238,412	\$ 49,002,252

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)**

	2014		Over (Under)	2013
	Final Budget	Actual Amounts	Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 15,879,881	\$ 15,949,634	\$ 69,753	\$ 24,610,109
Earnings on Investments	-	37,648	37,648	14,593
Other	1,824,401	3,082,062	1,257,661	2,803,851
State Sources	90,682,405	90,985,769	303,364	81,229,337
Federal Sources	4,110,242	4,326,228	215,986	3,438,114
Total Revenues	112,496,929	114,381,341	1,884,412	112,096,004
EXPENDITURES				
Current:				
Administration:				
Salaries	3,654,435	3,610,794	(43,641)	3,609,756
Employee Benefits	1,166,751	1,176,939	10,188	1,099,058
Purchased Services	169,956	151,062	(18,894)	168,924
Supplies and Materials	127,970	84,207	(43,763)	64,471
Capital Expenditures	111,534	92,691	(18,843)	74,727
Other Expenditures	54,993	49,404	(5,589)	46,907
Total Administration	5,285,639	5,165,097	(120,542)	5,063,843
District Support Services:				
Salaries	1,635,047	1,641,214	6,167	1,713,475
Employee Benefits	499,230	564,967	65,737	568,452
Purchased Services	811,683	604,127	(207,556)	741,949
Supplies and Materials	106,578	95,691	(10,887)	78,540
Capital Expenditures	41,138	502,946	461,808	45,471
Other Expenditures	479,395	4,694	(474,701)	452,255
Total District Support Services	3,573,071	3,413,639	(159,432)	3,600,142
Elementary and Secondary				
Regular Instruction:				
Salaries	37,667,289	34,259,827	(3,407,462)	34,971,952
Employee Benefits	12,488,885	13,198,630	709,745	11,682,433
Purchased Services	2,416,979	2,728,992	312,013	2,389,067
Supplies and Materials	755,067	1,178,136	423,069	1,203,935
Capital Expenditures	275,506	331,908	56,402	742,630
Other Expenditures	121,500	104,455	(17,045)	98,516
Total Elementary and Secondary Regular Instruction	53,725,226	51,801,948	(1,923,278)	51,088,533

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 677,886	\$ 670,704	\$ (7,182)	\$ 726,725
Employee Benefits	289,718	274,685	(15,033)	280,031
Purchased Services	363,500	263,107	(100,393)	284,057
Supplies and Materials	73,300	30,447	(42,853)	22,577
Capital Expenditures	-	-	-	1,902
Other Expenditures	-	102	102	445
Total Vocational Education Instruction	1,404,404	1,239,045	(165,359)	1,315,737
Special Education Instruction:				
Salaries	14,485,145	14,411,573	(73,572)	13,236,373
Employee Benefits	5,377,772	5,856,708	478,936	5,022,993
Purchased Services	1,303,480	1,274,311	(29,169)	1,300,277
Supplies and Materials	285,095	381,050	95,955	170,200
Capital Expenditures	208,910	164,527	(44,383)	244,081
Other Expenditures	134,060	135,349	1,289	134,275
Total Special Education Instruction	21,794,462	22,223,518	429,056	20,108,199
Instructional Support Services:				
Salaries	5,465,239	7,001,299	1,536,060	5,103,548
Employee Benefits	1,064,394	1,419,418	355,024	1,272,920
Purchased Services	899,388	667,965	(231,423)	611,446
Supplies and Materials	202,253	252,885	50,632	391,989
Capital Expenditures	610,923	771,548	160,625	624,798
Other Expenditures	73,656	94,392	20,736	56,561
Total Instructional Support Services	8,315,853	10,207,507	1,891,654	8,061,262
Pupil Support Services:				
Salaries	2,341,247	2,330,999	(10,248)	2,014,239
Employee Benefits	845,421	946,804	101,383	764,857
Purchased Services	6,103,877	6,702,401	598,524	6,692,922
Supplies and Materials	902,757	361,520	(541,237)	383,807
Capital Expenditures	16,000	14,750	(1,250)	3,492
Other Expenditures	6,952	1,853	(5,099)	10,086
Total Pupil Support Services	10,216,254	10,358,327	142,073	9,869,403

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
GENERAL FUND**

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**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)**

	2014		Over (Under) Final Budget	2013 Actual Amounts
	Final Budget	Actual Amounts	Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 3,761,415	\$ 3,558,349	\$ (203,066)	\$ 3,576,327
Employee Benefits	1,409,271	1,541,777	132,506	1,613,955
Purchased Services	3,009,045	3,554,517	545,472	3,276,180
Supplies and Materials	589,500	901,825	312,325	679,761
Capital Expenditures	1,046,410	1,146,657	100,247	1,007,703
Other Expenditures	48,000	19,867	(28,133)	80,104
Total Sites and Buildings	9,863,641	10,722,992	859,351	10,234,030
Fiscal and Other Fixed Cost Programs:				
Purchased Services	501,000	359,332	(141,668)	295,956
Debt Service:				
Principal	531,060	531,060	-	508,428
Interest and Fiscal Charges	157,413	157,413	-	180,045
Total Debt Service	688,473	688,473	-	688,473
Total Expenditures	115,368,023	116,179,878	811,855	110,325,578
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,871,094)	(1,798,537)	1,072,557	1,770,426
OTHER FINANCING SOURCES				
Insurance Recovery Proceeds	-	245,297	245,297	21,124
Net Change in Fund Balance	\$ (2,871,094)	(1,553,240)	\$ 1,317,854	1,791,550
FUND BALANCE				
Beginning of Year		23,513,831		21,722,281
End of Year		\$ 21,960,591		\$ 23,513,831

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 191
 FOOD SERVICE SPECIAL REVENUE FUND
 BALANCE SHEET
 JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Investments	\$ 1,874,226	\$ 1,716,138
Receivables:		
Due from Minnesota Department of Education	4,950	3,748
Due from Federal through the Minnesota Department of Education	89,273	82,625
Inventory	<u>26,984</u>	<u>22,033</u>
 Total Assets	 <u><u>\$ 1,995,433</u></u>	 <u><u>\$ 1,824,544</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 242,957	\$ 155,586
Payroll Deductions and Employer Contributions Payable	171,675	173,956
Accounts and Contracts Payable	88,542	302,807
Unearned Revenue	<u>96,489</u>	<u>93,509</u>
Total Liabilities	599,663	725,858
 Fund Balance:		
Nonspendable:		
Inventory	26,984	22,033
Restricted for:		
Other Purposes	<u>1,368,786</u>	<u>1,076,653</u>
Total Fund Balance	<u>1,395,770</u>	<u>1,098,686</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 1,995,433</u></u>	 <u><u>\$ 1,824,544</u></u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)**

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ 4,500	\$ 2,686	\$ (1,814)	\$ 1,910
Other - Primarily Meal Sales	1,945,000	1,801,795	(143,205)	1,953,965
State Sources	168,350	194,732	26,382	187,230
Federal Sources	2,771,575	3,227,015	455,440	2,971,414
Total Revenues	4,889,425	5,226,228	336,803	5,114,519
EXPENDITURES				
Current:				
Salaries	1,531,849	1,618,300	86,451	1,548,443
Employee Benefits	580,683	602,268	21,585	587,103
Purchased Services	220,100	218,497	(1,603)	212,641
Supplies and Materials	2,169,551	2,392,659	223,108	2,276,518
Other Expenditures	4,500	5,745	1,245	8,633
Capital Outlay	320,000	97,210	(222,790)	349,473
Total Expenditures	4,826,683	4,934,679	107,996	4,982,811
Excess of Revenues Over Expenditures	62,742	291,549	228,807	131,708
OTHER FINANCING SOURCES				
Proceeds from Sale of Equipment	-	5,535	5,535	7,081
Net Change in Fund Balance	\$ 62,742	297,084	\$ 234,342	138,789
FUND BALANCE				
Beginning of Year		1,098,686		959,897
End of Year		\$ 1,395,770		\$ 1,098,686

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	2014	2013
ASSETS		
Cash and Investments	\$ 1,631,730	\$ 1,395,819
Receivables:		
Current Taxes	592,363	538,243
Delinquent Taxes	15,241	21,497
Accounts and Interest Receivable	82,922	5,444
Due from Minnesota Department of Education	112,272	135,605
Total Assets	\$ 2,434,528	\$ 2,096,608
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 130,267	\$ 118,889
Payroll Deductions and Employer Contributions Payable	101,794	85,189
Accounts and Contracts Payable	72,498	61,917
Due to Other School Districts	3,779	-
Due to Other Governmental Units	44	31
Unearned Revenue - Other	321,748	275,493
Total Liabilities	630,130	541,519
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	1,084,995	498,865
Unavailable Revenue - Delinquent Taxes	13,533	13,507
Total Deferred Inflows of Resources	1,098,528	512,372
Fund Balance:		
Restricted for:		
Community Education Programs	494,805	914,732
Early Childhood and Family Education Programs	98,367	78,669
School Readiness	78,583	15,221
Other Purposes	34,115	34,095
Total Fund Balance	705,870	1,042,717
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,434,528	\$ 2,096,608

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)**

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	2014		Over (Under) Final Budget	2013
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 498,865	\$ 483,488	\$ (15,377)	\$ 986,499
Earnings on Investments	-	2,331	2,331	1,451
Other - Primarily Tuition and Fees	3,091,912	3,549,366	457,454	3,419,754
State Sources	1,422,745	1,476,411	53,666	948,163
Federal Sources	28,696	31,552	2,856	28,696
Total Revenues	5,042,218	5,543,148	500,930	5,384,563
EXPENDITURES				
Current:				
Salaries	3,047,452	3,289,518	242,066	3,038,097
Employee Benefits	829,787	1,025,096	195,309	840,204
Purchased Services	847,560	818,797	(28,763)	660,548
Supplies and Materials	327,565	567,496	239,931	449,087
Other Expenditures	7,575	10,790	3,215	9,041
Capital Outlay	126,500	168,298	41,798	25,231
Total Expenditures	5,186,439	5,879,995	693,556	5,022,208
Net Change in Fund Balance	\$ (144,221)	(336,847)	\$ (192,626)	362,355
FUND BALANCE				
Beginning of Year		1,042,717		680,362
End of Year		\$ 705,870		\$ 1,042,717

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	2014	2013
ASSETS		
Cash and Investments	\$ 14,088,439	\$ 21,063,099
Accounts and Interest Receivable	4,813	5,267
Total Assets	\$ 14,093,252	\$ 21,068,366
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 2,872	\$ -
Payroll Deductions and Employer Contributions Payable	1,646	1,769
Accounts and Contracts Payable	1,798,628	1,372,441
Total Liabilities	1,803,146	1,374,210
Fund Balance:		
Restricted for Alternative Facility Program	12,290,106	19,694,156
Total Fund Liabilities and Fund Balance	\$ 14,093,252	\$ 21,068,366

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)**

	2014		Over (Under) Final Budget	2013
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ 25,000	\$ 21,592	\$ (3,408)	\$ 24,065
EXPENDITURES				
Current:				
Salaries	63,142	65,610	2,468	79,366
Employee Benefits	22,398	23,147	749	27,794
Purchased Services	250,000	255,464	5,464	910,866
Capital Outlay	12,500,000	7,081,421	(5,418,579)	6,128,225
Total Expenditures	<u>12,835,540</u>	<u>7,425,642</u>	<u>(5,409,898)</u>	<u>7,146,251</u>
Deficiency of Revenues Under Expenditures	(12,810,540)	(7,404,050)	5,406,490	(7,122,186)
OTHER FINANCING SOURCES				
Debt Issuance	-	-	-	16,862,128
Net Change in Fund Balance	<u>\$ (12,810,540)</u>	(7,404,050)	<u>\$ 5,406,490</u>	9,739,942
FUND BALANCE				
Beginning of Year		19,694,156		9,954,214
End of Year		<u>\$ 12,290,106</u>		<u>\$ 19,694,156</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	Regular Debt Service	OPEB Debt Service	<u>Totals</u>	
			2014	2013
ASSETS				
Cash and Investments	\$ 5,115,401	\$ 1,003,967	\$ 6,119,368	\$ 6,122,614
Receivables:				
Current Taxes	4,683,976	883,330	5,567,306	5,275,758
Delinquent Taxes	120,119	23,327	143,446	183,471
Due from Other Minnesota School Districts	16,223	-	16,223	16,223
Due from Minnesota Department of Education	-	-	-	13
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,935,719</u>	<u>\$ 1,910,624</u>	<u>\$ 11,846,343</u>	<u>\$ 11,598,079</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes Levied for Subsequent Year	\$ 8,579,358	\$ 1,617,942	\$ 10,197,300	\$ 9,513,196
Unavailable Revenue - Delinquent Taxes	104,004	20,554	124,558	113,550
Total Defered Inflows of Resources	<u>8,683,362</u>	<u>1,638,496</u>	<u>10,321,858</u>	<u>9,626,746</u>
Fund Balance:				
Restricted for Debt Service	<u>1,252,357</u>	<u>272,128</u>	<u>1,524,485</u>	<u>1,971,333</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 9,935,719</u>	<u>\$ 1,910,624</u>	<u>\$ 11,846,343</u>	<u>\$ 11,598,079</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191**

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**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	2014				Over (Under) Final Budget	2013
	Final Budgeted Amounts	Regular Debt Service	OPEB Debt Service	Total Actual Amounts		2013 Actual Amounts
REVENUES						
Local Sources:						
Property Tax	\$ 9,513,196	\$ 7,720,898	\$ 1,641,683	\$ 9,362,581	\$ (150,615)	\$ 8,989,867
Earnings on Investments	-	7,920	1,496	9,416	9,416	7,170
Other	-	194,662	-	194,662	194,662	178,450
State Sources	-	-	-	-	-	90
Total Revenues	9,513,196	7,923,480	1,643,179	9,566,659	53,463	9,175,577
EXPENDITURES						
Debt Service:						
Bond Principal	5,391,000	4,700,000	690,000	5,390,000	(1,000)	4,825,000
Bond Interest	4,620,455	3,725,806	894,650	4,620,456	1	4,355,156
Paying Agent Fees and Other	5,500	3,051	-	3,051	(2,449)	2,600
Total Expenditures	10,016,955	8,428,857	1,584,650	10,013,507	(3,448)	9,182,756
Excess (Deficiency) of Revenues Over (Under) Expenditures	(503,759)	(505,377)	58,529	(446,848)	56,911	(7,179)
OTHER FINANCING SOURCES						
Debt Issuance	-	-	-	-	-	660,744
Net Change in Fund Balance	<u>\$ (503,759)</u>	<u>(505,377)</u>	<u>58,529</u>	<u>(446,848)</u>	<u>\$ 56,911</u>	<u>653,565</u>
FUND BALANCE						
Beginning of Year		<u>1,757,734</u>	<u>213,599</u>	<u>1,971,333</u>		<u>1,317,768</u>
End of Year		<u>\$ 1,252,357</u>	<u>\$ 272,128</u>	<u>\$ 1,524,485</u>		<u>\$ 1,971,333</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014**

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(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	Self- Insurance Dental	Self- Insurance Health	Severance Benefits	OPEB Revocable Trust	Totals	
					2014	2013
ASSETS						
Current Assets:						
Cash and Investments	\$ 376,132	\$ 4,677,917	\$ 5,231,193	\$ 14,868,617	\$ 25,153,859	\$ 24,654,646
Interest Receivable	-	-	-	48,414	48,414	25,518
Due from Other Funds	-	621,511	-	-	621,511	713,733
Total Assets	<u>\$ 376,132</u>	<u>\$ 5,299,428</u>	<u>\$ 5,231,193</u>	<u>\$ 14,917,031</u>	<u>\$ 25,823,784</u>	<u>\$ 25,393,897</u>
LIABILITIES AND NET POSITION						
Current Liabilities:						
Health and Dental Claims Payable	\$ 42,584	\$ 701,553	\$ -	\$ -	\$ 744,137	\$ 390,066
Due to Plan Participants	-	1,888,167	-	-	1,888,167	1,219,073
Due to Health Care Spending Plan	-	-	178,460	-	178,460	240,891
Severance Benefits Payable	-	-	387,856	-	387,856	673,574
Due to Other Funds	-	-	-	621,511	621,511	713,733
Total Current Liabilities	42,584	2,589,720	566,316	621,511	3,820,131	3,237,337
Severance Benefits Payable	-	-	1,765,966	-	1,765,966	2,349,112
Total Liabilities	42,584	2,589,720	2,332,282	621,511	5,586,097	5,586,449
Net Position:						
Unrestricted	333,548	2,709,708	2,898,911	14,295,520	20,237,687	19,807,448
Total Liabilities and Net Position	<u>\$ 376,132</u>	<u>\$ 5,299,428</u>	<u>\$ 5,231,193</u>	<u>\$ 14,917,031</u>	<u>\$ 25,823,784</u>	<u>\$ 25,393,897</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
INTERNAL SERVICE FUND**

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**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)**

	Self-	Self-	Severance Benefits	OPEB	Totals	
	Insurance Dental	Insurance Health		Revocable Trust	2014	2013
OPERATING REVENUES						
Charges for Services	\$ 903,427	\$ 17,133,468	\$ -	\$ 424,078	\$ 18,460,973	\$ 16,530,688
OPERATING EXPENSES						
Health Insurance Claim Payments	-	16,567,677	-	-	16,567,677	13,827,690
Dental Insurance Claim Payments	911,923	-	-	-	911,923	914,727
Severance Payments	-	-	(215,598)	-	(215,598)	605,902
OPEB Payments	-	-	-	1,041,706	1,041,706	891,727
Total Operating Expenses	<u>911,923</u>	<u>16,567,677</u>	<u>(215,598)</u>	<u>1,041,706</u>	<u>18,305,708</u>	<u>16,240,046</u>
Operating Income (Loss)	(8,496)	565,791	215,598	(617,628)	155,265	290,642
NONOPERATING INCOME						
Earnings on Investments	<u>508</u>	<u>7,037</u>	<u>8,595</u>	<u>258,834</u>	<u>274,974</u>	<u>28,321</u>
Change in Net Position	(7,988)	572,828	224,193	(358,794)	430,239	318,963
Net Position - Beginning	<u>341,536</u>	<u>2,136,880</u>	<u>2,674,718</u>	<u>14,654,314</u>	<u>19,807,448</u>	<u>19,488,485</u>
Net Position - Ending	<u>\$ 333,548</u>	<u>\$ 2,709,708</u>	<u>\$ 2,898,911</u>	<u>\$ 14,295,520</u>	<u>\$ 20,237,687</u>	<u>\$ 19,807,448</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	Self- Insurance Dental	Self- Insurance Health	Severance Benefits	OPEB Revocable Trust	Totals	
					2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Interfund Services Provided	\$ 903,427	\$ 17,225,690	\$ -	\$ 424,078	\$ 18,553,195	\$ 15,816,955
Payments for Health and Dental Claims	(912,591)	(15,543,844)	-	-	(16,456,435)	(14,315,526)
Payments for OPEB	-	-	-	(1,133,928)	(1,133,928)	(1,208,239)
Payments for Severance Benefits	-	-	(715,697)	-	(715,697)	(508,108)
Net Cash Provided (Used) by Operating Activities	(9,164)	1,681,846	(715,697)	(709,850)	247,135	(214,918)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	508	7,037	8,595	235,938	252,078	81,138
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,656)	1,688,883	(707,102)	(473,912)	499,213	(133,780)
Cash and Cash Equivalents - Beginning	384,788	2,989,034	5,938,295	15,342,529	24,654,646	24,788,426
CASH AND CASH EQUIVALENTS - ENDING	\$ 376,132	\$ 4,677,917	\$ 5,231,193	\$ 14,868,617	\$ 25,153,859	\$ 24,654,646
DISPLAYED ON COMBINING STATEMENT OF NET POSITION AS						
Cash and Investments	\$ 376,132	\$ 4,677,917	\$ 5,231,193	\$ 14,868,617	\$ 25,153,859	\$ 24,654,646
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (8,496)	\$ 565,791	\$ 215,598	\$ (617,628)	\$ 155,265	\$ 290,642
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Increase (Decrease) in Due to HCSP	-	-	(62,431)	-	(62,431)	14,330
Increase (Decrease) in Claims Payable	(668)	701,553	-	-	700,885	75,539
Increase in Due to Plan Participants	-	322,280	-	-	322,280	351,352
Decrease in Severance Benefits Payable	-	-	(868,864)	-	(868,864)	(143,097)
Decrease in Due to Other Funds	-	-	-	(92,222)	(92,222)	-
(Increase) Decrease in Due from Other Funds	-	92,222	-	-	92,222	(803,684)
Total Adjustments	(668)	1,116,055	(931,295)	(92,222)	91,870	(505,560)
Net Cash Provided (Used) by Operating Activities	\$ (9,164)	\$ 1,681,846	\$ (715,697)	\$ (709,850)	\$ 247,135	\$ (214,918)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	None	None	None	None	None	none

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2014**

	AUDIT	UFARS	AUDIT-UFARS
01 GENERAL FUND			
Total Revenue	\$ 114,626,638	\$ 114,626,636	\$ 2
Total Expenditures	\$ 116,179,878	\$ 116,179,875	\$ 3
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 256,197	\$ 256,197	\$ -
<i>Restricted/Reserved:</i>			
403 Staff Development	\$ -	\$ -	\$ -
405 Deferred Maintenance	\$ -	\$ -	\$ -
406 Health & Safety	\$ (34,832)	\$ (34,832)	\$ -
407 Capital Project Levy	\$ -	\$ -	\$ -
408 Cooperative Programs	\$ -	\$ -	\$ -
411 Severance Pay	\$ -	\$ -	\$ -
413 Project Funded by COP	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -
416 Levy Reduction	\$ -	\$ -	\$ -
417 Taconite Building Maint	\$ -	\$ -	\$ -
423 Certain Teacher Programs	\$ -	\$ -	\$ -
424 Operating Capital	\$ 1,032,983	\$ 1,032,983	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -
427 Disabled Accessibility	\$ -	\$ -	\$ -
428 Learning & Development	\$ -	\$ -	\$ -
434 Area Learning Center	\$ 2,578,703	\$ 2,578,703	\$ -
435 Contracted Alt. Programs	\$ -	\$ -	\$ -
436 State Approved Alt. Program	\$ -	\$ -	\$ -
438 Gifted & Talented	\$ -	\$ -	\$ -
441 Basic Skills Programs	\$ 57,015	\$ 57,015	\$ -
445 Career and Technical Programs	\$ -	\$ -	\$ -
446 First Grade Preparedness	\$ -	\$ -	\$ -
449 Safe Schools Crime	\$ -	\$ -	\$ -
450 Prekindergarten	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Restricted Fund Balance	\$ -	\$ -	\$ -
<i>Committed:</i>			
418 Committed for Separation	\$ -	\$ -	\$ -
461 Committed Fund Balance	\$ 2,067,348	\$ 2,067,348	\$ -
<i>Assigned:</i>			
462 Assigned Fund Balance	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
422 Unassigned Fund Balance	\$ 16,003,177	\$ 16,003,177	\$ -
02 FOOD SERVICE			
Total Revenue	\$ 5,226,228	\$ 5,226,228	\$ -
Total Expenditures	\$ 4,934,679	\$ 4,934,679	\$ -
<i>Non-Spendable:</i>			
460 Non-Spendable Fund Balance	\$ 26,984	\$ 26,984	\$ -
<i>Restricted:</i>			
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
464 Restricted Fund Balance	\$ 1,368,786	\$ 1,368,787	\$ (1)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE			
Total Revenue	\$ 5,543,148	\$ 5,543,148	\$ -
Total Expenditures	\$ 5,879,995	\$ 5,879,995	\$ -
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>			
426 \$25 Taconite	\$ -	\$ -	\$ -
431 Community Education	\$ 494,805	\$ 494,805	\$ -
432 E.C.F.E.	\$ 98,367	\$ 98,367	\$ -
444 School Readiness	\$ 78,583	\$ 78,583	\$ -
447 Adult Basic Education	\$ -	\$ -	\$ -
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Restricted Fund Balance	\$ 34,115	\$ 34,116	\$ (1)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE (CONTINUED)
JUNE 30, 2014**

	AUDIT	UFARS	AUDIT-UFARS
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 21,592	\$ 21,592	\$ -
Total Expenditures	\$ 7,425,642	\$ 7,425,641	\$ 1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>			
407 Capital Projects Levy	\$ -	\$ -	\$ -
409 Alternative Facility Program	\$ 12,290,106	\$ 12,290,107	\$ (1)
413 Project Funded by COP	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Restricted Fund Balance	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -
07 DEBT SERVICE			
Total Revenue	\$ 7,923,480	\$ 7,923,480	\$ -
Total Expenditures	\$ 8,428,857	\$ 8,428,856	\$ 1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>			
425 Bond Refundings	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Restricted Fund Balance	\$ 1,252,357	\$ 1,252,357	\$ -
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -
08 TRUST			
Total Revenue	\$ 795,716	\$ 795,716	\$ -
Total Expenditures	\$ 827,523	\$ 827,522	\$ 1
422 Net Assets	\$ 186,633	\$ 186,634	\$ (1)
20 INTERNAL SERVICE			
Total Revenue	\$ 18,053,035	\$ 18,053,035	\$ -
Total Expenditures	\$ 17,264,002	\$ 17,264,001	\$ 1
422 Net Assets	\$ 5,942,167	\$ 5,942,167	\$ -
25 OPEB REVOCABLE TRUST			
Total Revenue	\$ 682,912	\$ 682,912	\$ -
Total Expenditures	\$ 1,041,706	\$ 1,041,706	\$ -
422 Unreserved/Undesignated	\$ 14,295,520	\$ 14,295,520	\$ -
45 OPEB IRREVOCABLE TRUST			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
422 Net Assets	\$ -	\$ -	\$ -
47 OPEB DEBT SERVICE			
Total Revenue	\$ 1,643,179	\$ 1,643,180	\$ (1)
Total Expenditures	\$ 1,584,650	\$ 1,584,650	\$ -
<i>Non-Spendable:</i>			
460 Non-Spendable Fund Balance	\$ -	\$ -	\$ -
<i>Reserved:</i>			
425 Bond Refundings	\$ -	\$ -	\$ -
464 Restricted Fund Balance	\$ 272,128	\$ 272,129	\$ (1)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -

STATISTICAL SECTION (UNAUDITED)

This part of the Independent School District No. 191 comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	85
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	93
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	101
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	106
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	110

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 191
 NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)**

	Fiscal Year			
	2005	2006	2007	2008
Governmental Activities:				
Net Investment in Capital Assets	\$ 26,672,798	\$ 29,541,607	\$ 30,752,653	\$ 32,400,397
Restricted	740,649	1,575,709	1,500,870	1,944,889
Unrestricted	460,243	930,261	2,851,758	3,581,251
Total Governmental Activities Net Position	<u>\$ 27,873,690</u>	<u>\$ 32,047,577</u>	<u>\$ 35,105,281</u>	<u>\$ 37,926,537</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 34,695,342	\$ 35,667,039	\$ 34,407,587	\$ 33,135,086	\$ 30,342,438	\$ 30,452,283
3,733,631	1,832,117	2,161,029	5,216,979	6,159,342	5,749,042
12,052,404	14,610,991	16,668,510	19,384,308	22,916,072	21,984,806
<u>\$ 50,481,377</u>	<u>\$ 52,110,147</u>	<u>\$ 53,237,126</u>	<u>\$ 57,736,373</u>	<u>\$ 59,417,852</u>	<u>\$ 58,186,131</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

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	Fiscal Year			
	2005	2006	2007	2008
Governmental Activities:				
Expenses:				
Administration	\$ 4,402,390	\$ 4,919,460	\$ 4,589,197	\$ 5,027,845
District Support Services	2,717,113	2,886,365	3,065,225	3,126,850
Elementary and Secondary Regular Instruction	43,960,118	43,486,231	44,975,789	45,515,887
Vocational Education Instruction	1,285,600	1,413,588	1,378,881	1,526,776
Special Education Instruction	19,779,072	21,114,629	22,411,625	23,681,196
Instructional Support Services	4,180,002	3,755,835	6,550,614	6,153,326
Pupil Support Services	7,905,041	8,057,584	8,020,842	8,557,826
Sites and Buildings	7,183,949	8,238,752	9,052,668	8,191,449
Fiscal and Other Fixed Cost Programs	375,757	383,761	339,705	209,332
Food Service	3,883,183	4,172,970	4,290,681	4,511,341
Community Service	7,537,368	7,808,625	7,725,833	7,208,037
Unallocated Depreciation	3,513,318	3,464,422	3,644,915	4,056,496
Interest and Fiscal Charges on Debt	4,088,888	1,886,765	1,972,633	2,789,012
Total Governmental Activities Expenses	<u>110,811,799</u>	<u>111,588,987</u>	<u>118,018,608</u>	<u>120,555,373</u>
Program Revenues:				
Charges for Services				
Administration	-	-	-	-
District Support Services	-	-	-	-
Regular Instruction	-	-	-	-
Vocational Education Instruction	-	-	-	-
Special Education Instruction	-	-	-	-
Instructional Support Services	-	-	-	-
Pupil Support Services	-	-	-	-
Sites and Buildings	-	-	-	-
Food Service	-	-	-	-
Community Service	-	-	-	-
Charges for Services	9,789,708	9,776,923	8,783,122	8,861,528
Operating Grants and Contributions	20,759,338	21,408,456	24,882,103	27,942,642
Capital Grants and Contributions	-	-	-	-
Total Governmental Activities Program Revenues	<u>30,549,046</u>	<u>31,185,379</u>	<u>33,665,225</u>	<u>36,804,170</u>
Net (Expense) Revenue	(80,262,753)	(80,403,608)	(84,353,383)	(83,751,203)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes	10,709,577	7,985,810	15,197,534	15,333,736
Property Taxes, Levied for Capital Projects	3,535,000	3,050,000	3,587,533	1,220,877
Property Taxes, Levied for Community Service	861,654	456,135	954,054	1,050,146
Property Taxes, Levied for Debt Service	4,776,130	4,752,854	3,823,407	5,288,249
General Grants and Aids	58,557,941	64,413,534	60,119,086	61,627,214
Other General Revenues	3,047,923	2,884,924	2,399,261	505,762
Investment Earnings	1,225,769	1,034,238	1,330,212	1,546,475
Total General Revenues	<u>82,713,994</u>	<u>84,577,495</u>	<u>87,411,087</u>	<u>86,572,459</u>
Change in Net Position	<u>\$ 2,451,241</u>	<u>\$ 4,173,887</u>	<u>\$ 3,057,704</u>	<u>\$ 2,821,256</u>

Note: Charges for Services prior to 2011 are shown in aggregate as the underlying detail is not readily available.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 4,950,096	\$ 4,849,650	\$ 4,570,736	\$ 4,913,118	\$ 5,017,728	\$ 5,222,596
3,390,913	3,361,532	3,551,635	4,003,191	3,558,217	3,395,055
47,519,413	50,102,667	50,974,493	50,611,296	50,949,918	51,729,124
1,632,973	1,551,879	1,480,298	1,492,225	1,312,146	1,236,118
22,145,039	21,734,681	22,682,654	19,023,796	20,061,117	22,197,325
7,501,043	8,045,291	7,754,442	6,062,033	7,811,846	10,268,318
8,603,916	9,780,469	10,026,146	9,807,447	9,868,782	10,347,505
8,522,420	14,180,528	15,784,580	15,200,182	17,070,641	15,688,853
264,411	202,269	210,020	251,997	295,956	359,332
4,679,838	4,233,044	4,291,762	4,323,546	4,900,535	4,945,020
6,799,003	6,824,402	6,437,058	5,381,854	5,011,420	5,852,106
4,397,939	-	-	-	-	-
3,598,995	4,177,493	4,141,447	4,601,698	4,274,825	4,487,298
124,005,999	129,043,905	131,905,271	125,672,383	130,133,131	135,728,650
-	-	380	544	1,029	3,075
-	-	127,990	134,569	109,146	107,339
-	-	1,017,919	806,875	938,224	835,616
-	-	14,397	4,577	2,168	-
-	-	219,159	258,340	314,860	401,262
-	-	3,932	2,925	777	725
-	-	79,144	71,789	53,446	52,946
-	-	166,728	164,797	236,430	399,322
-	-	2,059,988	1,949,840	1,961,046	1,807,330
-	-	4,388,387	3,836,094	3,250,050	3,389,114
8,757,337	7,950,985	-	-	-	-
26,465,588	33,468,257	29,054,228	27,077,411	27,428,931	29,387,695
-	2,406,218	852,644	910,472	903,453	985,391
35,222,925	43,825,460	37,984,896	35,218,233	35,199,560	37,369,815
(88,783,074)	(85,218,445)	(93,920,375)	(90,454,150)	(94,933,571)	(98,358,835)
23,788,718	24,227,785	32,482,605	22,636,895	24,589,073	15,967,774
1,997,143	1,659,108	-	-	-	-
821,623	883,211	1,404,146	941,361	985,656	484,038
6,125,262	6,721,713	8,134,891	8,522,512	8,982,183	9,373,229
62,750,280	52,784,986	52,461,003	62,107,115	61,702,475	71,455,903
765,767	96,418	88,302	287,108	278,153	294,357
1,059,429	473,994	476,407	458,406	77,510	348,647
97,308,222	86,847,215	95,047,354	94,953,397	96,615,050	97,923,948
\$ 8,525,148	\$ 1,628,770	\$ 1,126,979	\$ 4,499,247	\$ 1,681,479	\$ (434,887)

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2005	2006	2007	2008
General Fund:				
Reserved	\$ 3,359,482	\$ 2,300,836	\$ 2,393,792	\$ 2,880,170
Unreserved, Designated	1,733,220	1,998,726	2,880,780	2,318,619
Unreserved, Undesignated	3,618,630	3,034,806	1,821,361	4,070,656
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 8,711,332</u>	<u>\$ 7,334,368</u>	<u>\$ 7,095,933</u>	<u>\$ 9,269,445</u>
All Other Governmental Funds:				
Reserved	\$ 19,513,928	\$ 50,325	\$ 11,041,796	\$ 28,335,079
Unreserved	(732,919)	190,651	1,962,014	2,121,115
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 18,781,009</u>	<u>\$ 240,976</u>	<u>\$ 13,003,810</u>	<u>\$ 30,456,194</u>
Total All Funds	<u>\$ 27,492,341</u>	<u>\$ 7,575,344</u>	<u>\$ 20,099,743</u>	<u>\$ 39,725,639</u>

Note: The District began to use new categories when it implemented GASB 54 in fiscal year 2011.

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 4,276,972	\$ 2,636,276	\$ -	\$ -	\$ -	\$ -	
5,090,162	2,352,197	-	-	-	-	
9,572,656	11,044,500	-	-	-	-	
-	-	278,075	189,006	270,695	256,197	
-	-	2,851,833	3,562,528	3,867,464	3,633,869	
-	-	2,903,318	2,519,534	1,903,201	2,067,348	
-	-	11,508,180	15,451,213	17,472,471	16,003,177	
<u>\$ 18,939,790</u>	<u>\$ 16,032,973</u>	<u>\$ 17,541,406</u>	<u>\$ 21,722,281</u>	<u>\$ 23,513,831</u>	<u>\$ 21,960,591</u>	
\$ 14,370,010	\$ 5,943,846	\$ -	\$ -	\$ -	\$ -	
2,733,039	2,094,857	-	-	-	-	
-	-	11,415	15,084	22,033	26,984	
-	-	22,187,616	12,897,157	23,784,859	15,889,247	
-	-	(15,929)	-	-	-	
<u>\$ 17,103,049</u>	<u>\$ 8,038,703</u>	<u>\$ 22,183,102</u>	<u>\$ 12,912,241</u>	<u>\$ 23,806,892</u>	<u>\$ 15,916,231</u>	
<u>\$ 36,042,839</u>	<u>\$ 24,071,676</u>	<u>\$ 39,724,508</u>	<u>\$ 34,634,522</u>	<u>\$ 47,320,723</u>	<u>\$ 37,876,822</u>	

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

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	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Local Sources:				
Taxes	\$ 19,825,578	\$ 16,278,067	\$ 23,539,825	\$ 22,834,837
Investment Earnings	1,158,963	820,915	1,247,589	1,405,009
Other	10,961,002	10,958,308	10,867,020	10,000,580
State Sources	74,619,710	80,631,654	79,054,439	82,213,084
Federal Sources	4,697,569	5,190,336	5,946,750	6,462,561
Total Revenues	<u>111,262,822</u>	<u>113,879,280</u>	<u>120,655,623</u>	<u>122,916,071</u>
Expenditures				
Current:				
Administration	4,424,730	4,469,983	4,554,716	4,657,727
District Support Services	2,680,878	2,697,711	3,010,817	3,105,926
Elementary and Secondary Regular Instruction	44,774,695	44,339,358	45,404,777	45,261,251
Vocational Education Instruction	1,300,277	1,400,090	1,374,353	1,523,789
Special Education Instruction	19,942,507	21,264,986	22,382,206	23,754,715
Instructional Support Services	4,103,118	3,596,795	6,550,399	6,118,765
Pupil Support Services	7,484,808	7,820,145	7,988,227	8,525,680
Sites and Buildings	7,980,820	12,305,772	8,644,151	8,588,916
Fiscal and Other Fixed Cost Programs	375,757	383,761	339,705	209,332
Food Service	4,085,807	4,149,116	4,256,652	4,468,774
Community Service	7,423,646	7,550,954	7,534,481	7,175,595
Capital Outlay	3,700,567	2,603,852	5,717,413	14,938,638
Debt Service:				
Principal	2,930,921	3,295,968	3,257,392	3,557,799
Interest and Fiscal Charges	3,709,546	3,057,786	2,048,236	2,549,048
Total Expenditures	<u>114,918,077</u>	<u>118,936,277</u>	<u>123,063,525</u>	<u>134,435,955</u>
Deficiency of Revenues Under Expenditures	(3,655,255)	(5,056,997)	(2,407,902)	(11,519,884)
Other Financing Sources (Uses)				
Proceeds from Debt Issuance	18,175,000	-	14,925,000	30,580,000
Refunding Bonds Issued	-	-	-	17,110,000
Premium on Bonds	463,367	-	7,301	338,143
Payments to Refunded Bond Escrow Agent	(21,700,000)	(18,875,000)	-	(17,535,000)
Capital Leases	-	4,015,000	-	152,637
Proceeds from Sale of Equipment	-	-	-	-
Proceeds from Insurance Recovery	-	-	-	-
Transfers In	294,153	628,161	841,373	500,000
Transfers Out	(294,153)	(628,161)	(841,373)	-
Total Other Financing Sources (Uses)	<u>(3,061,633)</u>	<u>(14,860,000)</u>	<u>14,932,301</u>	<u>31,145,780</u>
Net Change in Fund Balances	<u>\$ (6,716,888)</u>	<u>\$ (19,916,997)</u>	<u>\$ 12,524,399</u>	<u>\$ 19,625,896</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>5.97%</u>	<u>5.46%</u>	<u>4.52%</u>	<u>5.11%</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 32,553,680	\$ 33,312,791	\$ 42,027,958	\$ 32,233,016	\$ 34,586,475	\$ 25,795,703
1,021,884	174,360	31,677	37,064	49,189	73,673
9,829,361	8,905,536	9,132,181	8,144,240	8,356,020	8,627,885
82,343,720	74,486,292	73,572,503	81,833,895	82,364,820	92,656,912
5,893,647	13,308,330	7,828,467	7,371,690	6,438,224	7,584,795
<u>131,642,292</u>	<u>130,187,309</u>	<u>132,592,786</u>	<u>129,619,905</u>	<u>131,794,728</u>	<u>134,738,968</u>
6,140,806	4,740,928	4,479,834	4,653,413	4,989,116	5,165,097
3,511,356	3,316,627	3,503,874	3,844,968	3,554,671	3,413,639
56,188,736	49,316,260	50,623,741	50,600,018	50,345,903	51,801,948
1,835,088	1,575,805	1,457,705	1,498,920	1,313,835	1,239,045
25,938,318	21,044,299	22,217,684	19,095,676	19,864,118	22,223,518
8,143,797	7,091,658	6,817,957	4,999,515	7,436,464	10,207,507
9,355,083	9,584,890	10,012,614	9,766,628	9,865,911	10,358,327
10,478,601	8,847,651	9,590,961	8,934,219	9,226,327	10,722,992
264,411	202,269	210,020	251,997	295,956	359,332
4,558,646	4,160,351	4,222,507	4,145,547	4,633,338	4,934,679
7,392,208	6,761,386	6,387,759	5,316,732	4,996,977	5,879,995
16,613,204	14,247,559	7,521,788	12,116,836	10,265,759	7,425,642
3,746,517	3,750,000	4,480,000	5,126,777	5,333,428	5,921,060
3,475,367	4,055,731	4,165,905	4,626,776	4,537,801	4,780,920
<u>157,642,138</u>	<u>138,695,414</u>	<u>135,692,349</u>	<u>134,978,022</u>	<u>136,659,604</u>	<u>144,433,701</u>
(25,999,846)	(8,508,105)	(3,099,563)	(5,358,117)	(4,864,876)	(9,694,733)
18,580,000	-	16,575,000	-	16,910,000	-
-	-	-	-	-	-
266,733	-	328,926	-	612,872	-
-	-	-	-	-	-
875,000	1,103,500	-	-	-	-
-	4,135	1,050	5,500	7,081	5,535
-	2,571	1,847,419	262,631	21,124	245,297
3,377,203	345,512	-	-	-	-
(781,890)	(4,918,776)	-	-	-	-
<u>22,317,046</u>	<u>(3,463,058)</u>	<u>18,752,395</u>	<u>268,131</u>	<u>17,551,077</u>	<u>250,832</u>
<u>\$ (3,682,800)</u>	<u>\$ (11,971,163)</u>	<u>\$ 15,652,832</u>	<u>\$ (5,089,986)</u>	<u>\$ 12,686,201</u>	<u>\$ (9,443,901)</u>
<u>5.12%</u>	<u>6.27%</u>	<u>6.75%</u>	<u>7.94%</u>	<u>7.81%</u>	<u>7.81%</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 191
 GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE AND LEVY TYPE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)**

Fiscal Year	Property Tax				Total
	General Fund	Community Service	Capital Projects - Building Construction Fund	Debt Service	
2005	\$ 10,723,430	\$ 850,579	\$ 3,535,000	\$ 4,716,569	\$ 19,825,578
2006	8,004,227	458,435	3,050,000	4,765,405	16,278,067
2007	15,171,998	953,184	3,587,533	3,827,110	23,539,825
2008	15,295,699	1,047,297	1,220,877	5,270,964	22,834,837
2009	23,644,333	819,197	1,997,143	6,093,007	32,553,680
2010	24,098,279	878,490	1,650,239	6,685,783	33,312,791
2011	32,487,487	1,404,357	-	8,136,114	42,027,958
2012	22,730,154	945,239	-	8,557,623	32,233,016
2013	24,610,109	986,499	-	8,989,867	34,586,475
2014	15,949,634	483,488	-	9,362,581	25,795,703

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
TAX CAPACITIES AND MARKET VALUE
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Tax Capacity Valuation			
	Agricultural	Non-Agricultural	Fiscal Disparities	
			Contribution	Distribution
Dakota County				
2005	\$ 4,952	\$ 52,853,713	\$ (6,185,310)	\$ 4,839,545
2006	5,429	58,021,935	(6,448,512)	5,131,959
2007	5,593	62,916,334	(7,109,777)	5,607,561
2008	-	65,729,936	(8,091,910)	6,426,990
2009	3,939	65,915,092	(8,836,371)	7,374,378
2010	-	62,585,735	(9,383,424)	7,552,685
2011	-	58,466,834	(9,345,125)	7,373,077
2012	-	54,554,627	(8,854,516)	6,837,908
2013	-	51,366,003	(8,772,069)	6,412,676
2014	-	52,188,920	(8,671,256)	5,990,040
Scott County				
2005	\$ 15,369	\$ 13,372,525	\$ (1,378,848)	\$ 1,009,713
2006	17,549	14,523,749	(1,665,718)	1,040,580
2007	19,223	16,020,780	(1,999,151)	1,153,516
2008	29,720	17,143,352	(2,095,903)	1,332,264
2009	48,777	17,856,869	(2,448,215)	1,472,452
2010	-	17,839,926	(2,694,919)	771,610
2011	57,863	17,551,138	(2,897,114)	1,807,108
2012	50,493	16,234,341	(2,860,834)	1,531,944
2013	25,851	15,105,539	(2,725,855)	1,482,916
2014	52,993	15,700,702	(2,700,526)	1,377,863

Source: School Tax Report issued by the Minnesota Department of Education and Scott and Dakota Counties

<u>Tax Increment</u>	<u>Total Taxable</u>	<u>Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$ (4,284,220)	\$ 47,228,680	\$ 4,343,272,300	1.09
(4,483,875)	52,226,936	4,772,520,450	1.09
(5,573,580)	55,846,131	5,130,646,250	1.09
(6,374,112)	57,690,904	5,318,277,150	1.08
(6,346,758)	58,110,280	5,274,098,550	1.10
(6,063,844)	54,691,152	4,952,096,500	1.10
(3,707,982)	52,786,804	4,605,222,400	1.15
(3,458,759)	49,079,260	4,504,133,750	1.09
(3,304,385)	45,702,225	4,281,610,850	1.07
(1,304,367)	48,203,337	4,345,185,225	1.11
\$ (1,181,544)	\$ 11,837,215	\$ 1,112,324,600	1.06
(1,358,407)	12,557,753	1,202,345,575	1.04
(1,502,024)	13,692,344	1,318,036,150	1.04
(1,590,462)	14,818,971	1,396,175,400	1.06
(138,233)	16,791,650	1,442,672,150	1.16
(129,985)	15,786,632	1,404,193,900	1.12
(36,196)	16,482,799	1,377,039,800	1.20
(26,264)	14,929,680	1,334,288,700	1.12
(25,738)	13,862,713	1,263,549,300	1.10
(25,738)	14,405,294	1,318,625,200	1.09

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS
(UNAUDITED)**

Rate	Tax Collection Calendar Fiscal Year	ISD No. 191	Municipalities				
			Apple Valley	Burnsville	Eagan	Savage	Shakopee
Tax Capacity Rate	2005	0.17729	0.36753	0.38004	0.28186	0.46385	0.31115
Market Value Rate	2005	0.16763	0.01894	-	0.01894	0.02026	0.00969
Tax Capacity Rate	2006	0.18315	0.35690	0.35414	0.28293	0.46489	0.30974
Market Value Rate	2006	0.17155	0.01797	-	0.01712	0.01835	0.00848
Tax Capacity Rate	2007	0.18152	0.34891	0.34564	0.26804	0.50155	0.31939
Market Value Rate	2007	0.15852	0.01714	-	0.01574	0.01815	0.00728
Tax Capacity Rate	2008	0.19374	0.35537	0.35005	0.19374	0.48356	0.31925
Market Value Rate	2008	0.26397	0.01736	-	0.01526	0.01937	0.00537
Tax Capacity Rate	2009	0.19821	0.37083	0.36088	0.19821	0.46013	0.32630
Market Value Rate	2009	0.24439	0.03109	-	0.01516	0.01984	0.00651
Tax Capacity Rate	2010	0.20651	0.39848	0.38568	0.30407	0.47335	0.33710
Market Value Rate	2010	0.26401	0.03372	-	0.01603	0.01523	0.00555
Tax Capacity Rate	2011	0.21854	0.42388	0.42598	0.33675	0.48278	0.34731
Market Value Rate	2011	0.27427	0.03750	-	0.01704	0.01543	0.00342
Tax Capacity Rate	2012	0.21881	0.44110	0.43213	0.34553	0.51123	0.36655
Market Value Rate	2012	0.28538	0.04169	-	0.01644	0.00160	0.00035
Tax Capacity Rate	2013	0.26168	0.49210	0.47021	0.38272	0.55508	0.41996
Market Value Rate	2013	0.29632	0.02122	-	0.01726	0.00169	0.00047
Tax Capacity Rate	2014	0.25661	0.47891	0.46670	0.38250	0.55278	0.41437
Market Value Rate	2014	0.26308	0.02124	-	0.01696	0.00161	0.00052

* Tax capacity rates only.

Source: Dakota and Scott Counties

Overlapping Rates					
Counties		Special Taxing Districts		Total*	
Dakota County	Scott County	Dakota County	Scott County	Burnsville Resident	Savage Resident
0.28267	0.36569	0.05420	0.04268	0.89420	1.04951
-	-	-	-	-	-
0.26318	0.35502	0.05309	0.04209	0.85356	1.04515
-	-	-	-	-	-
0.25127	0.33140	0.05731	0.04104	0.83574	1.06860
-	-	-	-	-	-
0.25184	0.32646	0.05792	0.04179	0.85355	1.05775
-	-	-	-	-	-
0.25808	0.32684	0.06152	0.04280	0.87869	1.03776
-	-	-	-	-	-
0.27261	0.33237	0.05868	0.04938	0.92348	1.06161
-	-	-	-	-	-
0.29149	0.35541	0.05798	0.04649	0.99399	1.10322
-	-	-	-	-	-
0.31426	0.38802	0.06407	0.05081	1.02927	1.16887
-	-	-	-	-	-
0.33421	0.40674	0.07009	0.05250	1.13619	1.27600
-	-	-	-	-	-
0.31827	0.39720	0.06772	0.05062	1.10930	1.25721
-	-	-	-	-	-

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
PRINCIPAL PROPERTY TAXPAYERS
FISCAL YEAR 2013 AND 2004
(UNAUDITED)**

Taxpayer	2013			2004		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
Xcel Energy	\$ 2,618,250	1	3.79%	\$ 2,160,783	1	4.30%
Minnegasco, Inc.	491,626	2	0.71%	355,345	6	0.71%
Wal-Mart	419,100	3	0.61%			
Kraus-Anderson, Inc.	353,632	4	0.51%	383,374	5	0.76%
Individual	337,397	5	0.49%	387,333	4	0.77%
Rosemount Aerospace, Inc.	333,894	6	0.48%			
Cargill Inc.	316,375	7	0.46%	439,710	3	0.88%
Aurora Investments, LLC	304,556	8	0.44%			
IRET Properties	294,005	9	0.43%	306,351	8	0.61%
Kraemer Mining & Materials Inc.	291,524	10	0.42%			
Summit Townhome Investors, LLC				272,653	9	0.54%
ADC Telecommunications, Inc.				692,076	2	1.38%
Fenton Subsidiary, LLC				353,472	7	0.70%
Burnsville Park Apartments, Inc.				257,249	10	0.51%
Total	\$ 5,760,359		8.34%	\$ 5,608,346		11.16%

Note: Information prior to 2004 is not readily available.

Source: 2014A Official Statement Documents based on Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Dakota and Scott Counties.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
PROPERTY TAX LEVIES, COLLECTIONS, AND RECEIVABLES
LAST TEN FISCAL YEARS
(UNAUDITED)**

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For Taxes Collectible	Original Levy				Collections	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	First Year Levy Recognized	
					Amount	Percentage of Levy
2005	\$ 17,963,696	\$ 2,126,615	\$ 643,474	\$ 20,733,785	\$ 20,545,864	99.1 %
2006	20,385,075	2,155,079	632,680	23,172,834	22,947,207	99.0
2007	21,027,101	2,420,128	601,214	24,048,443	23,707,092	98.6
2008	29,681,732	2,671,977	620,074	32,973,783	32,456,046	98.4
2009	28,932,086	4,135,629	642,114	33,709,829	14,572,244	43.2
2010	28,999,757	4,149,020	691,398	33,840,175	14,282,750	42.2
2011	28,895,825	4,377,847	691,398	33,965,070	14,789,335	43.5
2012	28,884,537	4,114,550	- *	32,999,087	14,914,934	45.2
2013	30,296,042	4,092,005	-	34,388,047	15,292,779	44.5
2014	29,362,825	4,222,030	-	33,584,855	15,248,908	45.4

* - property tax credits replaced by homestead market value exclusion in 2012

Note 1: A portion of the total spread levy is paid through various property tax credits which are paid through state aids and have been included in collections.

Note 2: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write off of delinquent taxes receivable.

Note 3: Only a portion of the taxes levied for the most recent fiscal year is collected by June 30.

Source: State of Minnesota School Tax Report

Received in Subsequent Years	Total to Date		Uncollected Taxes Receivable as of June 30, 2014			
	Amount	Percentage of Levy	Delinquent		Current	
			Amount	Percent	Amount	Percent
\$ 187,921	\$ 20,733,785	100.0 %	\$ -	- %	\$ -	- %
225,627	23,172,834	100.0	-	-	-	-
341,351	24,048,443	100.0	-	-	-	-
484,053	32,940,099	99.9	33,684	0.1	-	-
19,113,276	33,685,520	99.9	24,309	0.1	-	-
19,551,947	33,834,697	100.0	5,478	0.0	-	-
19,134,810	33,924,145	99.9	40,925	0.1	-	-
18,023,934	32,938,868	99.8	60,219	0.2	-	-
18,723,472	34,016,251	98.9	371,796	1.1	-	-
-	15,248,908	45.4	-	-	18,335,947	54.6
			<u>\$ 536,411</u>		<u>\$ -</u>	

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Governmental Activities				Percentage of Personal Income (1)	Per Capita (1)
	General Obligation	Capital Leases	Special	Total Primary		
	Bonds		Assessments	Government		
2005	\$ 60,265,000	\$ 800,084	\$ 114,261	\$ 61,179,345	2.41 %	\$ 999
2006	38,730,000	4,192,559	100,818	43,023,377	1.64	695
2007	50,820,000	3,785,779	85,206	54,690,985	1.98	896
2008	77,895,000	3,471,889	73,934	81,440,823	3.10	1,327
2009	93,005,000	4,083,815	60,491	97,149,306	3.83	1,582
2010	89,255,000	4,897,473	47,048	94,199,521	3.65	1,562
2011	101,350,000	4,401,353	33,606	105,784,959	3.90	1,744
2012	96,710,000	3,914,576	20,163	100,644,739	3.59	1,659
2013	108,795,000	3,406,148	6,721	112,207,869	3.84	1,838
2014	103,405,000	2,875,088	-	106,280,088	N/A	N/A

N/A - Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
RATIO OF NET GENERAL OBLIGATIONS BONDED DEBT
TO TAX CAPACITY AND NET GENERAL OBLIGATIONS BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Tax Capacity	Percent Net Debt to Tax Capacity	Percent of Estimated Actual Market Value of Property (1)	Estimated Population	Net Bonded Debt per Capita
2005	\$ 60,265,000	\$ 20,698,549	\$ 39,566,451	\$ 59,065,895	66.99 %	0.73 %	66,158	\$ 598
2006	38,730,000	1,647,098	37,082,902	64,784,689	57.24	0.62	66,158	561
2007	50,820,000	1,463,285	49,356,715	69,538,475	70.98	0.77	66,158	746
2008	77,895,000	1,781,004	76,113,996	72,509,875	104.97	1.13	66,158	1,150
2009	93,005,000	2,250,541	90,754,459	74,901,930	121.16	1.35	66,158	1,372
2010	89,255,000	1,484,872	87,770,128	70,477,784	124.54	1.38	66,158	1,327
2011	101,350,000	1,384,060	99,965,940	69,269,603	144.31	1.67	66,158	1,511
2012	96,710,000	1,317,768	95,392,232	64,008,940	149.03	1.63	66,158	1,442
2013	108,795,000	1,971,332	106,823,668	59,564,938	179.34	1.93	66,158	1,615
2014	103,405,000	1,252,357	102,152,643	62,608,631	163.16	1.80	66,158	1,544

(1) - See the Schedule of Tax Capacities and Market Value for information on the market value of the District's property.

Source: Annual school district census and U.S. census

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
DIRECT AND OVERLAPPING DEBT
LAST TEN FISCAL YEARS
(UNAUDITED)**

Governmental Unit	2013/2014 Taxable Net Tax Capacity	Bonded Debt	Percent Allocable to ISD No. 191	Portion Allocable to ISD No. 191
Independent School District No. 191	\$ 69,063,138	\$ 103,405,000	100.0000 %	\$ 103,405,000
Overlapping Debt				
Dakota County	352,976,589	42,730,000	12.1780	5,203,677
Scott County	144,865,723	69,805,000	10.1842	7,109,114
City of Apple Valley	39,326,993	27,735,000	0.9569	265,407
City of Burnsville	53,194,695	40,145,000	67.6124	27,143,018
City of Eagan	66,384,787	27,795,000	10.0069	2,781,418
City of Savage	28,408,853	56,490,000	47.1489	26,634,434
City of Shakopee	38,881,186	10,250,000	3.4953	358,267
Metropolitan Council	2,638,630	196,680,000	1.6291	3,204,118
Total Overlapping Debt				<u>72,699,453</u>
Total Direct and Overlapping Debt				<u>\$ 176,104,453</u>

Note: For the Metropolitan Council, the above debt includes all outstanding general obligation debt, as well as general obligation sewer revenue, wastewater revenue, radio revenue bonds, and lease obligations outstanding, all of which are supported entirely by revenues and have not been included in the overlapping debt or debt ratios sections. The method used to determine the percentage of overlapping debt is representative of area and geographic jurisdiction.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 191
 LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

	Fiscal Year			
	2005	2006	2007	2008
Debt Limit	\$ 818,339,535	\$ 896,229,904	\$ 967,302,360	\$ 1,007,167,883
Total Net Debt Applicable to Limit	39,566,451	37,082,902	49,356,715	76,113,996
Legal Debt Margin	<u>\$ 778,773,084</u>	<u>\$ 859,147,002</u>	<u>\$ 917,945,645</u>	<u>\$ 931,053,887</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.83%	4.14%	5.10%	7.56%

Note: Effective for the year 2003 and later, state finance law requires the District's outstanding general obligation debt should not exceed 15% of total market property value. Prior to 2003, the percentage was 10%. By law, the general obligation debt

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 1,007,515,605	\$ 953,443,560	\$ 848,890,728	\$ 827,181,211	\$ 883,979,884	\$ 906,296,696
90,754,459	87,770,128	99,865,128	95,325,940	106,823,668	102,152,643
<u>\$ 916,761,146</u>	<u>\$ 865,673,432</u>	<u>\$ 749,025,600</u>	<u>\$ 731,855,271</u>	<u>\$ 777,156,216</u>	<u>\$ 804,144,053</u>
9.01%	9.21%	11.76%	11.52%	12.08%	11.27%

Legal Debt Margin Calculation for Fiscal Year 2014

Market Value	\$ 6,041,977,975
Debt Limit (15% of Market Value)	906,296,696
Debt Applicable to Limit:	
General Obligation Bonds	103,405,000
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>(1,252,357)</u>
Total Net Debt Applicable to Limit	<u>102,152,643</u>
Legal Debt Margin	<u>\$ 804,144,053</u>

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Calendar Year	Population (1)	Estimated Personal Income (1)	Per Capita Personal Income (2)	Total ISD No. 191 Population (3)	School Enrollment (4)	City of Burnsville Unemployment Rate (1)
2004	61,425	\$ 2,476,348,875	\$ 40,315	66,158	10,679	4.2
2005	61,262	2,537,226,992	41,416	66,158	10,538	3.7
2006	61,048	2,630,863,560	43,095	66,158	10,402	3.5
2007	61,393	2,765,447,685	45,045	66,158	10,213	4.1
2008	61,393	2,625,901,396	42,772	66,158	9,961	4.9
2009	61,081	2,538,037,712	41,552	66,158	9,826	7.4
2010	60,306	2,583,689,958	42,843	66,158	9,770	6.7
2011	60,664	2,709,982,208	44,672	66,158	9,585	6.2
2012	60,664	2,804,314,728	46,227	66,158	9,576	5.1
2013	61,061	2,922,135,216	47,856	66,158	9,468	4.5

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: Annual average unemployment rates compiled by the Minnesota Department of Employment and Economic Development.

Sources:

- (1) City of Burnsville Comprehensive Annual Financial Report for the year ended December 31, 2013
- (2) Estimated personal income is calculated by multiplying the per capital personal income by the City of Burnsville population
- (3) Annual school district census and U.S. census
- (4) ISD No. 191 - average daily membership (for students served or tuition paid)

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
PRINCIPAL EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO
(UNAUDITED)**

Employer	2014		2005 (1)	
	Employees	Rank	Employees	Rank
Independent School District No. 191	1,507	1	1,600	1
UTC Aerospace Systems*	1,200	2	1,150	3
City of Burnsville	520	3	-	-
Pepsi Bottling Group	500	4	550	5
Ames Construction	400	5	-	-
Northern Tool & Equipment	300	6	600	4
Yellow Freight System, Inc. (YRC)	300	7	400	6
SuperTarget	300	8	-	-
Telex Communications	300	9	-	-
Fabcon, Inc.	275	10	-	-
Asset Marketing Services	-	-	275	10
Fairview Ridges Hospital	-	-	1,400	2
Cub Foods	-	-	300	7
Frontier Communications of MN	-	-	300	8
Genz-Ryan	-	-	300	9
Total	5,602		6,875	

(1) Information prior to 2005 is not readily available. Alternatively, the year 2005 is shown.

Sources: Ehlers

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
EMPLOYEES BY CLASSIFICATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Employees	Employees for Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administrators/Principals	46	47	49	51	60	53	61	56	54	54
Teachers	784	735	773	752	746	783	791	699	731	773
Clerical	91	91	88	91	81	85	80	73	74	66
Paraprofessionals	284	273	280	305	275	260	236	224	207	209
Nurses	17	15	15	15	15	15	15	13	12	16
Operations/Maintenance Supervisors	4	5	5	5	5	5	5	5	4	3
Technical Specialists	5	5	5	5	5	4	4	2	6	5
Community Education	58	65	65	60	50	52	47	46	36	36
Cafeteria	75	79	71	81	71	78	83	74	76	75
Custodians	83	84	78	79	76	81	82	75	75	72
Total	1,447	1,399	1,429	1,444	1,384	1,416	1,404	1,267	1,275	1,309

Note 1: This schedule is a headcount based on contract group. If an employee has multiple contract groups, they are reflected multiple times. Full and part-time employees count the same.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STUDENT TO STAFF RATIOS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	ISD No. 191 Student to Teacher Ratios (1)	Minnesota Department of Education Student to Staff Ratio (2)		
		ISD No. 191	Dakota County Average	State Average
2004	16.02	13.77	14.30	13.57
2005	16.58	14.12	14.36	13.51
2006	17.14	14.68	14.25	13.53
2007	16.40	13.86	13.78	13.05
2008	16.46	14.74	13.99	13.23
2009	16.49	14.88	13.57	12.94
2010	16.07	13.54	14.32	13.43
2011	15.74	13.10	14.18	13.44
2012	16.04	13.75	14.67	13.53
2013	15.62	13.31	14.34	13.33

Note 1: Information is not yet available for 2014.

Sources: Minnesota Department of Education

- (1) This data is computed using only full-time equivalent licensed classroom teaching staff.
- (2) This data is computed by dividing total students (MDE enrollment numbers pre-kindergarten through Grade 12) by total certified staff. Certified staff includes classroom teachers, administrators, special education teachers, and all other licensed professionals measured in full-time equivalents.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 191
 OPERATING INDICATORS BY FUNCTION
 STANDARDIZED TESTING AND GRADUATION RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Standardized Tests										
MCA Reading (See Note 1)										
Grade 3	82.0 %	86.0 %	82.0 %	76.0 %	77.0 %	74.1 %	70.6 %	76.4 %	52.1 %	49.6 %
Grade 5	86	82	78	79	79	79	84	80	58	60
Grade 7	76	67	64	62	63	57	67	64	48	50
Grade 10	83	64	67	79	81	81	77	75	61	61
MCA Math (See Note 1)										
Grade 3	75	80	82	78	79	84	59	63	66	64
Grade 5	85	64	71	68	69	73	54	54	54	50
Grade 7	80	60	65	57	58	61	47	55	49	48
Grade 11	74	38	44	40	42	45	47	40	44	40
ACT										
Independent School District No. 191										
Average Composite Score	23	23	23	23	24	23	23	23	23	23
State Average Composite Score	22.3	22.3	22.5	22.6	22.7	22.9	22.9	22.8	23.0	22.9

N/A - Not Available

Note 1: Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
SCHOOL FACILITIES
AS OF JUNE 30, 2014
(UNAUDITED)**

Facility	Use	Constructed	Acres	Classrooms	Square Footage	Capacity	Enrollment (1)
Gideon Pond Elementary	School	1965/1971/1995	13.00	17	75,700	425	433
Edward Neill Elementary	School	1968/1976/1995	10.00	19	68,550	475	430
Marion W. Savage Elementary	School	1950/1954/1957 1961/1963/1965 1971/1990/1992	8.50	23	82,700	575	490
Sioux Trail Elementary	School	1964/1971/1995	13.50	18	75,790	450	434
Vista View Elementary	School	1963/1971/1995	16.50	18	80,069	450	448
Williams Byrne Elementary	School	1967/1971/1995	10.50	18	73,797	450	570
Rahn Elementary	School	1969/1995	16.00	18	67,305	450	449
Sky Oaks Elementary	School	1975	11.00	24	85,850	600	615
Hidden Valley Elementary	School	1989	16.00	24	89,525	600	587
Harriet Bishop Elementary	School	1996	17.36	25	78,107	625	657
Metcalf Junior High	School	1966	36.00	50	163,000	900	624
Eagle Ridge Junior High	School	1996	31.00	45	132,000	875	727
Nicollet Junior High	School	1970/1995	35.00	50	188,772	900	582
Burnsville Senior High	School	1955/1958/1962 1971/1976/1977 1980/1993/1998	63.50	80	405,553	2,150	1,902
ASC	Office	1978	1.27	N/A	12,054	N/A	N/A
Cedar School	School	1961/1971	10.00	12	60,952	300	286
Diamondhead Education	Center	1971	11.50	16	140,000	430	N/A
WH/Maintenance		1958/1962/1980	Part of BHS Acreage	N/A	20,780	N/A	N/A

N/A - Not Available

(1) Source: 2013-14 MN Department of Education School ADM Served Report

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 191
 FOOD SERVICE
 SCHOOL LUNCH PROGRAM DATA
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

<u>Fiscal Year</u>	<u>Average Daily Attendance (1)</u>	<u>Total Lunches Served</u>	<u>Days</u>	<u>Average Daily Participation</u>	<u>Participation as a Percent of Average Daily Attendance</u>
2005	9,195	1,013,233	174	5,823	63.33
2006	9,899	978,399	172	5,688	57.46
2007	9,768	995,473	172	5,788	59.25
2008	9,716	1,007,079	172	5,855	60.26
2009	9,261	981,060	172	5,704	61.59
2010	9,236	917,157	172	5,332	57.73
2011	9,184	1,047,712	172	6,091	66.33
2012	9,010	1,059,439	172	6,160	68.36
2013	9,001	1,074,606	172	6,248	69.41
2014	8,901	1,057,173	166	6,369	71.55

(1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 94 percent of enrollment.

Free Lunch		Reduced Lunch	
<u>Number Served</u>	<u>Percent of Total</u>	<u>Number Served</u>	<u>Percent of Total</u>
225,140	22.22	83,265	8.22
249,896	25.54	84,152	8.60
277,476	27.87	85,386	8.58
298,819	29.67	91,251	9.06
319,715	32.59	92,677	9.45
376,798	41.08	95,006	10.36
432,182	41.25	97,556	9.31
471,515	44.51	95,993	9.06
508,951	47.36	95,527	8.89
520,432	49.23	87,674	8.29

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 191
 SCHEDULE OF INSURANCE COVERAGE
 JUNE 30, 2014
 (UNAUDITED)**

Type of Coverage	Amount of Coverage
Property Coverage:	
Real and Personal Property (Blanketed)	\$ 313,812,926
Unscheduled Locations	None
Blanket Valuable Papers and Records	50,000
Accounts Receivable - On Premises	50,000
Liability Coverages:	
General:	
Each Occurrence	1,000,000
General Aggregate Limit	2,000,000
Medical Expense Limit - Any One Person	5,000
Professional Liability (Nurses, Occupational Therapists, Psychologists):	
Limit Each Claim	Included
Aggregate	Included
Umbrella Liability:	
Each Occurrence	4,000,000
Aggregate	None
Crime Coverage:	
Employee Dishonesty	500,000
Forgery or Alteration	500,000
Computer Fraud	500,000
Theft, Disappearance, and Destruction	135,000
Business Automobile Coverage:	
Bodily Injury and Property Damage	1,000,000
Personal Injury Protection	Basic
Uninsured Motorists	1,000,000
Underinsured Motorists	1,000,000
Collision	1,000
Comprehensive	500
School Leaders Errors and Omissions	
Aggregate	1,000,000
Boiler and Machinery Coverage:	
Property Damage	10,000,000
Extra Expense	1,000,000
Expediting Expense	100,000
Pollutant Cleanup and Removal - Aggregate	None
Spoilage	25,000

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
STUDENT ENROLLMENT
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year Ended June 30,</u>	<u>Pre-Kindergarten and Handicapped Kindergarten</u>	<u>Kindergarten</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>Total Pupil Units</u>
2005	139	733	4,740	5,067	10,679	12,310
2006	131	741	4,657	5,006	10,535	12,139
2007	136	688	4,557	5,010	10,391	12,014
2008	143	686	4,476	4,908	10,213	11,839
2009	146	686	4,384	4,745	9,961	11,528
2010	148	636	4,357	4,685	9,826	11,393
2011	160	675	4,386	4,549	9,770	11,287
2012	156	654	4,364	4,411	9,585	11,069
2013	211	768	4,295	4,302	9,576	10,976
2014	191	730	4,323	4,224	9,468	10,864

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: Beginning in fiscal 2004, ADM is limited to 1.0 ADM per student.

Note 3: ADM is weighted as follows in computing pupil units:

	<u>Pre-Kindergarten</u>	<u>Handicapped Kindergarten</u>	<u>Kindergarten</u>	<u>Elementary 1-3</u>	<u>Elementary 4-6</u>	<u>Secondary</u>
Fiscal 2002 through 2007	1.250	1.000	0.557	1.115	1.060	1.300
Fiscal 2008 through 2014	1.250	1.000	0.612	1.115	1.060	1.300

Source: Minnesota Department of Education student reporting system

**BURNSVILLE-EAGAN-SAVAGE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 191
EXPENDITURES PER STUDENT
YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

	<u>State Average 2013</u>	<u>ISD No. 191 2013</u>
Expenditures Per Student (ADM) (1)		
General Fund:		
District Level Administration	\$ 475	\$ 435
School Level Administration	417	518
Regular Instruction	4,681	4,943
Career and Technical Instruction	132	133
Special Education	1,896	2,025
Student Activities/Athletics	274	188
Instructional Support Services	466	676
Pupil Support Services	291	342
Operations, Maintenance, and Other	838	903
Student Transportation	625	663
Equipment	392	350
Land and Buildings	<u>178</u>	<u>68</u>
Total General Fund Expenditures	<u>\$ 10,665</u>	<u>\$ 11,244</u>
ADM Used Per Profile Model Format		<u>9,811</u>

(1) Average daily membership (ADM) is a measure of student attendance.

Note: School District Profiles Report not available for June 30, 2014.

Source: Minnesota Department of Education School District Profiles Report

**INDEPENDENT SCHOOL DISTRICT NO. 191
BURNSVILLE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND OTHER REQUIRED REPORTS**

JUNE 30, 2014

**INDEPENDENT SCHOOL DISTRICT NO. 191
BURNSVILLE, MINNESOTA
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SINGLE AUDIT AND OTHER REQUIRED REPORTS

**INDEPENDENT AUDITORS' 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**

School Board
Independent School District No. 191
Burnsville, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 191, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Independent School District No. 191's basic financial statements, and have issued our report thereon dated December 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independent School District No. 191'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 Independent School District No. 191's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 191's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 191'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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Independent School District No. 191's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133**

School Board
Independent School District No. 191
Burnsville, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Independent School District No. 191's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Independent School District No. 191's major federal programs for the year ended June 30, 2014. Independent School District No. 191's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Independent School District No. 191's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Independent School District No. 191's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Independent School District No. 191's compliance.

Opinion on Each Major Federal Program

In our opinion, Independent School District No. 191 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Independent School District No. 191 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Independent School District No. 191's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 191's internal control over compliance.


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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 191 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Independent School District No. 191's basic financial statements. We issued our report thereon dated December 1, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014

**INDEPENDENT SCHOOL DISTRICT NO. 191
BURNSVILLE, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

Federal Agency/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Minnesota Department of Education:		
School Breakfast Program	{a} 10.553	\$ 663,673
National School Lunch Program	{a} 10.555	1,935,204
After School Snack Program	{a} 10.555	16,434
Food Distribution (& Commodity Rebate Program):		
Cash Assistance	{a} 10.555	118,865
Noncash Assistance	{a} 10.555	235,810
Summer Food Service Program	{a} 10.559	186,007
Fresh Fruit and Vegetable Program	10.582	64,565
Total U.S. Department of Agriculture		3,220,558
U.S. DEPARTMENT OF EDUCATION		
Passed Through Minnesota Department of Education:		
Title I - Part A	84.010	1,327,162
Title II - Improving Teacher Quality	84.367	266,447
Title III, Part A - English Language Acquisition Grants	84.365	184,632
Adult Education - Basic Grants to States	84.002	31,552
Special Education	{b} 84.027	2,325,421
Special Education - Discretionary Continuous Improvement Monitoring Process	{b} 84.027	14,950
Early Childhood	{b} 84.173	73,436
Special Education - Grants for Infants and Families	84.181	59,320
Total U. S. Department of Education		4,282,920
Passed Through Independent School District No. 196:		
Career and Technical Education - Basic Grants to States	84.048	69,852
Total Federal Awards		\$ 7,573,330

{a} = Child Nutrition Cluster

{b} = Special Education Cluster

Notes to Schedule of Expenditures of Federal Awards:

Note 1:

The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Independent School District No. 191.

Note 2:

The expenditures on this schedule are on the modified accrual basis of accounting, which is described in Note 1 to the financial statements of the District.

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

School Board
Independent School District No. 191
Burnsville, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 191 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 1, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, covers seven main 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 study included all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 191 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 School's noncompliance with the above-referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Schools compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014

**INDEPENDENT SCHOOL DISTRICT NO. 191
BURNSVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Independent School District No. 191.
2. No material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements of Independent School District No. 191.
3. No instances of noncompliance material to the financial statements of Independent School District No. 191 were disclosed during the audit.
4. No material weaknesses were disclosed during the audit of the major federal award program for the Independent School District No. 191.
5. The auditors' report on compliance for the major federal award programs for Independent School District No. 191 expresses an unmodified opinion.
6. No findings relative to the major federal award programs for Independent School District No. 191 were disclosed during the audit.
7. The program tested as a major program included:

U.S. Department of Education

Title I, Part A

CFDA #84.010

U.S. Department of Education

Special Education, IDEA, Part B

CFDA #84.027

Special Education – IDEA Preschool Grants

CFDA #84.173

U.S. Department of Agriculture – Nutrition Cluster

School Breakfast Program

CFDA #10.553

Summer Food Service Program

CFDA #10.559

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Independent School District No. 191 was determined to be a low-risk auditee.

B. FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING

CURRENT YEAR

None

INDEPENDENT SCHOOL DISTRICT NO. 191
BURNSVILLE, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

C. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

CURRENT YEAR

None

PRIOR YEAR

Finding: 2013-001

Significant Deficiency – Child Nutrition Cluster (CFDA 10.553, 10.555, 10.559); Grant Period - Year Ended June 30, 2013; Pass Through Agency – Minnesota Department of Education

Condition: During our testing, we noted two households which were selected for verification by the district and whose supported income was subsequently entered into the system incorrectly by the district and resulted in both households qualifying for free meals when they should have qualified for reduced price meals.

Recommendation: We recommend that the district implement a review over the verification process to ensure that the proper income amounts are being entered into the system as well as provide some additional training to ensure all employees involved are knowledgeable of the process.

Current Status: The child nutrition program was audited again in the current year and no such issues were noted over compliance with verification.

D. FINDINGS – MINNESOTA LEGAL COMPLIANCE

None

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

INDEPENDENT AUDITORS' REPORT

School Board, Advisors, and Students
Independent School District No. 191
Burnsville, Minnesota

Report on the Financial Statement

We have audited the statement of cash receipts and disbursements of the Student Activity Funds of Independent School District No. 191 as of and for the year ended June 30, 2014, and the related note to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulatory basis of accounting described in the note to the financial statements; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 auditors' 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in the note to the financial statements, to meet the financial reporting requirements of the Minnesota Department of Education, the financial statements are prepared by Independent School District No. 191 in accordance with the financial reporting provisions of the accounting practices prescribed or permitted by the Minnesota Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in the note to the financial statements and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Student Activity Funds of Independent School District No. 191 as of June 30, 2014, or changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

We were unable to audit cash receipts because the District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. We were unable to obtain sufficient appropriate audit evidence about the completeness of cash receipts by other auditing procedures.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effect of the matter discussed in the Basis for Qualified Opinion on Regulatory Basis paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of the Student Activity Funds of Independent School District No. 191 as of June 30, 2014, and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in the note to the financial statements.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014

**INDEPENDENT SCHOOL DISTRICT NO. 191
BURNSVILLE, MINNESOTA
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

212

	Beginning Balance	Receipts	Disbursements	Ending Balance
BURNSVILLE SENIOR HIGH				
Auto Club	\$ 1,053	\$ 4,767	\$ 3,871	\$ 1,949
Band	20,798	328,599	327,383	22,014
Boys Tennis	(287)	3,650	3,325	38
Boys Track	4,109	12,517	1,552	15,074
Chorus	27,359	6,874	8,900	25,333
Close-Up	1,949	1	-	1,950
DECA	539	11,294	2,543	9,290
Diversity	680	951	951	680
Drum Line	8	-	-	8
Girls Tennis	385	1,428	1,269	544
Greece	1,758	3,591	4,910	439
Golf	9,524	3,681	3,530	9,675
National Honor Society	1,030	2,136	114	3,052
Physics Club	6,733	4,726	4,145	7,314
Prom	12,969	17,351	13,761	16,559
Quiz Bowl	390	2,600	1,495	1,495
Robotics - FRC	431	775	-	1,206
Robotics - FTC	752	4,546	3,333	1,965
Science Fair	7,719	3,524	7,311	3,932
Setting Three	1,144	100	400	844
Showcase	1,177	10	97	1,090
Softball	317	-	-	317
Spanish Club	67	-	-	67
Speech	1,929	2,564	1,048	3,445
Step Team	573	783	632	724
Student Council	1,257	39,230	35,067	5,420
Theater	7,477	7,978	12,117	3,338
Video Club	243	-	-	243
Voice	152	-	-	152
Weight Club	3,538	7,538	4,376	6,700
Yearbook	16,098	331	13,826	2,603
SAAC/Athletic	15,160	4,634	4,778	15,016
Senior Class	4,545	3,403	4,586	3,362
WEDay	-	1,649	1,560	89
Total Burnsville Senior High	151,576	481,231	466,880	165,927

**INDEPENDENT SCHOOL DISTRICT NO. 191
BURNSVILLE, MINNESOTA
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

213

	Beginning Balance	Receipts	Disbursements	Ending Balance
JOHN METCALF JUNIOR HIGH				
Chess Club	\$ 163	\$ 6,237	\$ 5,155	\$ 1,245
Metcalf Dance Line	12	-	-	12
Music	3,696	30,895	34,574	17
Student Senate	2,678	13,728	13,190	3,216
Fishing Club	-	162	-	162
Total John Metcalf Junior High	<u>6,549</u>	<u>51,022</u>	<u>52,919</u>	<u>4,652</u>
JOSEPH NICOLLET JUNIOR HIGH				
AVID	2,466	2,580	24	5,022
Band	2,285	21,026	20,109	3,202
Breakfast Club	2,562	66	431	2,197
Drama Club	5,743	3,564	1,625	7,682
Student Council	1,837	9,413	8,148	3,102
Total Joseph Nicollet Junior High	<u>14,893</u>	<u>36,649</u>	<u>30,337</u>	<u>21,205</u>
EAGLE RIDGE JUNIOR HIGH				
Student Council	1,489	16,803	17,152	1,140
England	625	8,330	7,942	1,013
Chess Club	673	-	-	673
Environmental Club	620	2	-	622
Total Eagle Ridge Junior High	<u>3,407</u>	<u>25,135</u>	<u>25,094</u>	<u>3,448</u>
ELEMENTARY SCHOOLS				
Vista View	265	-	-	265
Rahn	1,442	-	-	1,442
Hidden Valley	-	1,121	1,121	-
Harriet Bishop	3,323	3,506	3,002	3,827
Total Elementary Schools	<u>5,030</u>	<u>4,627</u>	<u>4,123</u>	<u>5,534</u>
DISTRICT TOTAL	<u>\$ 181,455</u>	<u>\$ 598,664</u>	<u>\$ 579,353</u>	<u>\$ 200,766</u>

**INDEPENDENT SCHOOL DISTRICT NO. 191
BURNSVILLE, MINNESOTA
NOTES TO EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS
JUNE 30, 2014**

214

NOTE 1 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Extracurricular student activity account transactions are defined as extracurricular programs conducted for the motivation and enjoyment of students. These programs and activities are not offered for school credits nor required for graduation. Activities are generally conducted outside of school hours. The content of the activities is determined primarily by the students, under the guidance of a staff member or other adult.

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

The accounts of the Student Activity Fund are maintained, and the accompanying financial statements have been prepared, on the regulatory basis of accounting as permitted by the Minnesota Department of Education. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

NOTE 2 DEPOSITS AND INVESTMENTS

All cash and investments of the student activity accounts are held in demand accounts.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all District deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance.

Authorized collateral includes certain state or local government obligations, obligations of the U.S. Treasury and U.S. agencies, irrevocable standby letter of credit issued by the Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank's public debt is rated "AA" or better by Moody's or Standard & Poor's Corporation, and certificates of deposit insured by the FDIC.

Minnesota statutes require that securities pledged as collateral be held in safekeeping by the District Treasurer or in a financial institution (as agent for the District) other than that furnishing the collateral.

All student activity bank deposits are covered by deposit insurance or are collateralized by securities held by the District or its Agent in the District's name.

School Board, Advisers, and Students
Independent School District No. 191
Burnsville, Minnesota

In planning and performing our audit of the statement of cash receipts and disbursements of the extracurricular student activity funds of Independent School District No. 191 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 Independent School District No. 191's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 191's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Independent School District No. 191's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the schedule of findings and corrective action as item 2014-002 to be a material weakness.

This communication is intended solely for the information and use of management and others within Independent School District No. 191, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP
CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE
MANUAL FOR ACTIVITY FUND ACCOUNTING**

School Board, Advisors, and Students
Independent School District No. 191
Burnsville, Minnesota

Report on Compliance

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 Student Activity Funds of Independent School District No. 191 as of and for the year ended June 30, 2014, and the related note to the financial statements, which collectively comprises the basic financial statements, and have issued our report thereon dated December 1, 2014. We expressed an adverse opinion on U.S. generally accepted accounting principles because the financial statements are prepared on a basis of accounting that demonstrates compliance with the regulatory basis of accounting prescribed or permitted by the Minnesota Department of Education, which differs from accounting principles generally accepted in the United States of America. In addition, our report on the regulatory basis of accounting is qualified because the District has not established procedures to provide assurance that all cash collections are recorded in the accounting records.

The *Manual for Activity Fund Accounting* (MAFA), issued by the Minnesota Department of Education, provides uniform financial accounting and reporting standards for student activities. We have performed auditing procedures to test compliance with the provisions of this manual.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Manual for Activity Fund Accounting*, except as described in the Schedule of Findings and Responses at items 2014-001. 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 written response to the legal compliance finding identified in our audit is described in the Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Manual for Activity Fund Accounting* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2014

**INDEPENDENT SCHOOL DISTRICT NO. 191
BURNSVILLE, MINNESOTA
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS
SCHEDULE OF FINDINGS AND CORRECTIVE ACTION
JUNE 30, 2014**

FINDINGS AND CORRECTIVE ACTION

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

2014-002 Inactive Accounts

Condition – Fifteen of the District’s student activity accounts were inactive during fiscal year 2014 and need to be closed to be in compliance with the *Manual for Activity Fund Accounting*.

Recommendation – It is our recommendation that the District close all inactive accounts and transfer any residual balances to other active student activity accounts.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will close all accounts that were inactive for all of fiscal year 2013-14 and have remained inactive through December 31, 2014. Any remaining balances will be transferred to another district account at the direction of the Activity Fund Advisor. The District will also continue to monitor activity throughout the year to avoid having any inactive accounts as of the fiscal year-end.

Official Responsible for Ensuring CAP:

The Director of Accounting is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The planned completion date is June 30, 2015.

Plan to Monitor Completion of CAP:

The Board of Education will be monitoring this corrective action plan.



To: Board of Education, Members

Agenda Item III.B

From: Superintendent Joe Gothard

Re: Report on Vision One91

Date: December 11, 2014

Joe Gothard, superintendent and Ruth Dunn, director of communications will provide an update on Vision One91.