

**INTERMEDIATE SCHOOL DISTRICT 917
IN DAKOTA COUNTY**

REGULAR SCHOOL BOARD MEETING

Tuesday, December 3, 2019

AGENDA:

- I. **Call to Order - Chair Lewis**
- II. **Conduct Pledge of Allegiance - Chair Lewis**
- III. **Visitors opportunity to be heard - Chair Lewis**
- IV. **Additions to the agenda - Chair Lewis**
- V. **Good News Report - Directors** 2
- VI. **Consent Items - Chair Lewis**
 - A. Minutes, November 5, 2019, Regular School Board Meeting 24
 - B. Personnel Considerations 26
- VII. **Business Manager's Report - Nicolle Roush**
 - A. Review and Approve Payment of Bills 29
 - B. Review and Approve Wire Transfers 37
 - C. Review and Approve Investment Report 39
- VIII. **Reports**
 - A. Intermediate School District 917 Employee and Teacher of the Fall Quarter - Jennifer Hetland and Jamie Dalbesio
 - B. Auditor's Report - Jim Eichten 40
 - C. 403b IRS Plan Document Approval - Nicolle Roush 186
- IX. **New Business**
 - A. Review and Ratify Teachers' Contract for 2019-2021 - Mark Zuzek 275
- X. **Policies** 340
 - A. Review revised Policy 412 - Expense Reimbursement, first reading - Mark Zuzek 341
 - B. Reviewed revised Policy 417 - Chemical Use and Abuse, first reading - Mark Zuzek 344
 - C. Review revised Policy 532 (old policy 6.39) - Use of Peace Officers and Crisis Teams to Remove Students with IEPs from School Grounds, first reading - Mark Zuzek 350
 - D. Review revised Policy 709 (old Policy 6.93) Student Transportation Safety Policy, first reading - Mark Zuzek 356
 - E. Review new Policy 535 - Service Animals in Schools, first reading - Mark Zuzek 365

SCHOOL BOARD CALENDAR INFORMATION SCHOOL BOARD CALENDAR INFORMATION

December _____ - 12:30, TESA Holiday Tea, DCTC Dakota Room

December 24-25, 2018 - Closed for Holiday Break

January 1, 2019 - Closed for New Year's Day

January 8, 2019 - 5:00 PM, School Board Meeting, 917 Board Room

January 22, 2019 - 4:30 PM, School Board Work Session

Medical Careers – Fun Updates & Good News!

On November 18, 2019 we completed our Cultural Diversity unit and celebrated with a variety of food items from the student's culture and family traditions. Each student brought in a food item or dish made by them and shared the story of the dish, what the ingredients are, and the importance of this within their own families. Needless to say, it was fun, delicious, entertaining, and also eye-opening. Carol and Becky also shared their family dishes.



On December 2, 2019 the two Medical Careers and Medical-Science class will begin BLS Healthcare Provider CPR training. We expect this to last about 2 weeks to get through all the students. We are also excited because we have 8 of the new manikins with built in assistive devices which give instant feedback on compression rate and depth, to assure the students they are performing it correctly.



Medical Careers also just completed an assignment on “STRESSORS”, which is quite timely because of the upcoming holidays, final exams, and traveling. We also discuss the positive and the negative stressors, along with learning about “coping mechanisms”. I discovered this idea from a Park Nicollet Newsletter years ago, and have designed it use in the classroom. **It truly is eye-opening to see the results from the students, and to be invited into their “secret place” in their head!** We start with a big outline of a blank head, and students go through magazines to find words, pictures and sayings to use to showcase their individuality. No two student’s posters are identical.

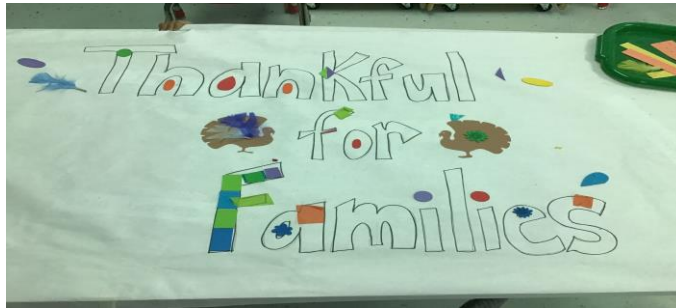
- According to data collected by the “American Psychological Association” for the Stress in America Survey, teen stress rivals that of adults. Results of the survey show that not only do teens identify that their stress levels are not healthy, but they also underestimate the impact stress has on their mental and physical health.
- For teens, the most commonly reported sources of stress are school (83 percent), getting into a good college or deciding what to do after high school (69 percent), and financial concerns for their family (65 percent).



The entire Medical Careers class would like to wish the ISD 917 staff a Holiday season filled with gratitude and thankfulness for our families, loved ones, and our soldiers who are away from their homes during this time of year.

Good News
Special Education

- On Wednesday, November 20, 2019 the ECSE TEA program at Pine Bend Elementary School hosted family day. It was well attended and families were able to participate in part of the day and join their children for a Thanksgiving style school family lunch. The students and parents participated in a group activity and played outside prior to the feast. It was fun to watch and listen to the kids explain their day and how the classroom works to their parents. The students used Conscious Discipline language and explained to their parents how it's okay to make mistakes and then we can practice a new way. All in all a successful day!



- The New Chance Program hosted their annual Thanksgiving Family Fest on Friday, November 22nd. The students each presented on a different North American indigenous tribe. Families and staff were able to watch the presentation and then participate in a Thanksgiving dinner with the students.



- The vision team celebrated their inaugural night of goalball on Thursday, November 21st. Students, friends, and family learned the basics of goalball and played several games. Hastings High School staff and students demonstrated a fierce game of students versus staff, and a student from Inver Grove Heights filled the whole goalball court with a team of family and friends. We'll be playing again on December 12th, contact your friendly neighborhood 917 vision teacher if you want to play!



- In an effort to create and strengthen a community of social learning, students in TESA recently participated in the will be 8th annual fall festival. The recurring adaptive game “Minute to Win It” theme was in full swing at 16 different stations. Students and staff from DCTC and BTC organized the event to celebrate a successful beginning of the school year and the induction of the new student council members.
- Recently the middle and high school DASH classes played adapted Wheel of Fortune during DAPE. Students and staff from both classrooms had fun playing the game together. The students worked on utilizing switches, letter recognition, math and money concepts, and team building by cheering on their peers.



- The month of October meant studying Harry Potter in Henry Sibley High School’s DASH program. Throughout the month, students worked hard to decorate the classroom with different Harry Potter crafts and decorations in time for their Halloween party. They enjoyed making different treats for

the party such as: broomsticks, polyjuice potion, chocolate wands and troll bogies. The students enjoyed getting ready for the party and celebrating everything they worked hard to learn all month.



- The Reptile and Amphibian Discovery Zoo visited Cedar School on Oct.30th. The RAD Zoo is located in Owatonna and has one of the world's largest reptile displays. It has over 150 kinds of snakes, turtles, lizards, crocodilians, toads, frogs, and salamanders from all over the world. Cedar students, staff, and parents enjoyed learning about and seeing 10 different reptiles and amphibians. The 45-minute show focused on animals of the rainforest as well as a few critters

that make their home here in MN. The highlight of the unique show was when students and staff had the opportunity to not only see but touch the shell of a tortoise but hold one of the zoo's huge snakes. While the animals caused a few to feel uncomfortable most of the group squealed with excitement and said they loved the show.



- Students in Becky Hague's elementary Cedar SUN classroom built catapults as part of their study of forces and motion. Once completed, the students tried them out to see how far their catapults would throw a styrofoam ball.



- Lebanon Education Center held a masquerade dance on Halloween. Students came “dressed” in their masks that they made. The dance was the monthly school wide activity.
- High school students from the TEA program took a field trip to Vertical Endeavors. For most, it was their first time rock climbing and bouldering. Everyone challenged themselves to attempt something new and to go higher than they thought they could. From the picture you can see some made it to the top!



- The DAPE team at CEC has been busy! Kristin Goeser brought in a guest yoga instructor to work on yoga poses with the students. Yoga has a calming, centering effect on our students and this is one of their favorite physical education units. The students are also enjoying their Adaptive Fitness class, in partnership with Anytime Fitness in Inver Grove Heights. The students are working in personalized fitness programs that they can carry over as a post-secondary activity. We are so grateful for this partnership and program!



Good News Report
Secondary Programs
December, 2019

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The entire Medical Careers class would like to wish the ISD 917 staff a Holiday season filled with gratitude and thankfulness for our families, loved ones, and our soldiers who are away from their homes during this time of year.

-On Wednesday, November 13th students from the DCALS North site volunteered at Feed My Starving Children in Eagan. The students and staff had a great time helping a great cause.



-Don Williams and a group of students from our DCALS North site volunteered at Sharing and Caring Hands in Minneapolis on November 26th. This has been an annual tradition for Mr. Williams and the students.











-On Friday, November 22nd the Dakota County Perkins Consortium Leadership team met at Extreme Sandbox in Hastings. This location was made possible through the support of North Dakota State College of Science/James Johnson-Enrollment Coordinator, RMS-Komatsu of Savage, MN/Pete Anderson, and Randy Stenger-Owner of Extreme Sandbox. The group held their monthly meeting at this site and then had the opportunity to learn more about NDSCS and RMS-Komatsu's partnership program. A highlight of the day was the presentation by Tyler Dubbels who is a 2017 Farmington HS Grad and a 2 year participant in ISD 917 Heavy Duty Truck Technology program taught by Tom LeDoux. Tyler attended NDSCS as a sponsored student of RMS-Komatsu. He is currently employed by RMS-Komatsu of Savage, MN. We were also very fortunate to have Dr. John Richman, President of NDSCS, on site to make a brief statement to the participants.

Pictured(L-R): Dr. John Richman-Pres. NDSCS, Jim Johnson-NDSCS, and Pete Anderson-RMS



Pictured: Pete Anderson-RMS/Komatsu and Tyler Dubbels-FHS Grad/ISD 917 HDT



-The Construction Trades House was shingled the week of Nov. 25th just ahead of the snow storm. The windows and mechanicals are slated to be done in the first week of December.



-Fundamental Chef Training students and staff sold approximately 440 pies for their Thanksgiving pie sale. The students were able to plan, sell, prepare, package and distribute these pies. Thanks for your continued support. Chef Patty LaBeau

-Computer Repair, Networking, and Gaming will be 3D printing projects that students started designing this past mod. Look for some photos in the near future. Also students in the Repair program were fortunate to be walked through a brand new computer build thanks to a student that asked for our help in building it from Chef Patty's class. Dale Engman-ISD 917 Teacher

INTERMEDIATE SCHOOL DISTRICT 917

A School Board Meeting of the Intermediate School District 917 School Board was held on Tuesday, November 5, 2019, at Alliance Education Center, 14300 Biscayne, Rosemount, MN.

Members Present: Dick Bergstrom, DeeDee Currier, Wendy Felton, Jill Lewis, Kathy Lewis, Russ Rohloff, Vanda Pressnall, Melissa Sauser, Byron Schwab, and ex-officio member Superintendent Mark Zuzek.

Members Absent: none.

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

School Board Chair Jill Lewis called the meeting to order at 4:30 PM.

Prior to the start of the School Board meeting, the Board members toured Alliance Education Center.

There were no visitors to be heard.

The good news reports were presented.

1. Motion by Dick Bergstrom, seconded by Melissa Sauser, to approve the consent items, as presented. All present voted aye. Motion carried.
 - **Minutes:** October 1, 2019 Regular School Board Meeting
 - **Personnel:** *New Hires:* Desiree Adamchick, Sign Language Interpreter, effective October 15, 2019. Jessica Carvelli, Special Education Teacher, effective October 21, 2019. Virginia Carveth, Classroom Assistant, effective October 14, 2019. Emily Defenbaugh, School Social Worker, effective October 14, 2019. Zachary Dobmeyer, Classroom Assistant, effective October 4, 2019. Yessica Galvan, Classroom Assistant, effective October 11, 2019. Jamie Hernandez, Classroom Assistant, effective October 1, 2019. Tanya Kath, Classroom Assistant, effective October 23, 2019. Julia Kenow, Classroom Assistant, effective October 7, 2019. Michael Knapp, Classroom Assistant, October 14, 2019. Meghan Kuntz, Classroom Assistant, October 21, 2019. Shelby Longman, Human Resources Assistant, effective October 2, 2019. Ryan Petrich, Classroom Assistant, effective October 15, 2019. Eric Prouty, Program Assistant, effective October 4, 2019. Kaytlyn Knight, Classroom Assistant, effective October 28, 2019. Amber Betler, Classroom Assistant, October 29, 2019. Shanetta Mitchell, Classroom Assistant, effective October 30, 2019. Kelli Thron, Board Certified Behavior Analyst, effective November 11, 2019. *Rehires:* Donn Anderson, Program Assistant, effective October 14, 2019. Alexandra (Lexi) O'Dowd-Mallam, Classroom Assistant, effective November 4, 2019. Sheila Johnson, Classroom Assistant, effective October 21, 2019. *Change in Status:* Amanda Tveraa, Licensed School Nurse, decreasing point from 1.0 to .9. Alissa Peanasky, School Social Worker, increasing point from .8 to 1.0. *Leaves of Absence:* Jocelyn Thompson, Special Education Teacher, leave request effective November 18, 2019, with an expected return date of December 13, 2019. *Resignations and Terminations:* Jessica Brenner, Classroom Assistant, effective October 25, 2019. Abby Hedquist, Program Assistant, effective October 15, 2019. Katrina Mayes, Classroom Assistant, effective October 3, 2019. Terry Phillips, Classroom Assistant, effective October 25, 2019. Hannia Williams, Classroom Assistant, effective October 3, 2019. Jessica Brenner, Classroom Assistant, effective October 25, 2019. Julie Scharber, Classroom Assistant, effective November 1, 2019. Hannah Carbaugh, Classroom Assistant, effective November 15, 2019.
2. Board Member Wendy Felton, introduced the following resolution: Resolution to Accept Donations in the amount \$1,000. The motion for the adoption of the foregoing resolution was duly seconded by Dick Bergstrom, and upon vote being taken thereon, the following voted in favor thereof: Dick Bergstrom, Wendy Felton, DeeDee Currier, Vanda Pressnall, Jill Lewis, Kathy Lewis, Russ Rohloff,

Byron Schwab, Melissa Sauser, and the following voted against the same: none. Whereupon said resolution was duly passed and adopted. (Addendum A.)

3. Motion by Vanda Pressnall, seconded by Melissa Sauser, to approve the bills from September 25, 2019, to October 28, 2019, wire transfers and Investment Report for the month of September, as presented by the Business Manager. All present voted aye. Motion carried.
4. Nicolle Roush reported on the Revenue and Expenditure report
5. Nicolle Roush reported on the Accounts Receivable Aged Invoice report.
6. Motion by DeeDee Carrier, seconded by Kathy Lewis, to approve the purchase of an additional van for Secondary programs. (Addendum B.) All present voted aye. Motion carried.
7. Motion by Byron Schwab, seconded by Kathy Lewis, to approve Policy 418 – Drug Free Workplace Drug Free School, final reading. (Addendum C.) All present voted aye. Motion carried.
8. Motion by Byron Schwab, seconded by Dick Bergstrom, to approve Policy 531 – Pledge of Allegiance, final reading. (Addendum D.) All present voted aye. Motion carried.
9. Motion by Wendy Felton, seconded by Kathy Lewis, to approve Policy - 502 Search of Student Lockers, Desks, Personal Possessions, and Student’s Person, final reading. (Addendum E.) All present voted aye. Motion carried.
10. Motion by Kathy Lewis, seconded by Vanda Pressnall, to approve Policy 520 – Student Surveys, final reading. (Addendum F.) All present voted aye. Motion carried.
11. Motion by Melissa Sauser, seconded by Byron Schwab, to move into closed session to discuss teacher contract negotiations. All present voted aye. Motion carried.

Closed session began at 5:08 PM.

12. Motion by Kathy Lewis, seconded by Dick Bergstrom, to move out of closed sessions. All present voted aye. Motion carried.

Regular session resumed at 5:37 PM.

13. Motion by Byron Schwab, seconded by Dick Bergstrom, to adjourn the meeting. All present voted aye. Motion carried.

There being no further business the meeting adjourned at 5:40 PM.

The next regular School Board Meeting will be Tuesday, December 3, at 5:00 PM, in the 917 Board Room at Dakota County Technical College, Rosemount.

Clerk

**SUMMARY OF PERSONNEL ITEMS RECOMMENDED
FOR ACTION AT BOARD MEETING OF DECEMBER 3, 2019**

NEW HIRES:

Danielle Donkers, Classroom Assistant, effective December 2, 2019.

Mark Gogala, Classroom Assistant, effective November 6, 2019.

Bevin Kilpatrick, Classroom Assistant, effective November 25, 2019.

RE-HIRES:

N/A

CHANGE IN STATUS:

Michelle Huberty, went from 7 hours FTE to 7.5 Hours FTE, for the 2019-2020 school year.

Gretchen Toay, Interpreter Addition, +\$1,500.00 stipend, for the 2019-2020 school year.

LEAVES OF ABSENCE:

Amanda Burr, effective October 28, 2019 – January 19, 2020.

RESIGNATIONS & TERMINATIONS:

Alyssa Bailey, Classroom Assistant, effective November 29, 2019.

Catherine Benson, Classroom Assistant, effective November 8, 2019.

Amanda Burr, Program Assistant, effective December 3, 2019

David Diaz, Program Assistant, effective October 31, 2019.

Sawyer Helgeson, Sign Language Interpreter, effective November 27, 2019

Mary Korsmo, Sped Teacher Vision, effective December 20, 2019.

Shanetta Mitchell, Classroom Assistant, effective November 13, 2019.

Rhiannon Stromberg, School Mental Health Practitioner, effective September 3, 2019.

RETIREMENTS:

Susan Fox, Classroom Assistant, effective January 10,2020.

Ann Wengeler, Administrative Assistant, effective November 25, 2019

<u>Last name</u>	<u>First name</u>	<u>Position</u>	<u>New Hire, Rehire, or Employee Status Change</u>	<u>Site</u>	<u>Program</u>	<u>Reason for Vacancy</u>	<u>Educational Level</u>	<u>Lane &/or Step</u>	<u>Salary/ Hourly Rate</u>	<u>Start/ Effective Date</u>
DONKERS	DANIELLE	Classroom Asst	New Hire	Lebanon	TEA	Replace Resignation	< 60 credits, passed ParaPro	Step 1	\$ 18.01	12/2/19
GOGALA	MARK	Classroom Asst	Status Change: SA to CA	DCTC	TESA	Replace Resignation	Master's degree	Step 2	\$ 18.41	11/6/19
KILPATRICK	BEVIN	Classroom Asst	New Hire	Concord	SUN	Replace Resignation	Associate's degree	Step 2	\$ 18.41	11/25/19

SOURCEWELL
 DATE: 11/21/2019
 TIME: 15:07:04

INTERMEDIATE SCHOOL DISTRICT
 CHECK REGISTER INCLUDING SYSTEM VOIDS

PAGE NUMBER: 1
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 ACCOUNTING PERIOD: 5/20

SELECTION CRITERIA: chkstat.rundate between '20191028 00:00:00.000' and '20191121 00:00:00.000'

DISTRIBUTION FUND: 01

CHECK NUMBER	ISSUE DATE	VENDOR	STATUS	TOTAL	DESCRIPTION
1902240	10/29/2019	BUG BUSTERS, INC	R	653.00	ACCOUNTS PAYABLE CHECK
1902241	10/29/2019	CENTURYLINK COMMUNICATONS, LLC	R	198.85	ACCOUNTS PAYABLE CHECK
1902242	10/29/2019	DAKOTA COUNTY RTLC	R	2876.12	ACCOUNTS PAYABLE CHECK
1902243	10/29/2019	DAKOTA COUNTY TECH COLLEGE	R	27.99	ACCOUNTS PAYABLE CHECK
1902244	10/29/2019	DESIGN SCIENCE INC	R	79.90	ACCOUNTS PAYABLE CHECK
1902245	10/29/2019	GANDER PUBLISHING	R	193.49	ACCOUNTS PAYABLE CHECK
1902246	10/29/2019	GOVCONNECTION INC	R	169.18	ACCOUNTS PAYABLE CHECK
1902247	10/29/2019	HANDI MEDICAL SUPPLY	R	370.87	ACCOUNTS PAYABLE CHECK
1902248	10/29/2019	INCLUSIVE TLC INC	R	197.80	ACCOUNTS PAYABLE CHECK
1902249	10/29/2019	IND SCH DIST 192	R	3527.04	ACCOUNTS PAYABLE CHECK
1902250	10/29/2019	MAEOP	R	35.00	ACCOUNTS PAYABLE CHECK
1902251	10/29/2019	MALLOY, MONTAGUE, KARNOWSKI, RADOSE	R	7200.00	ACCOUNTS PAYABLE CHECK
1902252	10/29/2019	METRO ECSU/DEAFBLIND	R	80.00	ACCOUNTS PAYABLE CHECK
1902253	10/29/2019	PEDIATRIC HOME SERVICE	R	2793.75	ACCOUNTS PAYABLE CHECK
1902254	10/29/2019	SAM'S CLUB/SYNCHRONY BANK	R	766.85	ACCOUNTS PAYABLE CHECK
1902255	10/29/2019	SCHOLASTIC BOOK CLUBS	R	318.67	ACCOUNTS PAYABLE CHECK
1902256	10/29/2019	SCHOLASTIC, INC	R	168.52	ACCOUNTS PAYABLE CHECK
1902257	10/29/2019	TEACHERS ON CALL	R	5171.87	ACCOUNTS PAYABLE CHECK
1902258	10/29/2019	TEACHERS ON CALL	R	13595.88	ACCOUNTS PAYABLE CHECK
1902259	10/29/2019	THE SERVICE AGENCY	R	7825.00	ACCOUNTS PAYABLE CHECK
1902260	10/31/2019	AJUSTED SCHOOL EQUITY SOLUTIONS LLC	R	15600.00	ACCOUNTS PAYABLE CHECK
1902261	10/31/2019	AMAZON.COM, LLC	V	0.00	VOID: MULTI STUB CHECK
1902262	10/31/2019	AMAZON.COM, LLC	V	0.00	VOID: MULTI STUB CHECK
1902263	10/31/2019	AMAZON.COM, LLC	R	4375.29	ACCOUNTS PAYABLE CHECK
1902264	10/31/2019	BAYCOM, INC.	R	6464.00	ACCOUNTS PAYABLE CHECK
1902265	10/31/2019	CENTURYLINK	R	1069.83	ACCOUNTS PAYABLE CHECK
1902266	10/31/2019	CREATIVELY FOCUSED	R	1275.00	ACCOUNTS PAYABLE CHECK
1902267	10/31/2019	ESPECIAL NEEDS, LLC	R	25.85	ACCOUNTS PAYABLE CHECK
1902268	10/31/2019	FRONTIER COMMUNICATIONS	R	520.22	ACCOUNTS PAYABLE CHECK
1902269	10/31/2019	INVER HILLS COMMUNITY COLLEGE	R	417.95	ACCOUNTS PAYABLE CHECK
1902270	10/31/2019	ISD 283	R	52765.61	ACCOUNTS PAYABLE CHECK
1902271	10/31/2019	KAREN CASS FELLING, M.A., LP	R	1200.00	ACCOUNTS PAYABLE CHECK
1902272	10/31/2019	MARCO INC	R	1342.71	ACCOUNTS PAYABLE CHECK
1902273	10/31/2019	MASA	R	1305.00	ACCOUNTS PAYABLE CHECK
1902274	10/31/2019	MENARDS	R	88.04	ACCOUNTS PAYABLE CHECK
1902275	10/31/2019	NEW BEGINNINGS MOVING	R	350.00	ACCOUNTS PAYABLE CHECK
1902276	10/31/2019	PROCARE THERAPY	R	780.00	ACCOUNTS PAYABLE CHECK
1902277	10/31/2019	REINHART FOODSERVICE, LLC	R	414.70	ACCOUNTS PAYABLE CHECK
1902278	10/31/2019	REPTILE & AMPHIBIAN DISCOVERY ZOO	R	275.00	ACCOUNTS PAYABLE CHECK
1902279	10/31/2019	RHIANON STROMBERG	R	100.00	ACCOUNTS PAYABLE CHECK
1902280	10/31/2019	SUNBELT STAFFING, LLC	R	2991.32	ACCOUNTS PAYABLE CHECK
1902281	10/31/2019	TRIG LIFE SERVICES	R	1120.00	ACCOUNTS PAYABLE CHECK
1902282	10/31/2019	XCEL ENERGY	R	8181.73	ACCOUNTS PAYABLE CHECK
1902283	11/05/2019	WISCONSIN SCTF	R	995.39	ACCOUNTS PAYABLE CHECK
1902284	11/05/2019	EDUCATION MINNESOTA, LOCAL 3904	R	9493.70	ACCOUNTS PAYABLE CHECK
1902285	11/05/2019	DEPARTMENT OF EDUCATION AWG	R	137.25	ACCOUNTS PAYABLE CHECK
1902286	11/05/2019	F.H. CANN & ASSOCIATES, INC	R	91.50	ACCOUNTS PAYABLE CHECK
1902287	11/05/2019	MESSERLI & KRAMER P.A.	R	220.81	ACCOUNTS PAYABLE CHECK
1902288	11/05/2019	O.P.E.I.U., LOCAL 12	R	477.75	ACCOUNTS PAYABLE CHECK
1902289	11/05/2019	RELATED SERVICES NURSES ESP	R	236.50	ACCOUNTS PAYABLE CHECK
1902290	11/05/2019	S.E.P., LOCAL 4242	R	3798.15	ACCOUNTS PAYABLE CHECK
1902291	11/05/2019	WADDELL & REED INC	R	2340.63	ACCOUNTS PAYABLE CHECK
1902292	11/07/2019	ALL IN ONE TRANSLATION AGENCY, LLC	R	330.00	ACCOUNTS PAYABLE CHECK

SOURCEWELL
DATE: 11/21/2019
TIME: 15:07:04

INTERMEDIATE SCHOOL DISTRICT
CHECK REGISTER INCLUDING SYSTEM VOIDS

PAGE NUMBER: 2
ACCTPA21
ACCOUNTING PERIOD: 5/20

SELECTION CRITERIA: chkstat.rundate between '20191028 00:00:00.000' and '20191121 00:00:00.000'

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1902294	11/07/2019	APPLE COMPUTER, INC	R	2475.00	ACCOUNTS PAYABLE CHECK
1902295	11/07/2019	CHROMEBOOKPARTS.COM	R	440.96	ACCOUNTS PAYABLE CHECK
1902296	11/07/2019	CUB FOODS - HASTINGS	R	170.26	ACCOUNTS PAYABLE CHECK
1902297	11/07/2019	CUB FOODS - ROSEMOUNT	R	289.73	ACCOUNTS PAYABLE CHECK
1902298	11/07/2019	DAKOTA COUNTY SHERIFF	R	23117.84	ACCOUNTS PAYABLE CHECK
1902299	11/07/2019	DIAMONDHEAD EDUCATION CENTER	R	48996.82	ACCOUNTS PAYABLE CHECK
1902300	11/07/2019	DODGE OF BURNSVILLE	R	40688.00	ACCOUNTS PAYABLE CHECK
1902301	11/07/2019	ENERGIZER HOLDINGS, INC	R	488.80	ACCOUNTS PAYABLE CHECK
1902302	11/07/2019	ESTR PUBLICATIONS	R	88.00	ACCOUNTS PAYABLE CHECK
1902303	11/07/2019	GOVCONNECTION INC	R	1295.24	ACCOUNTS PAYABLE CHECK
1902304	11/07/2019	HILDI INCORPORATED	R	50.00	ACCOUNTS PAYABLE CHECK
1902305	11/07/2019	IND SCH DIST 191	R	26697.27	ACCOUNTS PAYABLE CHECK
1902306	11/07/2019	IND SCH DIST 197	R	6457.27	ACCOUNTS PAYABLE CHECK
1902307	11/07/2019	IND SCH DIST 200	R	1156.35	ACCOUNTS PAYABLE CHECK
1902308	11/07/2019	IND SCH DIST 271	R	3392.03	ACCOUNTS PAYABLE CHECK
1902309	11/07/2019	IXL LEARNING	R	299.00	ACCOUNTS PAYABLE CHECK
1902310	11/07/2019	LAURSEN PIANO SERVICE	R	101.00	ACCOUNTS PAYABLE CHECK
1902311	11/07/2019	MENARDS	R	58.20	ACCOUNTS PAYABLE CHECK
1902312	11/07/2019	METRO ECSU-REGION 11 ISD #920	R	75.00	ACCOUNTS PAYABLE CHECK
1902313	11/07/2019	MIDWEST SPECIAL INSTRUMENTS, CORP	R	1195.00	ACCOUNTS PAYABLE CHECK
1902314	11/07/2019	MN CLN SERVICES, INC	R	3873.33	ACCOUNTS PAYABLE CHECK
1902315	11/07/2019	PLANSOURCE BENEFITS ADMINISTRATION,	R	3276.95	ACCOUNTS PAYABLE CHECK
1902316	11/07/2019	PROCARE THERAPY	R	3900.00	ACCOUNTS PAYABLE CHECK
1902317	11/07/2019	REPUBLIC SERVICES #923	R	587.98	ACCOUNTS PAYABLE CHECK
1902318	11/07/2019	STRATEGIC STAFFING SOLUTIONS	R	4480.00	ACCOUNTS PAYABLE CHECK
1902319	11/07/2019	TIERNEY BROS. INC	R	4314.40	ACCOUNTS PAYABLE CHECK
1902320	11/07/2019	UNIQUE SOFTWARE CORP	R	179.00	ACCOUNTS PAYABLE CHECK
1902321	11/14/2019	ACCIDENT FUND GENERAL INSURANCE CO	R	35445.00	ACCOUNTS PAYABLE CHECK
1902322	11/14/2019	BAYCOM, INC.	R	2160.00	ACCOUNTS PAYABLE CHECK
1902323	11/14/2019	BLUE BELL ENTERPRISES INC	R	18231.21	ACCOUNTS PAYABLE CHECK
1902324	11/14/2019	DEPARTMENT OF HUMAN SERVICES	R	1201.00	ACCOUNTS PAYABLE CHECK
1902325	11/14/2019	DOOR SERVICE CO	R	966.00	ACCOUNTS PAYABLE CHECK
1902326	11/14/2019	FRONTIER COMMUNICATIONS	R	711.60	ACCOUNTS PAYABLE CHECK
1902327	11/14/2019	INVER HILLS COMMUNITY COLLEGE	R	565.85	ACCOUNTS PAYABLE CHECK
1902328	11/14/2019	JAMES K MARTIN	R	1364.00	ACCOUNTS PAYABLE CHECK
1902329	11/14/2019	LANCER CATERING	R	2737.50	ACCOUNTS PAYABLE CHECK
1902330	11/14/2019	LIVE EDGE SHARPENING	R	318.00	ACCOUNTS PAYABLE CHECK
1902331	11/14/2019	MENARDS	R	17.96	ACCOUNTS PAYABLE CHECK
1902332	11/14/2019	METRO ECSU-REGION 11 ISD #920	R	400.00	ACCOUNTS PAYABLE CHECK
1902333	11/14/2019	MN DEPT OF HEALTH, FOOD, POOLS AND	R	2800.00	ACCOUNTS PAYABLE CHECK
1902334	11/14/2019	MN ENERGY RESOURCES CORPORATION	R	327.25	ACCOUNTS PAYABLE CHECK
1902335	11/14/2019	OBERG CONSULTING INC	R	400.00	ACCOUNTS PAYABLE CHECK
1902336	11/14/2019	PEDIATRIC HOME SERVICE	R	4818.75	ACCOUNTS PAYABLE CHECK
1902337	11/14/2019	REINHART FOODSERVICE, LLC	R	53.37	ACCOUNTS PAYABLE CHECK
1902338	11/14/2019	RFL CONSTRUCTION	R	8810.00	ACCOUNTS PAYABLE CHECK
1902339	11/14/2019	SCHOLASTIC, INC	R	176.31	ACCOUNTS PAYABLE CHECK
1902340	11/14/2019	SOUTHWEST/WEST CENTRAL SERVICE CORP	R	36.00	ACCOUNTS PAYABLE CHECK
1902341	11/14/2019	SPARTAN PROMOTIONAL GROUP	R	994.14	ACCOUNTS PAYABLE CHECK
1902342	11/14/2019	STARKEY HEARING FOUNDATION	R	52.23	ACCOUNTS PAYABLE CHECK
1902343	11/14/2019	SUNBELT STAFFING, LLC	R	10988.24	ACCOUNTS PAYABLE CHECK
1902344	11/14/2019	TRUSTED EMPLOYEES	R	12.00	ACCOUNTS PAYABLE CHECK
1902345	11/14/2019	WESTONE	R	1595.60	ACCOUNTS PAYABLE CHECK
1902346	11/14/2019	WISCONSIN SCTF	R	995.39	ACCOUNTS PAYABLE CHECK
1902347	11/14/2019	EDUCATION MINNESOTA, LOCAL 3904	R	9493.70	ACCOUNTS PAYABLE CHECK
1902348	11/14/2019	DEPARTMENT OF EDUCATION AWG	R	137.25	ACCOUNTS PAYABLE CHECK
1902349	11/14/2019	F.H. CANN & ASSOCIATES, INC	R	91.50	ACCOUNTS PAYABLE CHECK

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1902350	11/14/2019	MESSERLI & KRAMER P.A.	R	220.81	ACCOUNTS PAYABLE CHECK
1902351	11/14/2019	NCPERS GROUP LIFE INS	R	48.00	ACCOUNTS PAYABLE CHECK
1902352	11/14/2019	O.P.E.I.U., LOCAL 12	R	477.75	ACCOUNTS PAYABLE CHECK
1902353	11/14/2019	RELATED SERVICES NURSES ESP	R	236.50	ACCOUNTS PAYABLE CHECK
1902354	11/14/2019	S.E.P., LOCAL 4242	R	3788.75	ACCOUNTS PAYABLE CHECK
1902355	11/14/2019	UNITED WAY, GREATER TWIN CITIES	R	130.00	ACCOUNTS PAYABLE CHECK
1902356	11/14/2019	WADDELL & REED INC	R	2190.63	ACCOUNTS PAYABLE CHECK
1902357	11/15/2019	TEACHERS ON CALL	V	0.00	VOID: MULTI STUB CHECK
1902358	11/15/2019	TEACHERS ON CALL	R	17495.87	ACCOUNTS PAYABLE CHECK
1902359	11/21/2019	ACCELERATED TECHNOLOGIES	R	310.00	ACCOUNTS PAYABLE CHECK
1902360	11/21/2019	AMAZON.COM, LLC	V	0.00	VOID: MULTI STUB CHECK
1902361	11/21/2019	AMAZON.COM, LLC	R	5561.08	ACCOUNTS PAYABLE CHECK
1902362	11/21/2019	ANNE HOFF, SAFE HARBOR COUNSELING	R	4200.00	ACCOUNTS PAYABLE CHECK
1902363	11/21/2019	APPLE COMPUTER, INC	R	488.00	ACCOUNTS PAYABLE CHECK
1902364	11/21/2019	ASL INTERPRETING SERVICES, INC	R	1920.00	ACCOUNTS PAYABLE CHECK
1902365	11/21/2019	CANON USA	R	208.51	ACCOUNTS PAYABLE CHECK
1902366	11/21/2019	CARQUEST AUTO PARTS STORES	R	843.20	ACCOUNTS PAYABLE CHECK
1902367	11/21/2019	CENTERPOINT ENERGY	R	318.92	ACCOUNTS PAYABLE CHECK
1902368	11/21/2019	COMMERS THE WATER STORE	R	66.30	ACCOUNTS PAYABLE CHECK
1902369	11/21/2019	CRAGUNS LODGE & CONFERENCE CTR	R	638.82	ACCOUNTS PAYABLE CHECK
1902370	11/21/2019	CREATIVELY FOCUSED	R	1560.00	ACCOUNTS PAYABLE CHECK
1902371	11/21/2019	CUB FOODS - APPLE VALLEY	R	372.67	ACCOUNTS PAYABLE CHECK
1902372	11/21/2019	CUB FOODS - BURNSVILLE	R	96.20	ACCOUNTS PAYABLE CHECK
1902373	11/21/2019	DISCOUNT SCHOOL SUPPLY	R	169.34	ACCOUNTS PAYABLE CHECK
1902374	11/21/2019	EDUCATORS BENEFIT CONSULTANTS, LLC	R	237.20	ACCOUNTS PAYABLE CHECK
1902375	11/21/2019	FRONTIER COMMUNICATIONS	R	1197.34	ACCOUNTS PAYABLE CHECK
1902376	11/21/2019	GOVCONNECTION INC	R	593.35	ACCOUNTS PAYABLE CHECK
1902377	11/21/2019	THE HANOVER INSURANCE GROUP	R	1015.00	ACCOUNTS PAYABLE CHECK
1902378	11/21/2019	KAPLAN EARLY LEARNING COMPANY	R	344.95	ACCOUNTS PAYABLE CHECK
1902379	11/21/2019	MALLOY, MONTAGUE, KARNOWSKI, RADOSE	R	3500.00	ACCOUNTS PAYABLE CHECK
1902380	11/21/2019	METRO ECSU/DEAFBLIND	R	2000.00	ACCOUNTS PAYABLE CHECK
1902381	11/21/2019	MIDWAY FORD COMPANY	R	60574.28	ACCOUNTS PAYABLE CHECK
1902382	11/21/2019	OUTDOOR IMAGES, INC	R	600.00	ACCOUNTS PAYABLE CHECK
1902383	11/21/2019	PEDIATRIC HOME SERVICE	R	975.00	ACCOUNTS PAYABLE CHECK
1902384	11/21/2019	PERFORMANCE FOOD GROUP, INC.	R	1224.93	ACCOUNTS PAYABLE CHECK
1902385	11/21/2019	PROCARE THERAPY	R	1950.00	ACCOUNTS PAYABLE CHECK
1902386	11/21/2019	REINHART FOODSERVICE, LLC	R	732.98	ACCOUNTS PAYABLE CHECK
1902387	11/21/2019	SONOVA USA INC.	R	566.98	ACCOUNTS PAYABLE CHECK
1902388	11/21/2019	SOURCEWELL TECHNOLOGIES	R	15484.73	ACCOUNTS PAYABLE CHECK
1902389	11/21/2019	SUNBELT STAFFING, LLC	R	2942.04	ACCOUNTS PAYABLE CHECK
1902390	11/21/2019	SUPREME SCHOOL SUPPLY	R	34.08	ACCOUNTS PAYABLE CHECK
1902391	11/21/2019	SYSCO MINNESOTA	R	2549.38	ACCOUNTS PAYABLE CHECK
1902392	11/21/2019	TEACHERS ON CALL	R	11654.29	ACCOUNTS PAYABLE CHECK
1902393	11/21/2019	UNIQUE SOFTWARE CORP	R	537.00	ACCOUNTS PAYABLE CHECK
1902394	11/21/2019	ZANER-BLOSER	R	915.60	ACCOUNTS PAYABLE CHECK
1902395	11/21/2019	MEDICAREBLUE RX	R	37.90	ACCOUNTS PAYABLE CHECK
*v4000345	11/08/2019	AIR SQUIRRELS LLC	R	62.99	ACCOUNTS PAYABLE VOUCHER
*v4000346	11/08/2019	ARK THERAPEUTIC	R	277.72	ACCOUNTS PAYABLE VOUCHER
*v4000347	11/08/2019	BAYADA HOME HEALTH CARE	R	1320.00	ACCOUNTS PAYABLE VOUCHER
*v4000348	11/08/2019	WELLS FARGO	V	0.00	VOID: MULTI STUB VOUCHER
*v4000349	11/08/2019	WELLS FARGO	R	7363.95	ACCOUNTS PAYABLE VOUCHER
*v4000350	11/08/2019	CDWG	R	379.22	ACCOUNTS PAYABLE VOUCHER
*v4000351	11/08/2019	CITY OF APPLE VALLEY	R	484.52	ACCOUNTS PAYABLE VOUCHER
*v4000352	11/08/2019	DEXYP	R	326.10	ACCOUNTS PAYABLE VOUCHER
*v4000353	11/08/2019	FLAGHOUSE	R	177.48	ACCOUNTS PAYABLE VOUCHER
*v4000354	11/08/2019	GOLDEN VALLEY SUPPLY CO	R	9856.00	ACCOUNTS PAYABLE VOUCHER
*v4000355	11/08/2019	GRAINGER W W INC.	R	639.04	ACCOUNTS PAYABLE VOUCHER

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*V4000356	11/08/2019	HOUGHTON MIFFLIN HARCOURT	R	1200.00	ACCOUNTS PAYABLE VOUCHER
*V4000357	11/08/2019	INNOVATIVE OFFICE SOLUTIONS	V	0.00	VOID: MULTI STUB VOUCHER
*V4000358	11/08/2019	INNOVATIVE OFFICE SOLUTIONS	V	0.00	VOID: MULTI STUB VOUCHER
*V4000359	11/08/2019	INNOVATIVE OFFICE SOLUTIONS	V	0.00	VOID: MULTI STUB VOUCHER
*V4000360	11/08/2019	INNOVATIVE OFFICE SOLUTIONS	R	9233.41	ACCOUNTS PAYABLE VOUCHER
*V4000361	11/08/2019	IXL	R	249.00	ACCOUNTS PAYABLE VOUCHER
*V4000362	11/08/2019	KELLY MAHLER	R	418.06	ACCOUNTS PAYABLE VOUCHER
*V4000363	11/08/2019	LIFT LABS OF VERILY LIFE SCIENCES	R	424.95	ACCOUNTS PAYABLE VOUCHER
*V4000364	11/08/2019	MN STATE COLLEGES & UNIVERSITIES	R	390.00	ACCOUNTS PAYABLE VOUCHER
*V4000365	11/08/2019	OFFICE DEPOT	V	0.00	VOID: MULTI STUB VOUCHER
*V4000366	11/08/2019	OFFICE DEPOT	R	2028.45	ACCOUNTS PAYABLE VOUCHER
*V4000367	11/08/2019	PEARSON EDUCATION	R	193.47	ACCOUNTS PAYABLE VOUCHER
*V4000368	11/08/2019	RIFTON EQ/COMMUNITY PRODUCTS LLC	R	948.00	ACCOUNTS PAYABLE VOUCHER
*V4000369	11/08/2019	SCHOOL NURSE SUPPLY	R	742.32	ACCOUNTS PAYABLE VOUCHER
*V4000370	11/08/2019	SCHOOL SPECIALTY	R	397.03	ACCOUNTS PAYABLE VOUCHER
*V4000371	11/08/2019	STARFALL EDUCATION	R	70.00	ACCOUNTS PAYABLE VOUCHER
*V4000372	11/08/2019	TARGET BANK	R	748.08	ACCOUNTS PAYABLE VOUCHER
*V4000373	11/08/2019	THE HOME DEPOT PRO	R	4370.94	ACCOUNTS PAYABLE VOUCHER
*V4000374	11/08/2019	THERAPRO INC.	R	825.00	ACCOUNTS PAYABLE VOUCHER
*V4000375	11/08/2019	UNIVERSAL CLEANING SERVICES	R	8370.34	ACCOUNTS PAYABLE VOUCHER
*V4000376	11/08/2019	USI	R	488.59	ACCOUNTS PAYABLE VOUCHER
*V4000377	11/08/2019	VIRCO MFG CORP	R	2636.82	ACCOUNTS PAYABLE VOUCHER
*V6601640	11/14/2019	GINA MARIE ASHLEY	R	17.17	ACCOUNTS PAYABLE VOUCHER
*V6601641	11/14/2019	RICHARD CARL BERGSTROM	R	80.62	ACCOUNTS PAYABLE VOUCHER
*V6601642	11/14/2019	DONNA MAE BRITTAIN	R	216.34	ACCOUNTS PAYABLE VOUCHER
*V6601643	11/14/2019	OLIVIA STANISIC BROWN	R	22.04	ACCOUNTS PAYABLE VOUCHER
*V6601644	11/14/2019	DON JAMES BUDACH	R	449.74	ACCOUNTS PAYABLE VOUCHER
*V6601645	11/14/2019	ANNE LOUISE BYER	R	316.47	ACCOUNTS PAYABLE VOUCHER
*V6601646	11/14/2019	MARY HELEN CALLISTER	R	85.84	ACCOUNTS PAYABLE VOUCHER
*V6601647	11/14/2019	JESSICA ROSE CARVELLI	R	15.66	ACCOUNTS PAYABLE VOUCHER
*V6601648	11/14/2019	JESSICA DAWN CHAMBLIN	R	211.12	ACCOUNTS PAYABLE VOUCHER
*V6601649	11/14/2019	EMILY MARGARET CLARK	R	433.84	ACCOUNTS PAYABLE VOUCHER
*V6601650	11/14/2019	JAMES EDWARD COCHRAN	R	21.93	ACCOUNTS PAYABLE VOUCHER
*V6601651	11/14/2019	CHERRY KEY CRAMER	R	89.32	ACCOUNTS PAYABLE VOUCHER
*V6601652	11/14/2019	DEEDEE CHRISTINE CURRIER	R	82.94	ACCOUNTS PAYABLE VOUCHER
*V6601653	11/14/2019	CRAIG ALAN CURTIS	R	268.54	ACCOUNTS PAYABLE VOUCHER
*V6601654	11/14/2019	PEARL SUSAN DEVENOW	R	686.14	ACCOUNTS PAYABLE VOUCHER
*V6601655	11/14/2019	CYNTHIA GARWOOD DIVELY	R	35.96	ACCOUNTS PAYABLE VOUCHER
*V6601656	11/14/2019	CARMEN MARIE EATON	R	46.40	ACCOUNTS PAYABLE VOUCHER
*V6601657	11/14/2019	SHEREEN ALIA ELDEEB	R	65.14	ACCOUNTS PAYABLE VOUCHER
*V6601658	11/14/2019	VALERIE RAE ENFIEJIAN	R	249.98	ACCOUNTS PAYABLE VOUCHER
*V6601659	11/14/2019	KATHERINE DIANE ENGEL	R	128.76	ACCOUNTS PAYABLE VOUCHER
*V6601660	11/14/2019	WENDY CATHERINE FELTON	R	48.14	ACCOUNTS PAYABLE VOUCHER
*V6601661	11/14/2019	ANGELITA LEE FLEMING	R	164.14	ACCOUNTS PAYABLE VOUCHER
*V6601662	11/14/2019	SHERILYN FAYE FRISQUE	R	129.34	ACCOUNTS PAYABLE VOUCHER
*V6601663	11/14/2019	ELIZABETH KAY GARLOUGH	R	38.28	ACCOUNTS PAYABLE VOUCHER
*V6601664	11/14/2019	JAMIE LYN GASIOR	R	31.32	ACCOUNTS PAYABLE VOUCHER
*V6601665	11/14/2019	ADDIE SUZANNE GESKE	R	175.74	ACCOUNTS PAYABLE VOUCHER
*V6601666	11/14/2019	MEGAN MARIE GLOCKNER	R	84.68	ACCOUNTS PAYABLE VOUCHER
*V6601667	11/14/2019	DONNA GAYLE GREENFIELD	R	671.06	ACCOUNTS PAYABLE VOUCHER
*V6601668	11/14/2019	REBECCA AUDREY HAGUE	R	214.63	ACCOUNTS PAYABLE VOUCHER
*V6601669	11/14/2019	LUCINDA SUE HANSON	R	284.98	ACCOUNTS PAYABLE VOUCHER
*V6601670	11/14/2019	JANA LEE HEIDEMANN	R	26.68	ACCOUNTS PAYABLE VOUCHER
*V6601671	11/14/2019	PETER ALLYN HENDRICKS	R	320.74	ACCOUNTS PAYABLE VOUCHER
*V6601672	11/14/2019	JENNIFER AMY HETLAND	R	322.48	ACCOUNTS PAYABLE VOUCHER
*V6601673	11/14/2019	ALISON FARNHAM HILD	R	98.80	ACCOUNTS PAYABLE VOUCHER
*V6601674	11/14/2019	KAREN LYNNE HJERMSTAD	R	141.52	ACCOUNTS PAYABLE VOUCHER

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*V6601675	11/14/2019	AMY T. HURLA	R	115.24	ACCOUNTS PAYABLE VOUCHER
*V6601676	11/14/2019	SARAH LYNN JOHNSON	R	382.80	ACCOUNTS PAYABLE VOUCHER
*V6601677	11/14/2019	AMY TAMARAH WOLF KAUFMAN	R	451.24	ACCOUNTS PAYABLE VOUCHER
*V6601678	11/14/2019	JENNIFER DAWN KENDALL	R	25.52	ACCOUNTS PAYABLE VOUCHER
*V6601679	11/14/2019	JENNIFER M. KLAUSTERMEIER	R	32.99	ACCOUNTS PAYABLE VOUCHER
*V6601680	11/14/2019	LORI ANN KLEIN	R	1126.78	ACCOUNTS PAYABLE VOUCHER
*V6601681	11/14/2019	REBECCA JEAN KRUSE	R	97.44	ACCOUNTS PAYABLE VOUCHER
*V6601682	11/14/2019	SHEILA STEPHANIE LANG	R	19.14	ACCOUNTS PAYABLE VOUCHER
*V6601683	11/14/2019	CORY LEE LANGENFELD	R	197.78	ACCOUNTS PAYABLE VOUCHER
*V6601684	11/14/2019	BETSY SUE LARSEN	R	105.56	ACCOUNTS PAYABLE VOUCHER
*V6601685	11/14/2019	ABIGAIL MARIE EVANS LARSON	R	735.44	ACCOUNTS PAYABLE VOUCHER
*V6601686	11/14/2019	KATHRYN ANN LEWIS	R	35.96	ACCOUNTS PAYABLE VOUCHER
*V6601687	11/14/2019	JILL E LEWIS	R	92.22	ACCOUNTS PAYABLE VOUCHER
*V6601688	11/14/2019	SARAH MARIE LUDEWIG	R	314.90	ACCOUNTS PAYABLE VOUCHER
*V6601689	11/14/2019	KARIN NICOLE LUNDIN	R	10.44	ACCOUNTS PAYABLE VOUCHER
*V6601690	11/14/2019	TAYLOR LINDSEY LYDEN	R	181.54	ACCOUNTS PAYABLE VOUCHER
*V6601691	11/14/2019	MICHAELA ALYSE MENIGO	R	466.28	ACCOUNTS PAYABLE VOUCHER
*V6601692	11/14/2019	BRIAN RICHARD MOGA	R	46.92	ACCOUNTS PAYABLE VOUCHER
*V6601693	11/14/2019	JODI KAY MONSON	R	16.24	ACCOUNTS PAYABLE VOUCHER
*V6601694	11/14/2019	JAMES ANTHONY MYRMAN	R	8.12	ACCOUNTS PAYABLE VOUCHER
*V6601695	11/14/2019	PATTIJO ELIZABETH NWOKEUKU	R	112.94	ACCOUNTS PAYABLE VOUCHER
*V6601696	11/14/2019	RACHAEL MARIE OPSETH	R	143.38	ACCOUNTS PAYABLE VOUCHER
*V6601697	11/14/2019	KAILA AN PALMBERG	R	225.00	ACCOUNTS PAYABLE VOUCHER
*V6601698	11/14/2019	HOLLY MARIE PEMBLE	R	131.08	ACCOUNTS PAYABLE VOUCHER
*V6601699	11/14/2019	AMANDA LYNN PETERS	R	186.18	ACCOUNTS PAYABLE VOUCHER
*V6601700	11/14/2019	JENNIFER MAE PETERSEN	R	178.06	ACCOUNTS PAYABLE VOUCHER
*V6601701	11/14/2019	BROOKE ALLYSON PETERSON	R	254.04	ACCOUNTS PAYABLE VOUCHER
*V6601702	11/14/2019	EMILY ANN PFISTERER	R	331.76	ACCOUNTS PAYABLE VOUCHER
*V6601703	11/14/2019	VANDA JOY PRESSNALL	R	124.12	ACCOUNTS PAYABLE VOUCHER
*V6601704	11/14/2019	KELLI MARIE PROULX	R	406.58	ACCOUNTS PAYABLE VOUCHER
*V6601705	11/14/2019	LYNN MARIE QUAM	R	84.68	ACCOUNTS PAYABLE VOUCHER
*V6601706	11/14/2019	JESSICA LYNN RICHTER	R	50.00	ACCOUNTS PAYABLE VOUCHER
*V6601707	11/14/2019	KATHLEEN RUBBO RICK	R	20.88	ACCOUNTS PAYABLE VOUCHER
*V6601708	11/14/2019	MELANIE ANN RIX	R	63.80	ACCOUNTS PAYABLE VOUCHER
*V6601709	11/14/2019	RUSSELL GEORGE ROHLOFF	R	106.72	ACCOUNTS PAYABLE VOUCHER
*V6601710	11/14/2019	SHANNON DAWN ROSENBERG	R	225.00	ACCOUNTS PAYABLE VOUCHER
*V6601711	11/14/2019	MELISSA ANN SAUSER	R	28.42	ACCOUNTS PAYABLE VOUCHER
*V6601712	11/14/2019	MELISSA RAE SCHALLER	R	319.00	ACCOUNTS PAYABLE VOUCHER
*V6601713	11/14/2019	AMBER GRACE SCHMITZ	R	229.68	ACCOUNTS PAYABLE VOUCHER
*V6601714	11/14/2019	IRENE ELIZABETH SCHULTZ-ALBERT	R	11.60	ACCOUNTS PAYABLE VOUCHER
*V6601715	11/14/2019	SAMANTHA KAY SCHULZ	R	95.70	ACCOUNTS PAYABLE VOUCHER
*V6601716	11/14/2019	BYRON LEITH SCHWAB	R	66.12	ACCOUNTS PAYABLE VOUCHER
*V6601717	11/14/2019	MICHELLE JEAN SHANLEY	R	120.64	ACCOUNTS PAYABLE VOUCHER
*V6601718	11/14/2019	NICHOLE LEIGH SHORT	R	74.24	ACCOUNTS PAYABLE VOUCHER
*V6601719	11/14/2019	CORTNEY ELIZABETH SMITH	R	112.52	ACCOUNTS PAYABLE VOUCHER
*V6601720	11/14/2019	STEFANIE CATHERINE SOUKUP	R	308.56	ACCOUNTS PAYABLE VOUCHER
*V6601721	11/14/2019	DEBRA NYLENE STRESE	R	12.76	ACCOUNTS PAYABLE VOUCHER
*V6601722	11/14/2019	AMY LYNN SWANEY	R	98.60	ACCOUNTS PAYABLE VOUCHER
*V6601723	11/14/2019	KAYLEEN LAVONNE TAFFE	R	226.20	ACCOUNTS PAYABLE VOUCHER
*V6601724	11/14/2019	PHILLIP HENRY TARMANN	R	12.64	ACCOUNTS PAYABLE VOUCHER
*V6601725	11/14/2019	MARY ELIZABETH TAYLOR	R	100.34	ACCOUNTS PAYABLE VOUCHER
*V6601726	11/14/2019	SONIA LYNN TENDRICH	R	85.26	ACCOUNTS PAYABLE VOUCHER
*V6601727	11/14/2019	LAURA J. TENNESSEN	R	61.48	ACCOUNTS PAYABLE VOUCHER
*V6601728	11/14/2019	TAYLOR MAY THOMAS	R	139.78	ACCOUNTS PAYABLE VOUCHER
*V6601729	11/14/2019	GRETCHEN ANN TOAY	R	122.00	ACCOUNTS PAYABLE VOUCHER
*V6601730	11/14/2019	SHANYN NICOLE TUFTEE	R	219.24	ACCOUNTS PAYABLE VOUCHER
*V6601731	11/14/2019	MICHELLE LYNN VOLLBRECHT	R	361.92	ACCOUNTS PAYABLE VOUCHER

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*V6601732	11/14/2019	JANEL LYNN VRIEZE	R	181.19	ACCOUNTS PAYABLE VOUCHER
*V6601733	11/14/2019	REESA ANN WALTMAN	R	10.44	ACCOUNTS PAYABLE VOUCHER
*V6601734	11/14/2019	ANDREW JACOB WEBSTER	R	82.94	ACCOUNTS PAYABLE VOUCHER
*V6601735	11/14/2019	MARY ELIZABETH WEILAND	R	196.04	ACCOUNTS PAYABLE VOUCHER
*V6601736	11/14/2019	AUDREY SUSAN WEILER	R	30.16	ACCOUNTS PAYABLE VOUCHER
*V6601737	11/14/2019	FRAN LOUISE WOOD	R	684.98	ACCOUNTS PAYABLE VOUCHER
*V6601738	11/21/2019	LINDA JO BERG	R	50.46	ACCOUNTS PAYABLE VOUCHER
*V6601739	11/21/2019	TARA JO BLACKERT	R	45.00	ACCOUNTS PAYABLE VOUCHER
*V6601740	11/21/2019	DON JAMES BUDACH	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601741	11/21/2019	ANNE LOUISE BYER	R	45.00	ACCOUNTS PAYABLE VOUCHER
*V6601742	11/21/2019	EMILY MARGARET CLARK	R	443.70	ACCOUNTS PAYABLE VOUCHER
*V6601743	11/21/2019	JAMES EDWARD COCHRAN	R	24.98	ACCOUNTS PAYABLE VOUCHER
*V6601744	11/21/2019	CRAIG ALAN CURTIS	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601745	11/21/2019	JAMIE AUTUMN DALBESIO	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601746	11/21/2019	MEGHAN LOUISE DOBSON	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601747	11/21/2019	KAREN STENE DOENGES	R	75.40	ACCOUNTS PAYABLE VOUCHER
*V6601748	11/21/2019	CARMEN MARIE EATON	R	45.00	ACCOUNTS PAYABLE VOUCHER
*V6601749	11/21/2019	PAMELA VICK GARRETSON	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601750	11/21/2019	ADDIE SUZANNE GESKE	R	164.14	ACCOUNTS PAYABLE VOUCHER
*V6601751	11/21/2019	DONNA GAYLE GREENFIELD	R	559.12	ACCOUNTS PAYABLE VOUCHER
*V6601752	11/21/2019	SARA ELIZABETH GROVE	R	5.80	ACCOUNTS PAYABLE VOUCHER
*V6601753	11/21/2019	THERESA JEAN GULBRANSEN	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601754	11/21/2019	JENNIFER AMY HETLAND	R	423.50	ACCOUNTS PAYABLE VOUCHER
*V6601755	11/21/2019	SHELBEЕ MARIE JAEGER	R	14.81	ACCOUNTS PAYABLE VOUCHER
*V6601756	11/21/2019	ANNE ELIZABETH JUST	R	60.90	ACCOUNTS PAYABLE VOUCHER
*V6601757	11/21/2019	LORI ANN KLEIN	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601758	11/21/2019	CORY LEE LANGENFELD	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601759	11/21/2019	CATHLEEN CAROL MATTICE	R	45.00	ACCOUNTS PAYABLE VOUCHER
*V6601760	11/21/2019	BRIAN RICHARD MOGA	R	52.43	ACCOUNTS PAYABLE VOUCHER
*V6601761	11/21/2019	RACHEL ERIN NOVY	R	45.00	ACCOUNTS PAYABLE VOUCHER
*V6601762	11/21/2019	HOLLY MARIE PEMBLE	R	128.18	ACCOUNTS PAYABLE VOUCHER
*V6601763	11/21/2019	AMANDA LYNN PETERS	R	45.00	ACCOUNTS PAYABLE VOUCHER
*V6601764	11/21/2019	BROOKE ALLYSON PETERSON	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601765	11/21/2019	JESSICA RAE RANDOL	R	15.43	ACCOUNTS PAYABLE VOUCHER
*V6601766	11/21/2019	WENDI MARLAINA RENKEN	R	45.00	ACCOUNTS PAYABLE VOUCHER
*V6601767	11/21/2019	MELANIE ANN RIX	R	45.00	ACCOUNTS PAYABLE VOUCHER
*V6601768	11/21/2019	KACY MARIE RODAMAKER	R	17.17	ACCOUNTS PAYABLE VOUCHER
*V6601769	11/21/2019	NICOLLE KATHERINE ROUSH	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601770	11/21/2019	DAWN MARIE SAVAGE	R	122.00	ACCOUNTS PAYABLE VOUCHER
*V6601771	11/21/2019	NAOMI DEE SAWATZKY	R	36.28	ACCOUNTS PAYABLE VOUCHER
*V6601772	11/21/2019	MELISSA RAE SCHALLER	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601773	11/21/2019	DAVID LEON STOLL	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601774	11/21/2019	AMY LYNN SWANEY	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601775	11/21/2019	THOMAS JOSEPH SZEWCZYK	R	267.48	ACCOUNTS PAYABLE VOUCHER
*V6601776	11/21/2019	MARY ELIZABETH TAYLOR	R	82.36	ACCOUNTS PAYABLE VOUCHER
*V6601777	11/21/2019	SONIA LYNN TENDRICH	R	34.80	ACCOUNTS PAYABLE VOUCHER
*V6601778	11/21/2019	TAYLOR MAY THOMAS	R	45.00	ACCOUNTS PAYABLE VOUCHER
*V6601779	11/21/2019	SHANYN NICOLE TUFTEE	R	45.00	ACCOUNTS PAYABLE VOUCHER
*V6601780	11/21/2019	ERIC JOSEPH VAN BROCKLIN	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601781	11/21/2019	MICHELLE LYNN VOLLBRECHT	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V6601782	11/21/2019	CHRISTINA MARIE WILKIN	R	185.60	ACCOUNTS PAYABLE VOUCHER
*V6601783	11/21/2019	SCOTT MICHAEL ZEHNDER	R	20.00	ACCOUNTS PAYABLE VOUCHER
*V6601784	11/21/2019	MARK A. ZUZEK	R	90.00	ACCOUNTS PAYABLE VOUCHER
*V7700713	10/31/2019	MEDICA	R	150427.80	ACCOUNTS PAYABLE VOUCHER
*V7700714	10/31/2019	PLANSOURCE FLEX BEN.	R	3395.35	ACCOUNTS PAYABLE VOUCHER
*V7700715	11/01/2019	KANSAS CITY LIFE INSURANCE COMPANY	R	9688.81	ACCOUNTS PAYABLE VOUCHER
*V7700715	11/01/2019	KANSAS CITY LIFE INSURANCE COMPANY	V	-9688.81	VOID MANUAL CHECK

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*V7700716	11/05/2019	MN CHILD SUPPORT PAYMENT CENTER	R	31.20	ACCOUNTS PAYABLE VOUCHER
*V7700717	11/05/2019	AFLAC	R	2245.20	ACCOUNTS PAYABLE VOUCHER
*V7700718	11/05/2019	AMERIPRISE FINANCIAL ADVISORS	R	8343.68	ACCOUNTS PAYABLE VOUCHER
*V7700719	11/05/2019	AXA EQUITABLE LIFE INS CO	R	3939.30	ACCOUNTS PAYABLE VOUCHER
*V7700720	11/05/2019	FIDELITY INVSTMT TAX-EX SVC CO	R	6506.25	ACCOUNTS PAYABLE VOUCHER
*V7700721	11/05/2019	HEALTH EQUITY, INC.	R	22193.63	ACCOUNTS PAYABLE VOUCHER
*V7700722	11/05/2019	HORACE MANN LIFE INS	R	1923.97	ACCOUNTS PAYABLE VOUCHER
*V7700723	11/05/2019	INTERNAL REVENUE SERVICE	R	218964.40	ACCOUNTS PAYABLE VOUCHER
*V7700724	11/05/2019	EDUCATION MN ESI BILLING TRUST	R	5490.44	ACCOUNTS PAYABLE VOUCHER
*V7700725	11/05/2019	MN DEPT OF REVENUE	R	34199.87	ACCOUNTS PAYABLE VOUCHER
*V7700726	11/05/2019	MN DEPT OF REVENUE(C)	R	72.64	ACCOUNTS PAYABLE VOUCHER
*V7700727	11/05/2019	MN STATE RETIREMENT SYSTEM	R	2220.83	ACCOUNTS PAYABLE VOUCHER
*V7700728	11/05/2019	EXECUTIVE DIRECTOR	R	53969.56	ACCOUNTS PAYABLE VOUCHER
*V7700729	11/05/2019	STATE TREASURER, TRA	R	94565.81	ACCOUNTS PAYABLE VOUCHER
*V7700730	11/05/2019	VARIABLE ANNUITY LIFE INS CO	R	9117.97	ACCOUNTS PAYABLE VOUCHER
*V7700731	11/05/2019	VOYA	R	1711.25	ACCOUNTS PAYABLE VOUCHER
*V7700732	11/05/2019	MN CHILD SUPPORT PAYMENT CENTER	R	31.20	ACCOUNTS PAYABLE VOUCHER
*V7700733	11/05/2019	AFLAC	R	2275.24	ACCOUNTS PAYABLE VOUCHER
*V7700734	11/05/2019	AMERIPRISE FINANCIAL ADVISORS	R	2881.24	ACCOUNTS PAYABLE VOUCHER
*V7700735	11/05/2019	AXA EQUITABLE LIFE INS CO	R	1564.26	ACCOUNTS PAYABLE VOUCHER
*V7700736	11/05/2019	FIDELITY INVSTMT TAX-EX SVC CO	R	4737.49	ACCOUNTS PAYABLE VOUCHER
*V7700737	11/05/2019	HEALTH EQUITY, INC.	R	22908.50	ACCOUNTS PAYABLE VOUCHER
*V7700738	11/05/2019	HORACE MANN LIFE INS	R	633.33	ACCOUNTS PAYABLE VOUCHER
*V7700739	11/05/2019	INTERNAL REVENUE SERVICE	R	223968.51	ACCOUNTS PAYABLE VOUCHER
*V7700740	11/05/2019	EDUCATION MN ESI BILLING TRUST	R	2216.22	ACCOUNTS PAYABLE VOUCHER
*V7700741	11/05/2019	MN DEPT OF REVENUE	R	35616.39	ACCOUNTS PAYABLE VOUCHER
*V7700742	11/05/2019	MN STATE RETIREMENT SYSTEM	R	145.83	ACCOUNTS PAYABLE VOUCHER
*V7700743	11/05/2019	EXECUTIVE DIRECTOR	R	51660.02	ACCOUNTS PAYABLE VOUCHER
*V7700744	11/05/2019	STATE TREASURER, TRA	R	98026.42	ACCOUNTS PAYABLE VOUCHER
*V7700745	11/05/2019	VARIABLE ANNUITY LIFE INS CO	R	3303.32	ACCOUNTS PAYABLE VOUCHER
*V7700746	11/05/2019	VOYA	R	777.91	ACCOUNTS PAYABLE VOUCHER
*V7700747	11/06/2019	KANSAS CITY LIFE INSURANCE COMPANY	R	10612.00	ACCOUNTS PAYABLE VOUCHER
*V7700748	11/06/2019	KANSAS CITY LIFE INSURANCE COMPANY	R	10588.74	ACCOUNTS PAYABLE VOUCHER
*V7700749	11/13/2019	INTERNAL REVENUE SERVICE	R	192988.68	ACCOUNTS PAYABLE VOUCHER
*V7700750	11/13/2019	KANSAS CITY LIFE INSURANCE COMPANY	R	9688.81	ACCOUNTS PAYABLE VOUCHER
*V7700751	11/13/2019	MN DEPT OF REVENUE	R	32200.62	ACCOUNTS PAYABLE VOUCHER
*V7700752	11/14/2019	APPLE VALLEY ISD LLC	R	49204.24	ACCOUNTS PAYABLE VOUCHER
*V7700753	11/14/2019	SE ISD, DST	R	71504.86	ACCOUNTS PAYABLE VOUCHER
*V7700754	11/14/2019	DELTA DENTAL OF MINNESOTA	R	38139.71	ACCOUNTS PAYABLE VOUCHER
*V7700755	11/14/2019	MEDICA	R	176800.61	ACCOUNTS PAYABLE VOUCHER
*V7700756	11/14/2019	PLANSOURCE FLEX BEN.	R	4168.57	ACCOUNTS PAYABLE VOUCHER
*V7700757	11/15/2019	MN CHILD SUPPORT PAYMENT CENTER	R	31.20	ACCOUNTS PAYABLE VOUCHER
*V7700758	11/15/2019	AMERIPRISE FINANCIAL ADVISORS	R	8251.80	ACCOUNTS PAYABLE VOUCHER
*V7700759	11/15/2019	AXA EQUITABLE LIFE INS CO	R	3939.30	ACCOUNTS PAYABLE VOUCHER
*V7700760	11/15/2019	FIDELITY INVSTMT TAX-EX SVC CO	R	6612.45	ACCOUNTS PAYABLE VOUCHER
*V7700761	11/15/2019	HEALTH EQUITY, INC.	R	23215.67	ACCOUNTS PAYABLE VOUCHER
*V7700762	11/15/2019	HORACE MANN LIFE INS	R	1923.97	ACCOUNTS PAYABLE VOUCHER
*V7700763	11/15/2019	INTERNAL REVENUE SERVICE	R	220131.90	ACCOUNTS PAYABLE VOUCHER
*V7700764	11/15/2019	EDUCATION MN ESI BILLING TRUST	R	15956.64	ACCOUNTS PAYABLE VOUCHER
*V7700765	11/15/2019	MN DEPT OF REVENUE	R	34080.68	ACCOUNTS PAYABLE VOUCHER
*V7700766	11/15/2019	MN DEPT OF REVENUE(C)	R	346.99	ACCOUNTS PAYABLE VOUCHER
*V7700767	11/15/2019	MN STATE RETIREMENT SYSTEM	R	2020.83	ACCOUNTS PAYABLE VOUCHER
*V7700768	11/15/2019	EXECUTIVE DIRECTOR	R	54504.46	ACCOUNTS PAYABLE VOUCHER
*V7700769	11/15/2019	STATE TREASURER, TRA	R	94746.18	ACCOUNTS PAYABLE VOUCHER
*V7700770	11/15/2019	VARIABLE ANNUITY LIFE INS CO	R	18690.81	ACCOUNTS PAYABLE VOUCHER
*V7700771	11/15/2019	VOYA	R	1711.25	ACCOUNTS PAYABLE VOUCHER
*V7700772	11/21/2019	APPLE VALLEY ISD LLC	R	41143.32	ACCOUNTS PAYABLE VOUCHER

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*V7700773	11/21/2019	SE ISD, DST	R	71504.86	ACCOUNTS PAYABLE VOUCHER
*V7700774	11/21/2019	DELTA DENTAL OF MINNESOTA	R	17687.30	ACCOUNTS PAYABLE VOUCHER
*V7700775	11/21/2019	MEDICA	R	58021.63	ACCOUNTS PAYABLE VOUCHER
*V7700776	11/21/2019	PLANSOURCE FLEX BEN.	R	150.00	ACCOUNTS PAYABLE VOUCHER
TOTAL FUND				3017780.20	
TOTAL REPORT				3017780.20	

AUDREY WEILER, PAYROLL SPECIALIST

PLEASE APPROVE NET PAYROLL FOR

11/15/2019 REGULAR PAY (909) \$ 664,661.65

NET PAYROLL \$ 664,661.65

Authorized Signature  Date 11-13-19

AUDREY WEILER, PAYROLL SPECIALIST

PLEASE APPROVE NET PAYROLL FOR

10/31/2019 REGULAR PAY (908) \$ 661,663.02

NET PAYROLL \$ 661,663.02

Authorized Signature  Date 11-4-19

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

OCTOBER 2019

ACCOUNT NAME	ACCT NO	BEGINNING BALANCE	PURCHASES CREDITS	SALES TRANSFERS	INVESTMENT FEES	INTEREST EARNED	ENDING BALANCE	YEAR TO DATE INTEREST EARNED
MSDLAF + MAX	01	6,864,759.32	0.00	0.00	0.00	11,587.17	6,876,346.49	39,525.04
MSDLAF Liquid	01	823.43	0.00	0.00	0.00	1.32	824.75	5.64
MSDLAF TERM (CD's,Term,Comm) maturity	01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		6,865,582.75	0.00	0.00	0.00	11,588.49	6,877,171.24	39,530.68

EXPLANATION: The above are School District Investments complying with the requirements of Minnesota Statutes 118.01, 471.56 and 475.66.

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

NOTE: **October 2019** Average MSDLAF Liquid Rate was 1.89 % and the MSDLAF+MAX Average Rate was 1.99%.
MSDLAF Term Average Rate is .00%.

INTERMEDIATE SCHOOL DISTRICT NO. 917
ROSEMOUNT, MINNESOTA

Financial Statements and
Supplemental Information

Year Ended
June 30, 2019

INTERMEDIATE SCHOOL DISTRICT NO. 917

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INDEPENDENT SCHOOL DISTRICT NO. 917

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INTRODUCTORY SECTION

INTERMEDIATE SCHOOL DISTRICT NO. 917

School Board and Administration
as of June 30, 2019

SCHOOL BOARD

<u>Board of Directors</u>	<u>Member District</u>	<u>Position on Board</u>
Jill Lewis	ISD No. 199	Chairperson
Russ Rohloff	ISD No. 200	Vice Chairperson
Bob Erickson	ISD No. 194	Treasurer
Melissa Sauser	ISD No. 192	Clerk
Dick Bergstrom	ISD No. 271	Director
Dee Dee Currier	ISD No. 191	Director
Wendy Felton	SSD No. 6	Director
Vanda Pressnall	ISD No. 195	Director
Byron Schwab	ISD No. 197	Director

ADMINISTRATION

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information, and other information section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District.

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

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

(continued)

Prior Year Comparative Information

We have previously audited the District's 2018 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 27, 2018. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

Minneapolis, Minnesota
INSERT DATE

INTERMEDIATE SCHOOL DISTRICT NO. 917

Management's Discussion and Analysis Year Ended June 30, 2019

This section of Intermediate School District No. 917's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the other components of the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources were less than liabilities and deferred inflows of resources at June 30, 2019 by \$11,066,566 (net position deficit). The District's total net position increased by \$8,354,371 during the fiscal year ended June 30, 2019.
- The District's total General Fund balance at June 30, 2019 is \$9,797,202.
- The District's governmental funds Balance Sheet reflects a \$9,339,643 unassigned fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The two government-wide financial statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

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

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	<u>2019</u>	<u>2018</u>
Assets		
Current and other assets	\$ 17,368,195	\$ 14,529,546
Capital assets, net of accumulated depreciation	<u>9,108,562</u>	<u>9,213,928</u>
Total assets	<u>\$ 26,476,757</u>	<u>\$ 23,743,474</u>
Deferred outflows of resources		
Pension plan deferments	\$ 23,444,119	\$ 27,539,981
OPEB plan deferments	60,929	49,298
Deferred charge on refunding debt	<u>336,382</u>	<u>358,807</u>
Total deferred outflows of resources	<u>\$ 23,841,430</u>	<u>\$ 27,948,086</u>
Liabilities		
Current and other liabilities	\$ 4,069,088	\$ 3,579,655
Long-term liabilities, including due within one year	<u>29,869,071</u>	<u>59,422,369</u>
Total liabilities	<u>\$ 33,938,159</u>	<u>\$ 63,002,024</u>
Deferred inflows of resources		
Pension plan deferments	\$ 27,005,050	\$ 8,110,473
OPEB plan deferments	<u>441,544</u>	<u>—</u>
Total deferred inflows of resources	<u>\$ 27,446,594</u>	<u>\$ 8,110,473</u>
Net position		
Net investment in capital assets	\$ 1,667,450	\$ 1,535,355
Restricted for other purposes	138,880	300,566
Unrestricted	<u>(12,872,896)</u>	<u>(21,256,858)</u>
Total net position	<u>\$ (11,066,566)</u>	<u>\$ (19,420,937)</u>

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

The District's total net position at June 30, 2018 was \$8,354,371 more than in the prior year, mainly due to the change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans, which also contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position.

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

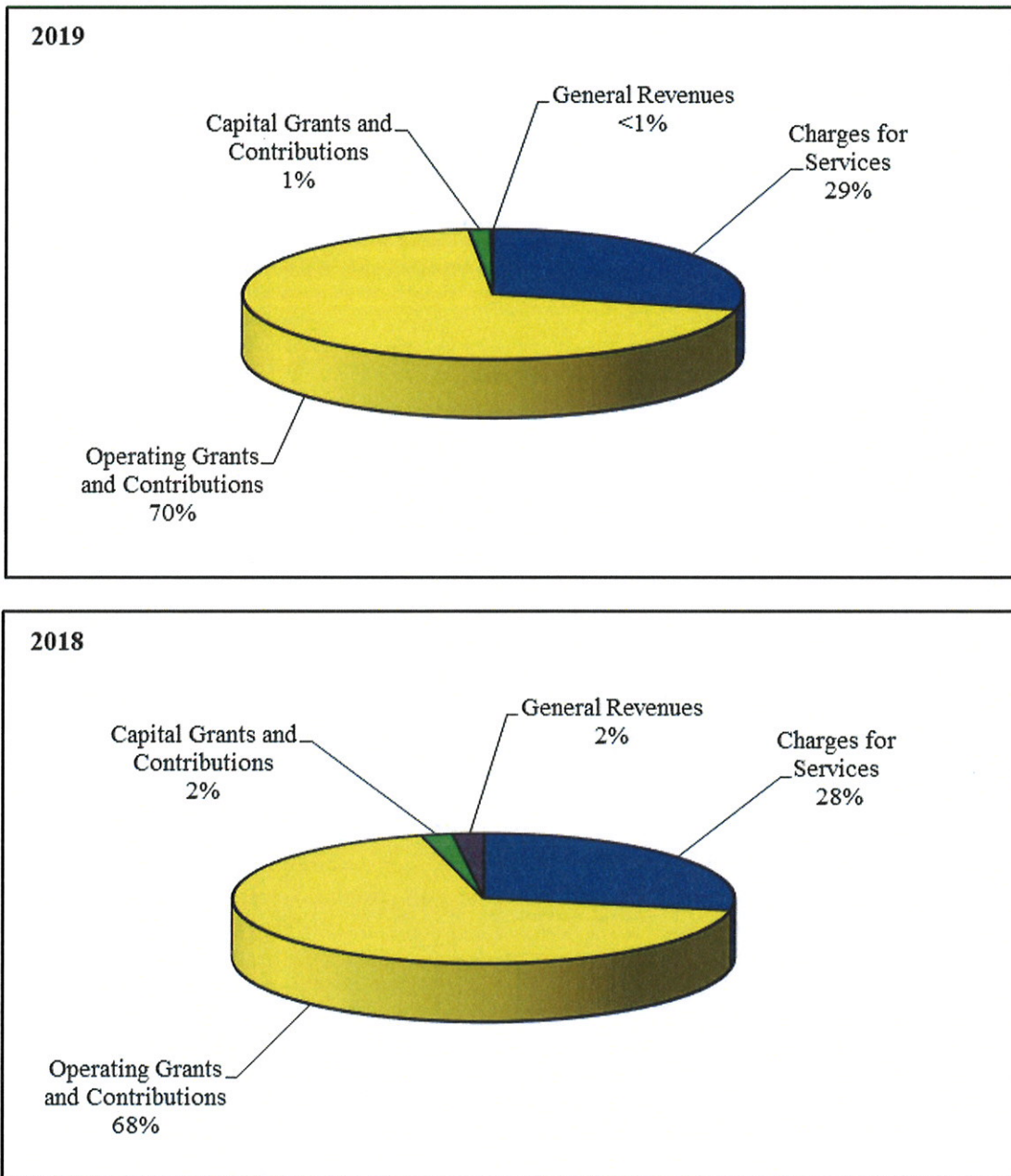
	<u>2019</u>	<u>2018</u>
Revenues		
Program revenues		
Charges for services	\$ 11,429,417	\$ 9,660,814
Operating grants and contributions	27,542,553	23,146,660
Capital grants and contributions	548,350	557,650
General revenues		
Other	917,328	508,545
State-wide pension plans direct aid (deficit)	(1,001,269)	-
Investment earnings	153,615	72,031
Total revenues	<u>39,589,994</u>	<u>33,945,700</u>
Expenses		
Administrative and support services	1,943,841	2,370,386
Secondary vocational/DCALS	2,399,143	4,185,093
Special education programs	26,491,744	31,992,143
Food service	159,619	136,447
Interest and fiscal charges on debt	241,276	246,834
Total expenses	<u>31,235,623</u>	<u>38,930,903</u>
Change in net position	8,354,371	(4,985,203)
Net position – beginning	<u>(19,420,937)</u>	<u>(14,435,734)</u>
Net position – ending	<u>\$ (11,066,566)</u>	<u>\$ (19,420,937)</u>

This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The total cost of all programs and services was \$31,235,623. The District's expenses are predominantly related to educating students. In fiscal 2018–2019, 93 percent of the District's expenses were devoted to this purpose. The administrative and support services activity of the District accounted for 6 percent of total expenses for the year. It should be noted that the District allocated \$1,739,013 in administrative and support services expenses to the secondary vocational/Dakota County Area Learning School (DCALS) and special education programs in fiscal 2019. The decrease in expenses reflects the change in the PERA and the TRA multiple-employer defined benefit pension plans mentioned earlier.

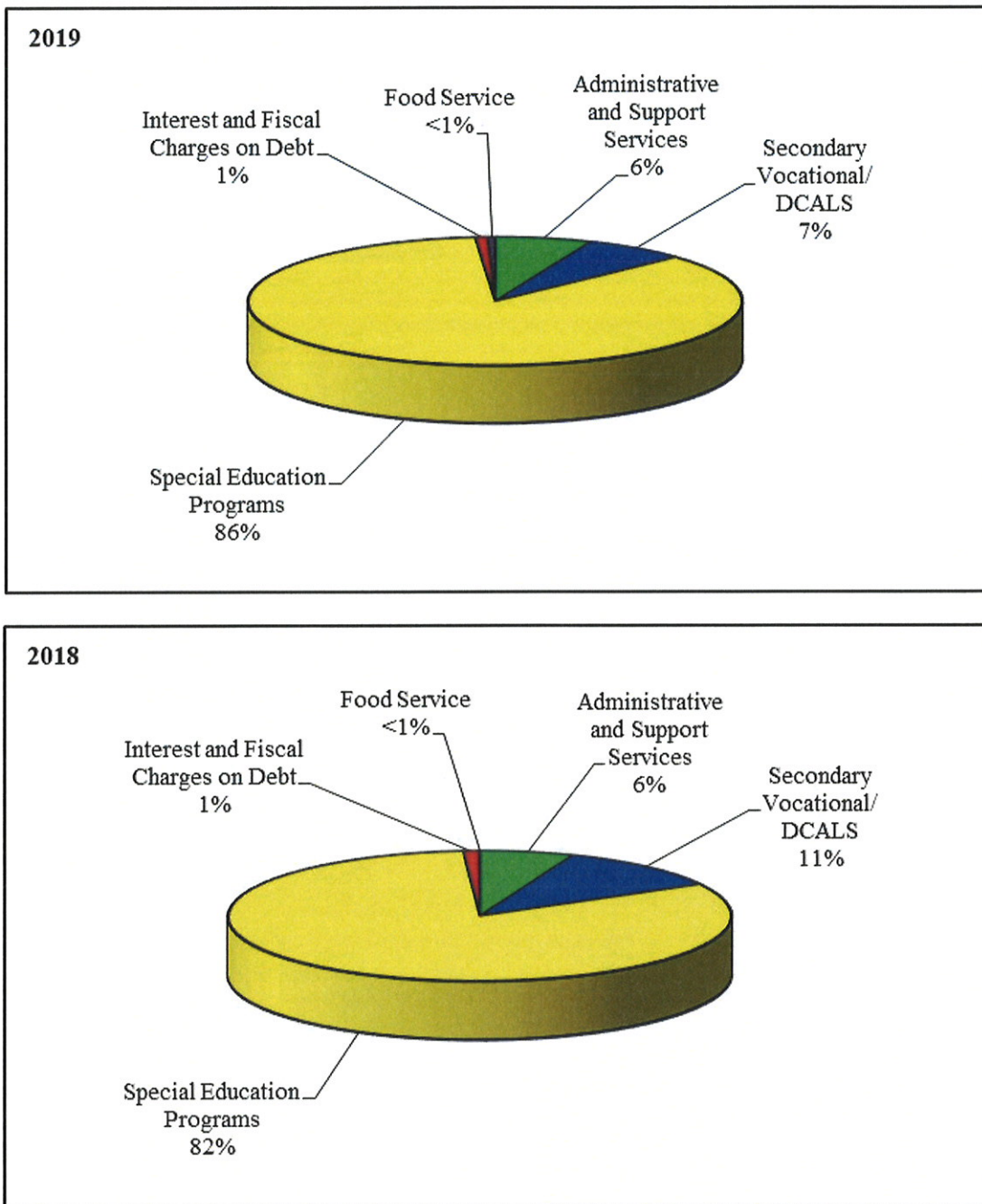
Figures A and B show further analysis of these revenue sources and expense functions:

Figure A – Sources of Revenue for Fiscal Years 2019 and 2018



The largest share of the District's revenue is received from the state, including the aid formula and most of the operating grants.

Figure B – Expenses for Fiscal Years 2019 and 2018



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

Table 3
Net Cost of Governmental Activities
for the Years Ended June 30, 2019 and 2018

	2019		2018	
	Total Cost of Services	Net (Expense) Revenue From Services	Total Cost of Services	Net (Expense) Revenue From Services
Governmental activities				
Administrative and support services	\$ 1,943,841	\$ 291,199	\$ 2,370,386	\$ (228,266)
Secondary vocational/DCALS	2,399,143	2,377,174	4,185,093	(89,375)
Special education programs	26,491,744	5,901,051	31,992,143	(4,969,336)
Food service	159,619	(43,451)	136,447	(31,968)
Interest and fiscal charges	241,276	(241,276)	246,834	(246,834)
Total	\$ 31,235,623	\$ 8,284,697	\$ 38,930,903	\$ (5,565,779)

The overall net (expense) revenue from service was \$13,850,476 more than fiscal 2018, due mainly to the improved financial results of the state-wide pension plans discussed earlier, and the increase in the fund balance in the District's General Fund.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	2019		2018		Increase (Decrease)	Total Percent Change
	2019	2018	2019	2018		
Major funds						
General	\$ 9,797,202	\$ 8,023,932	\$ 9,797,202	\$ 8,023,932	\$ 1,773,270	22.1%
Food Service Special Revenue	—	—	—	—	—	—
Total governmental funds	\$ 9,797,202	\$ 8,023,932	\$ 9,797,202	\$ 8,023,932	\$ 1,773,270	22.1%

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

ENROLLMENT

Table 5
Average Daily Membership (ADM) Served
Last Five Fiscal Years

	<u>2014–2015</u>	<u>2015–2016</u>	<u>2016–2017</u>	<u>2017–2018</u>	<u>2018–2019</u>
Secondary vocational resource programs	100.67	108.41	92.80	106.57	101.79
DCALS programs	190.43	216.20	214.84	271.12	320.89
Special education resource programs	414.54	419.44	478.42	466.30	479.53

Funding for Minnesota school districts is largely driven by enrollment. In the current economic environment, member districts are striving to keep their students at their sites whenever possible. Overall, the District’s secondary vocational resource programs remain stable, but experienced a slight decline in 2018–2019. Alternative learning (DCALS) programs continue to experience significant and unanticipated growth from the previous fiscal year. Special education resource programs are experiencing growth in Customized Alternative Solutions for Education (CASE), Students with Unique Needs (SUN), Therapeutic Education Alternative (TEA), Transition Education Services (TESA), Intra-Dakota Educational Alternative (IDEA) and declining enrollment in Deaf and Hard of Hearing Resources (DHH), Program Alternative for Communication Ed and Socialization (PACES), Dakota Alternative for Severely Handicapped (DASH), and Care and Treatment programs. Stable and predictable enrollment to maintain and fund programs will continue to be especially challenging in the alternative learning and secondary vocational resource programs.

GENERAL FUND

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

Table 6
Financial Position – General Fund
Last Five Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Unassigned fund balance	\$ 4,807,307	\$ 5,730,521	\$ 5,922,746	\$ 6,634,983	\$ 9,339,643
Percent increase	3.5%	19.2%	3.4%	12.0%	40.8%
Expenditures	\$ 26,283,967	\$ 28,598,875	\$ 33,366,968	\$ 32,756,448	\$ 38,602,276
Percent increase (decrease)	5.6%	8.8%	16.7%	(1.8%)	17.8%
Unassigned fund balance as a percentage of expenditures	18.3%	20.0%	17.8%	20.3%	24.2%

The District ended the year with a \$1,773,270 increase in the General Fund balance. Unassigned General Fund balance increased \$2,704,660. The total increase of \$1,773,270 is \$2,200,947 higher than anticipated in the District's revised budget. The reason for the variance is due mainly to the District receiving better than expected results in the Secondary Education Account, including revenue exceeding projections by \$761,644, mainly due to having higher than anticipated enrollment, including 62 additional ADMs at the DCALS program in fiscal 2019.

The District also experienced better than anticipated results in the Special Education Account, totaling \$1,337,302. The special education programs received \$973,500 in fiscal year 2018 entitlement and \$410,000 for fiscal year 2019 entitlement in state special education aid, due to the proration factor being removed during legislation in fiscal year 2019. Expenditures were also lower than budgeted amounts by \$1,897,699, mainly in salaries, benefits, and purchased services.

Table 7 presents a summary of General Fund revenue:

	2019	2018	Amount of Increase (Decrease)
Local sources			
Tuition	\$ 11,324,143	\$ 9,703,204	\$ 1,620,939
Investment earnings	85,149	40,928	44,221
Other	961,796	500,245	461,551
State sources	27,879,426	23,453,890	4,425,536
Federal sources	142,549	150,934	(8,385)
Total General Fund revenues	<u>\$ 40,393,063</u>	<u>\$ 33,849,201</u>	<u>\$ 6,543,862</u>

Total General Fund revenues increased \$6,543,862, or 19.3 percent, in fiscal 2019, as compared to the previous year. Overall, the changes in revenues can be attributed to an increase in enrollment of 58 additional ADMs in combination with increased expenditures, resulting in an increase in state revenue sources through tuition billing and for direct tuition revenue to local school districts for services outside of the state tuition billing system.

The increase in state sources is due to an increase in general education, as a result of increased entitlement for general education basic skills. The remaining increase is the result of increased revenues for special education. There was an under accrual in the prior year that resulted in approximately \$973,000 of fiscal 2018 revenue being recognized in the current year. The remaining increase in special education revenues is the result of increased entitlements of \$4,245,000 from the prior year. Increased entitlement is due to average salary and benefit increases per contract of approximately 3.4 percent, increases in the general education formula of 2.0 percent, and an increase related to ADM growth. The growth was the result of several factors: Concord Education Center was a new site in fiscal year 2019, and CASE, TESA, IDEA, TEA, and SUN programs expanded. In addition, students served by the District are changing and we are serving more complex students with more related services that need higher staffing ratios of related staff.

Table 8 presents a summary of General Fund expenditures:

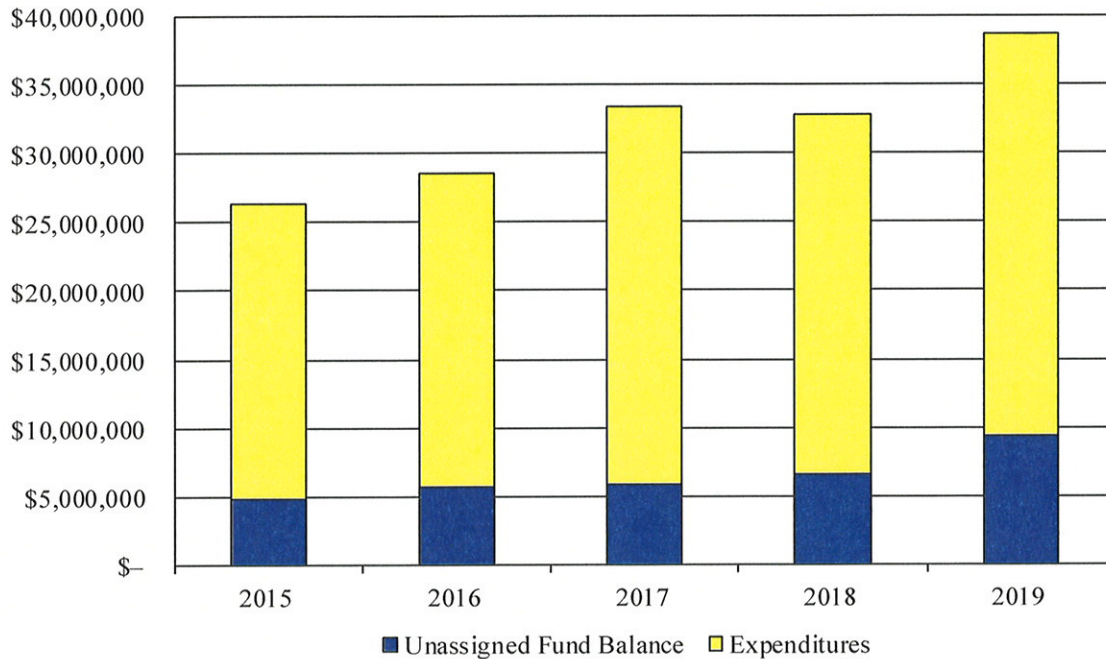
	<u>2019</u>	<u>2018</u>	Amount of Increase (Decrease)
Salaries	\$ 22,746,079	\$ 20,191,136	\$ 2,554,943
Employee benefits	8,042,126	6,738,174	1,303,952
Purchased services	5,019,654	3,640,651	1,379,003
Supplies and materials	1,058,944	784,606	274,338
Other expenditures	130,238	120,825	9,413
Capital expenditures	1,081,735	746,364	335,371
Debt service	<u>523,500</u>	<u>534,692</u>	<u>(11,192)</u>
Total General Fund expenditures	<u>\$ 38,602,276</u>	<u>\$ 32,756,448</u>	<u>\$ 5,845,828</u>

Total General Fund expenditures increased \$5,845,828, or 17.8 percent, from the previous year. Overall, the changes in expenditures can be attributed to an increase in salaries and benefits, which was mainly due to increases in an additional 47 full-time equivalent (FTE) employees in the current year. Also, purchased services increased \$1,379,003, as a result of contracting outside nurses, early childhood teachers, and custodians. In addition, the new Concord Education Center incurred new lease, utility, and telecommunications expenditures in the current year.

In summary, 2018–2019 General Fund revenues and other financing sources exceeded General Fund expenditures and other financing uses by \$1,773,270. As a result, total fund balance increased to \$9,797,202 at June 30, 2019. After deducting nonspendable, restricted, and assigned funds, the unassigned fund balance increased from \$6,634,983 at June 30, 2018, to \$9,339,643 at June 30, 2019.

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

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



The graph above is the single best measure of overall financial health. The unassigned fund balance of \$9.3 million at June 30, 2019, represents 24.2 percent of annual expenditures, or over two months of school year operations. The fund balances of an intermediate school district are key to its financial success, as the cash flow advance options available to intermediate school districts are more restrictive to access, compared to an independent school district. The continued maintenance of fund balance is essential for the District to minimize the impact that cash flow borrowing would have to member districts that would have to back any cash flow debt incurred by the District. With the current metering system and limited cash flow borrowing options available, the District believes it is necessary to maintain a minimum fund balance of 15.0 percent of annual budget to assure financial stability. The District's fund balance provides opportunities to incur one-time capital expenditures to mitigate the amount of long-term facilities maintenance levy requested on behalf of our member districts. The District continues to monitor its fund balances closely.

General Fund Budgetary Highlights

Table 9 summarizes the General Fund budget to actual comparison:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue and other financing sources	<u>\$ 39,935,783</u>	<u>\$ 40,229,792</u>	<u>\$ 40,404,918</u>	<u>\$ 175,126</u>
Expenditures and other financing uses	<u>\$ 40,278,216</u>	<u>\$ 40,657,469</u>	<u>\$ 38,631,648</u>	<u>\$ (2,025,821)</u>

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

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

The District's revenues and other financing sources were greater than budgeted amounts by 0.4 percent, due to several factors. The District's anticipated revenues are determined by actual expenditures incurred, which came in under budget by \$2,015,193.

The District's expenditures and other financing uses were less than budgeted amounts by 5.0 percent, due to several factors. Overall, expenditures were under budget by \$1.90 million in special education programs. The budget was built assuming there would be a 47 ADM increase during the year, with the positions being filled all year. However, 30 FTE positions went unfilled during the current year, as it was difficult to find licensed/nonlicensed personnel. In addition, a higher number of employees were on unpaid leave than anticipated, as well as the District overestimated the amount budgeted for employee temporary work agreements.

FOOD SERVICE SPECIAL REVENUE FUND

Expenditures exceeded revenues by \$29,372 for the year. In order to eliminate the potential deficit in the Food Service Special Revenue Fund, the School Board approved a transfer of \$29,372 from the General Fund.

INTERNAL SERVICE FUNDS

The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District has three internal service funds. The District's internal service funds include financing for post-employment severance benefits and OPEB, and self-insurance of the employee medical and dental insurance programs.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 10 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Land	\$ 655,000	\$ 655,000	\$ -
Buildings	11,168,352	11,168,352	-
Furniture and equipment	2,489,329	2,259,410	229,919
Less accumulated depreciation	<u>(5,204,119)</u>	<u>(4,868,834)</u>	<u>(335,285)</u>
Total	<u>\$ 9,108,562</u>	<u>\$ 9,213,928</u>	<u>\$ (105,366)</u>
Depreciation expense	<u>\$ 406,143</u>	<u>\$ 416,530</u>	<u>\$ (10,387)</u>

Long-Term Liabilities

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Certificates of participation payable	\$ 7,540,000	\$ 7,830,000	\$ (290,000)
Unamortized premium (discount)	237,494	249,726	(12,232)
Net pension liability	20,169,161	49,090,354	(28,921,193)
Severance benefits payable	426,574	441,446	(14,872)
Compensated absences payable	337,148	300,665	36,483
Total OPEB liability	<u>1,186,519</u>	<u>1,510,178</u>	<u>(323,659)</u>
Total	<u>\$ 29,896,896</u>	<u>\$ 59,422,369</u>	<u>\$ (29,525,473)</u>

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

The decrease in the pension liability for the District is due to the change in the District's proportionate share of the state-wide PERA and TRA pension plan liabilities. The decrease in the District's proportionate share of the state-wide pension liability was caused by several changes in actuarial assumptions used to determine the pension liability, including a change in the assumed discount rate for the TRA pension plan, which increased from 5.12 percent to 7.50 percent in the most recent actuarial valuation.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The **Vision** of the District is to be a community of students, families, teachers, staff members, school districts, regional organizations, and associations actively engaged in ensuring student learning success.

The **Mission** of the District is to serve as a quality, cost-effective resource for member school districts committed together to success for all learners.

The **Core Values** of the District are collaboration, passion for service, continuous improvement, stewardship, equity, open communication, and integrity.

The Vision, Mission, and Core Values of the District strongly inform budgetary decisions.

The District is charged by Minnesota Statutes to provide low incidence special education and secondary vocational technical education services to its member districts. In addition, the statutes indicate that intermediate districts should also provide its members with such other services that they require. Therefore, the District continually evaluates current service offerings and reviews additional areas of potential service to our member districts.

Current support services include:

- Provide robust offerings in Federal Setting III and Federal Setting IV Special Education programing.
- The DCALS program provides a high school Alternative Learning Center (ALC) at the Dakota County Technical College (DCTC). Providing the ALC services at the DCTC site allows for program extension into Career Technical Education programs, concurrent enrollment options in the DCTC course offerings, and a well-developed career pathway model in several careers.
- Partner with Independent School District (ISD) No. 197 to operate the DCALS North in West St. Paul. This site offers a convenient location in the northern part of the District.
- Provide the needed secondary alternative learning option to qualify a targeted services program for ISD Nos. 192, 197, 199, 200, and 271.
- Organize and facilitate regional networking meetings for superintendents, secondary principals, and special education directors.
- Collaborate with both public and private support service providers to meet the needs of member districts, and to increase the capacity of our communities to meet the diverse needs of children and families. Specifically, a recent successful grant from the state for embedded mental health services has been a tremendous addition.
- Collaborate with AMSD, MASA, MSBA, and AESA to advocate for legislation action to assist in the provision of district services.
- Collaborate with the other three intermediate school districts (916, 287, and 288) to advocate for legislation action to assist the District to meet the needs of the unique students served by the intermediate school districts. We also collaborate on communicating about the mission and the services provided by the intermediate school districts.
- Provide special education consultation and direct service to the member districts through a purchase of services model.

Additional potential collaborative support services include:

- Potential expansion of the Transitional Educational Service Alternative for students age 18 to 21, may be of interest to individual member districts. The TESA program launched in fiscal year 2020 in the space provided by Bloomington Public Schools, has been a terrific success. Although no specific plans are underway, it is a possibility for future expansion beginning in fiscal year 2022.
- Potential collaborations in career technical education are being investigated. With multiple member districts providing well-designed programs within their own communities, there may be synergistic opportunity to help coordinate inter-district collaborations throughout the member districts. It is likely that the District would serve as a fiscal agent for a collaborative endeavor.
- The District has experienced two years of high growth. We anticipate that the present growth rate in SUN programming and in other special education service areas is likely to continue to increase. As a district, we have nearly utilized all of the available space in our school buildings. During the 2020 school year we will need to develop plans for future expansion that may have a financial impact.

Existing circumstances that could significantly affect the District's financial health in the future:

- The District has appropriate fund balances to provide adequate opportunities to adapt to uncontrolled changes in revenue sources for the short-term (two or three years). The special education funding system is being managed in different ways by member districts. This drives each district to make different decisions about which services they provide on their own and which services they procure from the District. We need to remain relevant, responsible, and responsive to the ever-changing needs of the member districts.
- Many of the important collaborative programs available through the Career Technical Education program, the DCALS program, and special services are expensive and require time to develop, yet they provide necessary and essential options for students and families. Because of specialized spaces and equipment needed for the programs, the District needs to continue to work closely with the member districts to ensure that there is enough commitment for participation by the member districts as the programs are developed.
- The need to find, secure, and retain highly qualified teachers and other employees, to fill the increasing number of positions to support the needs of our member districts, is a growing challenge. The District has initiated an employment incentive program for teachers in the Blind/Visual Impairment program. The District is collaborating with area colleges and universities to increase the number of the special education teachers available for the vacant positions. We will be hosting a cohort of paraprofessionals and tier 2 teachers who are pursuing licensure. We will collaborate with other schools to promote the offerings in degree acquisition and licensure completion.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Net Position
as of June 30, 2019

(With Partial Comparative Information as of June 30, 2018)

	Governmental Activities	
	2019	2018
Assets		
Cash and temporary investments	\$ 6,166,940	\$ 6,990,706
Receivables		
Accounts and interest	25,119	9,714
Due from other governmental units	11,003,361	6,864,126
Inventory	153	414
Prepaid items	129,147	622,240
Restricted assets – temporarily restricted		
Cash and investments held by trustee	43,475	42,346
Capital assets		
Not depreciated	655,000	655,000
Depreciated, net of accumulated depreciation	8,453,562	8,558,928
Total capital assets, net of accumulated depreciation	<u>9,108,562</u>	<u>9,213,928</u>
Total assets	<u>26,476,757</u>	<u>23,743,474</u>
Deferred outflows of resources		
Pension plan deferments	23,444,119	27,539,981
OPEB plan deferments	60,929	49,298
Deferred charge on refunding	336,382	358,807
Total deferred outflows of resources	<u>23,841,430</u>	<u>27,948,086</u>
Total assets and deferred outflows of resources	<u>\$ 50,318,187</u>	<u>\$ 51,691,560</u>
Liabilities		
Salaries and compensated absences payable	\$ 3,028,460	\$ 2,684,557
Accounts and contracts payable	443,075	223,549
Accrued interest payable	94,875	97,292
Due to other governmental units	412,071	385,879
Unearned revenue	90,607	188,378
Long-term liabilities		
Due within one year	537,564	618,615
Due in more than one year	29,331,507	58,803,754
Total long-term liabilities	<u>29,869,071</u>	<u>59,422,369</u>
Total liabilities	33,938,159	63,002,024
Deferred inflows of resources		
Pension plan deferments	27,005,050	8,110,473
OPEB plan deferments	441,544	–
Total deferred inflows of resources	<u>27,446,594</u>	<u>8,110,473</u>
Net position		
Net investment in capital assets	1,667,450	1,535,355
Restricted for basic skills	138,880	300,566
Unrestricted	(12,872,896)	(21,256,858)
Total net position	<u>(11,066,566)</u>	<u>(19,420,937)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 50,318,187</u>	<u>\$ 51,691,560</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Activities
 Year Ended June 30, 2019
 (With Partial Comparative Information for the Year Ended June 30, 2018)

2019				
Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues	
			Charges for Services	Operating Grants and Contributions
Governmental activities				
Administrative and support services	\$ 1,943,841	\$ (1,739,013)	\$ 471,177	\$ -
Secondary vocational/DCALS	2,399,143	216,229	4,227,041	242,005
Special education programs	26,491,744	1,522,784	6,716,326	27,199,253
Food service	159,619	-	14,873	101,295
Interest and fiscal charges on debt	241,276	-	-	-
Total governmental activities	\$ 31,235,623	\$ -	\$ 11,429,417	\$ 27,542,553
		General revenues		
		Other general revenues		
		State-wide pensions direct aid (deficit)		
		Investment earnings		
		Total general revenues		
		Change in net position		
		Net position – beginning		
		Net position – ending		

		2018
	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Capital Grants and Contributions	Governmental Activities	Governmental Activities
\$ 24,850	\$ 291,199	\$ (228,266)
523,500	2,377,174	(89,375)
-	5,901,051	(4,969,336)
-	(43,451)	(31,968)
-	(241,276)	(246,834)
<u>\$ 548,350</u>	8,284,697	(5,565,779)
	917,328	508,545
	(1,001,269)	-
	<u>153,615</u>	<u>72,031</u>
	<u>69,674</u>	<u>580,576</u>
	8,354,371	(4,985,203)
	<u>(19,420,937)</u>	<u>(14,435,734)</u>
	<u>\$ (11,066,566)</u>	<u>\$ (19,420,937)</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Balance Sheet
 Governmental Funds
 as of June 30, 2019
 (With Partial Comparative Information as of June 30, 2018)

	General Fund	Nonmajor Fund – Food Service Special Revenue Fund	Total Governmental Funds	
			2019	2018
Assets				
Cash and temporary investments	\$ 2,146,835	\$ –	\$ 2,146,835	\$ 3,787,748
Cash and investments held by trustee	43,475	–	43,475	42,346
Receivables				
Accounts and interest	23,405	50	23,455	8,326
Due from other governmental units	11,003,361	–	11,003,361	6,864,126
Due from other funds	50	–	50	288
Inventory	153	–	153	414
Prepaid items	129,109	–	129,109	622,203
Total assets	\$ 13,346,388	\$ 50	\$ 13,346,438	\$ 11,325,451
Liabilities				
Salaries and compensated absences payable	\$ 3,028,460	\$ –	\$ 3,028,460	\$ 2,684,557
Accounts and contracts payable	19,231	–	19,231	43,417
Due to other governmental units	410,888	–	410,888	384,879
Due to other funds	–	50	50	288
Unearned revenue	90,607	–	90,607	188,378
Total liabilities	3,549,186	50	3,549,236	3,301,519
Fund balances				
Nonspendable	129,262	–	129,262	622,617
Restricted	182,355	–	182,355	342,912
Assigned	145,942	–	145,942	423,420
Unassigned	9,339,643	–	9,339,643	6,634,983
Total fund balances	9,797,202	–	9,797,202	8,023,932
Total liabilities and fund balances	\$ 13,346,388	\$ 50	\$ 13,346,438	\$ 11,325,451

INTERMEDIATE SCHOOL DISTRICT NO. 917

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2019
(With Partial Comparative Information as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
Total fund balances – governmental funds	\$ 9,797,202	\$ 8,023,932
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	14,312,681	14,082,762
Accumulated depreciation	(5,204,119)	(4,868,834)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
Certificates of participation payable	(7,540,000)	(7,830,000)
Compensated absences payable	(337,148)	(300,665)
Net pension liability	(20,169,161)	(49,090,354)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.		
	(94,875)	(97,292)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	23,444,119	27,539,981
Deferred inflows of resources – pension plan deferments	(27,005,050)	(8,110,473)
Deferred outflows of resources – deferred charge on refunding	336,382	358,807
Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
	(237,494)	(249,726)
The internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	<u>1,630,897</u>	<u>1,120,925</u>
Total net position – governmental activities	<u>\$ (11,066,566)</u>	<u>\$ (19,420,937)</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2019
 (With Partial Comparative Information for the Year Ended June 30, 2018)

	General Fund	Nonmajor	Total Governmental Funds	
		Fund – Food Service Special Revenue Fund	2019	2018
Revenue				
Local sources				
Tuition	\$ 11,324,143	\$ –	\$ 11,324,143	\$ 9,703,204
Investment earnings	85,149	–	85,149	40,928
Other	961,796	28,821	990,617	521,431
State sources	27,879,426	7,298	27,886,724	23,460,331
Federal sources	142,549	93,997	236,546	227,786
Total revenue	<u>40,393,063</u>	<u>130,116</u>	<u>40,523,179</u>	<u>33,953,680</u>
Expenditures				
Current				
Administrative and support services	500,039	–	500,039	493,198
Secondary vocational/DCALS	3,737,910	–	3,737,910	3,429,314
Special education programs	33,840,827	–	33,840,827	28,218,590
Food service	–	159,488	159,488	133,511
Capital outlay	–	–	–	80,654
Debt service				
Principal	290,000	–	290,000	255,000
Interest and fiscal charges	233,500	–	233,500	279,692
Total expenditures	<u>38,602,276</u>	<u>159,488</u>	<u>38,761,764</u>	<u>32,889,959</u>
Excess (deficiency) of revenue over expenditures	1,790,787	(29,372)	1,761,415	1,063,721
Other financing sources (uses)				
Proceeds from sale of assets	11,855	–	11,855	2,333
Transfers in	–	29,372	29,372	29,032
Transfers out	<u>(29,372)</u>	<u>–</u>	<u>(29,372)</u>	<u>(29,032)</u>
Total other financing sources (uses)	<u>(17,517)</u>	<u>29,372</u>	<u>11,855</u>	<u>2,333</u>
Net change in fund balances	1,773,270	–	1,773,270	1,066,054
Fund balances				
Beginning of year	<u>8,023,932</u>	<u>–</u>	<u>8,023,932</u>	<u>6,957,878</u>
End of year	<u>\$ 9,797,202</u>	<u>\$ –</u>	<u>\$ 9,797,202</u>	<u>\$ 8,023,932</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2019
(With Partial Comparative Information for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Total net change in fund balances – governmental funds	\$ 1,773,270	\$ 1,066,054
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	271,466	304,046
Depreciation expense	(406,143)	(416,530)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
	290,000	255,000
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	2,417	43,051
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	12,232	12,232
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	28,921,193	8,016,890
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
	29,311	(734)
The internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	509,972	714,402
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	(36,483)	(25,042)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(4,095,862)	(7,595,172)
Deferred inflows of resources – pension plan deferments	(18,894,577)	(7,336,975)
Deferred outflows of resources – deferred charge on refunding	(22,425)	(22,425)
Change in net position – governmental activities	<u>\$ 8,354,371</u>	<u>\$ (4,985,203)</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2019

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Tuition	\$ 10,228,546	\$ 10,725,764	\$ 11,324,143	\$ 598,379
Investment earnings	21,000	41,000	85,149	44,149
Other	629,108	974,112	961,796	(12,316)
State sources	28,906,010	28,312,505	27,879,426	(433,079)
Federal sources	151,119	176,411	142,549	(33,862)
Total revenue	<u>39,935,783</u>	<u>40,229,792</u>	<u>40,393,063</u>	<u>163,271</u>
Expenditures				
Current				
Administrative and support services	506,999	506,999	500,039	(6,960)
Secondary vocational/DCALS	3,575,668	3,849,852	3,737,910	(111,942)
Special education programs	35,632,049	35,737,118	33,840,827	(1,896,291)
Debt service				
Principal	290,000	290,000	290,000	-
Interest and fiscal charges	233,500	233,500	233,500	-
Total expenditures	<u>40,238,216</u>	<u>40,617,469</u>	<u>38,602,276</u>	<u>(2,015,193)</u>
Excess (deficiency) of revenue over expenditures	(302,433)	(387,677)	1,790,787	2,178,464
Other financing sources (uses)				
Proceeds from sale of assets	-	-	11,855	11,855
Transfers out	(40,000)	(40,000)	(29,372)	10,628
Total other financing sources (uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(17,517)</u>	<u>22,483</u>
Net change in fund balances	<u>\$ (342,433)</u>	<u>\$ (427,677)</u>	1,773,270	<u>\$ 2,200,947</u>
Fund balances				
Beginning of year			<u>8,023,932</u>	
End of year			<u>\$ 9,797,202</u>	

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Net Position
 Proprietary Funds
 Internal Service Funds
 as of June 30, 2019
 (With Partial Comparative Actual Amounts as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and temporary investments	\$ 4,020,105	\$ 3,202,958
Receivables	1,664	1,388
Prepaid items	38	37
Total assets	<u>4,021,807</u>	<u>3,204,383</u>
Deferred outflows of resources		
OPEB plan deferments	<u>60,929</u>	<u>49,298</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	423,844	180,132
Due to other governmental units	1,183	1,000
Severance benefits payable	31,448	27,950
Total current liabilities	<u>456,475</u>	<u>209,082</u>
Long-term liabilities		
Total OPEB liability	1,186,519	1,510,178
Severance benefits payable	367,301	413,496
Total long-term liabilities	<u>1,553,820</u>	<u>1,923,674</u>
Total liabilities	<u>2,010,295</u>	<u>2,132,756</u>
Deferred inflows of resources		
OPEB plan deferments	<u>441,544</u>	<u>—</u>
Net position		
Unrestricted	<u>\$ 1,630,897</u>	<u>\$ 1,120,925</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenses, and Changes in Net Position
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2019
 (With Partial Comparative Information for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 4,564,468	\$ 3,833,957
Operating expenses		
Post-employment severance and health benefits	131,096	215,869
Medical benefit claims	3,554,211	2,563,659
Dental benefit claims	437,654	371,130
Total operating expenses	<u>4,122,961</u>	<u>3,150,658</u>
Operating income	441,507	683,299
Nonoperating revenue		
Investment earnings	<u>68,465</u>	<u>31,103</u>
Change in net position	509,972	714,402
Net position		
Beginning of year	<u>1,120,925</u>	<u>406,523</u>
End of year	<u>\$ 1,630,897</u>	<u>\$ 1,120,925</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Cash Flows
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2019

(With Partial Comparative Actual Amounts for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Contributions from governmental funds	\$ 4,564,192	\$ 3,833,957
Post-employment severance and health benefit payments	(67,540)	(50,815)
Payments for medical claims	(3,345,985)	(2,637,511)
Payments for dental claims	(401,985)	(403,353)
Net cash flows from operating activities	<u>748,682</u>	<u>742,278</u>
Cash flows from investing activities		
Investment income received	<u>68,465</u>	<u>31,103</u>
Net increase in cash and cash equivalents	817,147	773,381
Cash and temporary investments		
Beginning of year	<u>3,202,958</u>	<u>2,429,577</u>
End of year	<u>\$ 4,020,105</u>	<u>\$ 3,202,958</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 441,507	\$ 683,299
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Receivables	(276)	(1,388)
Prepaid items	(1)	(2)
OPEB plan deferments	429,913	4,430
Accounts and contracts payable	243,712	(105,687)
Due to other governmental units	183	1,000
Severance benefits payable	(42,697)	(8,386)
Total OPEB liability	<u>(323,659)</u>	<u>169,012</u>
Net cash flows from operating activities	<u>\$ 748,682</u>	<u>\$ 742,278</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Fiduciary Funds
Statement of Fiduciary Net Position
as of June 30, 2019

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

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2019

	<u>Private-Purpose Trust Fund</u>
Additions	
Gifts and bequests	\$ —
Deductions	
Scholarships	<u>2,145</u>
Change in net position	(2,145)
Net position	
Beginning of year	<u>2,145</u>
End of year	<u>\$ —</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Notes to Basic Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

B. Reporting Entity

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

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

C. Minnesota State Colleges and Universities

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position at the fund financial statement level. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues and an allocation of indirect administrative and support service expenses. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other internally directed revenues are reported as general revenues.

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

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

E. Fund Financial Statement Presentation

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. In the General Fund, capital expenditures are included within the applicable functional areas.

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

Description of Funds

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

Major Governmental Funds

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

Nonmajor Governmental Funds

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

Proprietary Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

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

F. Budgetary Information

Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

G. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

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

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

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

H. Receivables

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Inventories

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

J. Prepaid Items

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

K. Capital Assets

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

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for buildings, and 5 to 20 years for furniture and equipment. Land is not depreciated.

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

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

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

M. Compensated Absences

Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Unused vacation pay is accrued in governmental fund financial statements only when it has matured, due to employee termination or similar circumstances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Sick Pay

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

O. Severance Benefits

The District provides lump sum severance pay to eligible employees in accordance with provisions in certain collectively bargained contracts. Members of certain employee groups may become eligible to receive lump sum severance pay benefits. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the applicable internal service fund as it is earned and it becomes probable it will vest at some point in the future.

P. State-Wide Pension Plans

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

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Risk Management

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers’ compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District’s insurance coverage in the current year.
2. **Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plan.

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

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

Changes in the balance of dental claim liabilities for the last two years were as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Charges and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2018	\$ 8,649	\$ 407,879	\$ 403,353	\$ 13,175
2019	\$ 13,175	\$ 398,886	\$ 401,985	\$ 10,076

Changes in the balance of health insurance claim liabilities for the last two years were as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Charges and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2018	\$ 241,809	\$ 2,562,659	\$ 2,637,511	\$ 166,957
2019	\$ 166,957	\$ 3,554,028	\$ 3,345,985	\$ 375,000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide and internal service fund Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes of assumptions, change in proportion, the difference between projected and actual earnings on pension and OPEB plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

The District also reports a deferred outflow of resources related to the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

S. Statement of Cash Flows

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

T. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures during the reporting period. Actual results could differ from those estimates.

U. Restricted Assets

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Net Position

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

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

W. Fund Balance Classifications

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

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

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

At year-end, the carrying amount of the District's deposits was \$1,229,300, while the balance on the bank records was \$1,535,891. At June 30, 2019, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

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

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

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

Concentration Risk – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Summary

The following table presents the District’s deposit and investment balances at June 30, 2019, and information relating to potential investment risks:

Investment Type	Credit Risk		Fair Value Measurements	Interest Risk – Maturity Duration in Years				Total
	Rating	Agency		Less Than 1	1 to 5	5 to 10	More Than 10	
Investment pools/mutual funds								
Minnesota School District Liquid Asset Fund	AAA	S&P	N/A	N/A	N/A	N/A	N/A	\$ 4,937,640
First American Treasury Obligations Fund Class D	AAA	S&P	Level 1	N/A	N/A	N/A	N/A	<u>43,475</u>
								4,981,115
Deposits								<u>1,229,300</u>
Total cash and investments								<u>\$ 6,210,415</u>

N/A – Not Applicable

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

Cash and temporary investments – Statement of Net Position	\$ 6,166,940
Cash and temporary investments held by trustee – Statement of Net Position	<u>43,475</u>
Total cash and investments	<u>\$ 6,210,415</u>

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

For MSDLAF investments, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class; the redemption notice period is 14 days for the MAX Class.

NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the year ended June 30, 2019 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 655,000	\$ –	\$ –	\$ 655,000
Capital assets, depreciated				
Buildings	11,168,352	–	–	11,168,352
Furniture and equipment	2,259,410	271,466	(41,547)	2,489,329
Total capital assets, depreciated	<u>13,427,762</u>	<u>271,466</u>	<u>(41,547)</u>	<u>13,657,681</u>
Less accumulated depreciation for				
Buildings	(3,224,006)	(270,339)	–	(3,494,345)
Furniture and equipment	(1,644,828)	(135,804)	(70,858)	(1,709,774)
Total accumulated depreciation	<u>(4,868,834)</u>	<u>(406,143)</u>	<u>(70,858)</u>	<u>(5,204,119)</u>
Net capital assets, depreciated	<u>8,558,928</u>	<u>(134,677)</u>	<u>29,311</u>	<u>8,453,562</u>
Total capital assets, net	<u>\$ 9,213,928</u>	<u>\$ (134,677)</u>	<u>\$ 29,311</u>	<u>\$ 9,108,562</u>

Depreciation expense for the year ended June 30, 2019 was charged to the following governmental functions:

Administrative and support services	\$ 20,542
Secondary vocational/DCALS	15,894
Special education programs	369,576
Food service	131
Total depreciation expense	<u>\$ 406,143</u>

NOTE 4 – LONG-TERM LIABILITIES

A. Components and Changes in Long-Term Liabilities

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

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
Certificates of participation	\$ 7,830,000	\$ –	\$ 290,000	\$ 7,540,000	\$ 295,000
Unamortized premium/discount	249,726	–	12,232	237,494	–
Severance benefits payable	441,446	31,448	74,145	398,749	31,448
Compensated absences payable	300,665	216,276	179,793	337,148	179,793
Total OPEB liability	1,510,178	165,684	489,343	1,186,519	–
Net pension liability	49,090,354	3,714,548	32,635,741	20,169,161	–
	<u>\$ 59,422,369</u>	<u>\$ 4,127,956</u>	<u>\$ 33,681,254</u>	<u>\$ 29,869,071</u>	<u>\$ 506,241</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

B. Description of Long-Term Liabilities

- **Certificates of Participation Payable** – In November 2016, the District sold \$8,085,000 of certificates of participation to finance the construction of additions to the Alliance Center special education facility. These certificates have interest rates that range from 2.0 percent to 3.0 percent, with a final maturity of February 2039. Annual principal and interest payments on these certificates will be paid by the General Fund. Tuition revenue in the General Fund capital expenditure account from member districts specifically for this debt obligation for the duration of the debt obligation are pledged for the payment of principal and interest on these certificates of participation payable.
- **Severance Benefits Payable** – Severance benefits are paid by the applicable internal service fund. Annual payments to retire severance benefit liabilities have not been determined and will depend on actual employee turnover.
- **Compensated Absences Payable** – Compensated absences payable represent accrued vacation payable at year-end. Compensated absences are paid by the General Fund. These benefits are not funded until the year of payment. Annual payments to retire compensated absences payable will depend on employee turnover and actual employee absences.
- **Other Long-Term Liabilities** – The District offers a number of benefits to its employees, including pensions and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund.

District employees participate in two state-wide cost-sharing, multiple-employer, defined benefit pension plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2019:

<u>Pension Plans</u>	<u>Net Pension Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
PERA	\$ 5,836,065	\$ 1,670,930	\$ 1,367,269	\$ 479,595
TRA	14,333,096	21,773,189	25,637,781	(5,624,607)
Total	<u>\$ 20,169,161</u>	<u>\$ 23,444,119</u>	<u>\$ 27,005,050</u>	<u>\$ (5,145,012)</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire certificates of participation payable are as follows:

Year Ending June 30,	Principal	Interest
2020	\$ 295,000	\$ 227,700
2021	305,000	221,800
2022	310,000	215,700
2023	315,000	209,500
2024	325,000	201,625
2025–2029	1,750,000	869,450
2030–2034	2,055,000	568,200
2035–2039	2,185,000	200,100
	<u>\$ 7,540,000</u>	<u>\$ 2,714,075</u>

NOTE 5 – FUND BALANCES

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

A. Classifications

At June 30, 2019, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Food Service Special Revenue Fund	Total
Nonspendable			
Inventory	\$ 153	\$ –	\$ 153
Prepaid items	129,109	–	129,109
Total nonspendable	<u>129,262</u>	<u>–</u>	<u>129,262</u>
Restricted for			
Debt service	43,475	–	43,475
Basic skills	138,880	–	138,880
Total restricted	<u>182,355</u>	<u>–</u>	<u>182,355</u>
Assigned			
Subsequent year’s budgeted deficit	145,942	–	145,942
Unassigned	<u>9,339,643</u>	<u>–</u>	<u>9,339,643</u>
Total	<u>\$ 9,797,202</u>	<u>\$ –</u>	<u>\$ 9,797,202</u>

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum unassigned fund balance for the General Fund. The policy states the District will strive to maintain a minimum unassigned General Fund balance of 15.0 percent of the annual budget. At June 30, 2019, the unassigned fund balance of the General Fund was 24.2 percent of fiscal 2019 expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or MnSCU). Educators first hired by MnSCU may elect either TRA coverage or coverage through Minnesota State's Individual Retirement Account Plan within one year of eligible employment.

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

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

Benefit increases are provided to benefit recipients each January. GERF benefit recipients receive a future annual increase equal to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. TRA Benefits

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

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

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

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are up to July 1, 2006 or after	1.9 %

With these provisions:

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

Tier II Benefits

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

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

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

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

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERP Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2019 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District’s contributions to the GERP for the year ended June 30, 2019, were \$603,172. The District’s contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2017		2018		2019	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.50 %	11.00 %	11.50 %	11.00 %	11.71 %
Coordinated Plan	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.71 %

The District’s contributions to the TRA for the year ended June 30, 2019, were \$1,088,409. The District’s contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA’s Comprehensive Annual Financial Report (CAFR) Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	<i>in thousands</i>
Employer contributions reported in the TRA’s CAFR Statement of Changes in Fiduciary Net Position	\$ 378,728
Add employer contributions not related to future contribution efforts	522
Deduct the TRA’s contributions not included in allocation	<u>(471)</u>
Total employer contributions	378,779
Total nonemployer contributions	<u>35,588</u>
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	<u>\$ 414,367</u>

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

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2019, the District reported a liability of \$5,836,065 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.1052 percent at the end of the measurement period and 0.0970 percent for the beginning of the period.

The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amounts recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 5,836,065
State's proportionate share of the net pension liability associated with the District	\$ 191,344

For the year ended June 30, 2019, the District recognized pension expense of \$434,933 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$44,662 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERF.

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

At June 30, 2019, the District reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 142,970	\$ 156,945
Changes in actuarial assumptions	514,037	620,758
Differences between expected and actual investment earnings	–	589,566
Changes in proportion	410,751	–
District's contributions to the GERS subsequent to the measurement date	<u>603,172</u>	<u>–</u>
Total	<u>\$ 1,670,930</u>	<u>\$ 1,367,269</u>

A total of \$603,172 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to the GERS pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2020	\$ 317,619
2021	\$ (174,866)
2022	\$ (320,456)
2023	\$ (121,808)

2. TRA Pension Costs

At June 30, 2019, the District reported a liability of \$14,333,096 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 0.2282 percent at the end of the measurement period and 0.2149 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	\$ 14,333,096
State's proportionate share of the net pension liability associated with the District	\$ 1,346,422

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

For the year ended June 30, 2019, the District recognized negative pension expense of \$4,684,894. It also recognized \$939,713 as a decrease to pension expense (and grant revenue) for the support provided by direct aid.

At June 30, 2019, the District reported its proportionate share of the TRA’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 134,441	\$ 274,103
Changes in actuarial assumptions	16,646,040	24,142,176
Difference between projected and actual investment earnings	–	1,196,071
Changes in proportion	3,904,299	25,430
District’s contributions to the TRA subsequent to the measurement date	<u>1,088,409</u>	<u>–</u>
Total	<u>\$ 21,773,189</u>	<u>\$ 25,637,780</u>

A total of \$1,088,409 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2020	\$ 1,675,289
2021	\$ 1,034,333
2022	\$ 365,511
2023	\$ (4,631,031)
2024	\$ (3,431,098)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

<u>Assumptions</u>	<u>GERF</u>	<u>TRA</u>
Inflation	2.50%	2.50%
Wage growth rate		2.85% for 10 years, and 3.25% thereafter
Active member payroll	3.25%	2.85% to 8.85% for 10 years, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERP and 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year up to 1.50 percent annually for the TRA.

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

Actuarial assumptions used in the June 30, 2018 valuations were based on the results of actuarial experience studies. The most recent experience studies were completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2018:

1. GERP

CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.

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

- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate changed from 5.12 percent to 7.50 percent.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	36 %	5.10 %
International stocks	17	5.30 %
Bonds (fixed income)	20	0.75 %
Alternative assets (private markets)	25	5.90 %
Cash	2	– %
Total	<u>100 %</u>	

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.50 percent. This is an increase from the discount rate at the prior measurement date of 5.12 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**G. Pension Liability Sensitivity**

The following table presents the District’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.50%	7.50%	8.50%
District’s proportionate share of the GERF net pension liability	\$ 9,484,352	\$ 5,836,065	\$ 2,824,507
TRA discount rate	6.50%	7.50%	8.50%
District’s proportionate share of the TRA net pension liability	\$ 22,746,565	\$ 14,333,096	\$ 7,392,039

H. Pension Plan Fiduciary Net Position

Detailed information about the GERF’s fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

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

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

A. Plan Descriptions

The District provides post-employment healthcare benefits to certain eligible employees through a single-employer defined benefit OPEB Plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups, with benefit eligibility 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 separate financial report.

All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

B. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District's contributions in the current year totaled \$59,430 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section. The District has not established a trust fund to finance these OPEB benefits.

C. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2
Active plan members	<u>515</u>
Total members	<u><u>517</u></u>

D. Total OPEB Liability of the District

The District's total OPEB liability of \$1,186,519 at year-end was measured as of July 1, 2018, and was determined by an actuarial valuation with a valuation date of July 1, 2018.

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

E. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of July 1, 2018 and measurement date as of July 1, 2018, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.50%
20-year municipal bond yield	3.50%
Inflation rate	2.50%
Salary increases	3.00%
Healthcare trend rate	6.50% in 2018, grading to 5.00% over 6 years
Dental trend rate	4.00%

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale. Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

F. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning balance	\$ 1,510,178
Changes for the year	
Service cost	164,578
Interest	56,111
Assumption changes	1,687
Differences between expected and actual experience	(496,737)
Benefit payments	(49,298)
Total net changes	<u>(323,659)</u>
Ending balance	<u>\$ 1,186,519</u>

G. Changes in Actuarial Assumptions

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.

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

H. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	2.50%	3.50%	4.50%
Total OPEB liability	\$ 1,266,808	\$ 1,186,519	\$ 1,109,733

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Trend Rates</u>	<u>Healthcare Trend Rates</u>	<u>1% Increase in Healthcare Trend Rates</u>
Healthcare trend rate	5.50% decreasing to 4.00% over 6 years	6.50% decreasing to 5.00% over 6 years	7.50% decreasing to 6.00% over 6 years
Dental trend rate	3.00%	4.00%	5.00%
Total OPEB liability	\$ 1,078,330	\$ 1,186,519	\$ 1,313,975

I. OPEB Expense and Related Deferred Outflows and Deferred Inflows of Resources

The District recognized OPEB expense of \$165,684 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 1,499	\$ –
District’s contributions subsequent to the measurement date	59,430	–
Differences between expected and actual economic experience	–	441,544
Total	<u>\$ 60,929</u>	<u>\$ 441,544</u>

A total of \$59,430 reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

NOTE 8 – FLEXIBLE BENEFIT PLAN

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

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

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

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

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to eligible healthcare and 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 – COMMITMENTS AND CONTINGENCIES

A. Operating Leases

The District is leasing buildings and space in several locations. The District incurred expenditures of \$1,559,176 for operating leases during the year ended June 30, 2019. These leases are mostly financed by lease levies by member districts, which totaled \$1,219,116 in fiscal 2019. These leases are scheduled to expire on various dates through 2034. The following is a summary of minimum lease payments for all operating leases:

Year Ending June 30,	Amount
2020	\$ 1,138,845
2021	1,156,009
2022	1,173,381
2023	970,350
2024	984,905
2025–2029	5,150,612
2030–2034	3,536,378
	<u>\$ 14,110,480</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Federal and State Revenues

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

C. Legal Contingencies

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

NOTE 10 – INTERFUND TRANSFERS AND BALANCES

The General Fund made an interfund transfer of \$29,372 to the Food Service Special Revenue Fund to eliminate a fund balance deficit at year-end.

The General Fund had a \$50 due from the Food Service Special Revenue Fund. This due from other funds will be paid with future revenues of the Food Service Special Revenue Fund.

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

NOTE 11 – DEFICIT FUND BALANCE

The Post-Employment Employee Benefits Internal Service Fund had a deficit net position at June 30, 2019 of \$718,957. This deficit will be funded by future district contributions to this fund.

NOTE 12 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 84, *Fiduciary Activities*, is intended to enhance consistency and comparability of fiduciary activity reporting by state and local governments. It is also meant to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.

This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The MDE has also issued guidance for implementing this standard, which will impact the reporting of extracurricular student activity accounts previously not under School Board control, beginning in the 2019–2020 fiscal year. This new guidance provided by the MDE will require the activities currently presented separately in this financial statement to be operated under School Board control and reported as part of the District's General Fund for the year ending June 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2019

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.0973%	\$ 4,570,667	\$ -	\$ 4,570,667	\$ 5,105,448	89.53%	78.70%
06/30/2016	06/30/2015	0.0956%	\$ 4,954,489	\$ -	\$ 4,954,489	\$ 5,613,356	88.26%	78.20%
06/30/2017	06/30/2016	0.0970%	\$ 7,875,919	\$ 102,897	\$ 7,978,816	\$ 6,015,751	132.63%	68.90%
06/30/2018	06/30/2017	0.0970%	\$ 6,192,416	\$ 77,892	\$ 6,270,308	\$ 6,251,084	100.31%	75.90%
06/30/2019	06/30/2018	0.1052%	\$ 5,836,065	\$ 191,344	\$ 6,027,409	\$ 7,070,948	85.24%	79.50%

Public Employees Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2019

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 414,341	\$ 414,341	\$ -	\$ 5,613,356	7.38%
06/30/2016	\$ 451,532	\$ 451,532	\$ -	\$ 6,015,751	7.51%
06/30/2017	\$ 469,399	\$ 469,399	\$ -	\$ 6,251,084	7.51%
06/30/2018	\$ 530,998	\$ 530,998	\$ -	\$ 7,070,948	7.51%
06/30/2019	\$ 603,172	\$ 603,172	\$ -	\$ 8,036,142	7.51%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INTERMEDIATE SCHOOL DISTRICT NO. 917

Teachers Retirement Association Pension Benefits Plan
 Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended June 30, 2019

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.2029%	\$ 9,349,486	\$ 657,803	\$ 10,007,289	\$ 9,262,291	100.94%	81.50%
06/30/2016	06/30/2015	0.1954%	\$ 12,087,423	\$ 1,482,856	\$ 13,570,279	\$ 9,915,820	121.90%	76.80%
06/30/2017	06/30/2016	0.2064%	\$ 49,231,325	\$ 4,941,167	\$ 54,172,492	\$ 10,745,627	458.15%	44.88%
06/30/2018	06/30/2017	0.2149%	\$ 42,897,938	\$ 4,147,269	\$ 47,045,207	\$ 11,700,275	366.64%	51.57%
06/30/2019	06/30/2018	0.2282%	\$ 14,333,096	\$ 1,346,422	\$ 15,679,518	\$ 12,766,959	112.27%	78.07%

Teachers Retirement Association Pension Benefits Plan
 Schedule of District Contributions
 Year Ended June 30, 2019

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 743,688	\$ 743,688	\$ -	\$ 9,915,820	7.50%
06/30/2016	\$ 805,427	\$ 805,427	\$ -	\$ 10,745,627	7.50%
06/30/2017	\$ 867,629	\$ 867,629	\$ -	\$ 11,700,275	7.42%
06/30/2018	\$ 955,252	\$ 955,252	\$ -	\$ 12,766,959	7.48%
06/30/2019	\$ 1,088,409	\$ 1,088,409	\$ -	\$ 14,116,834	7.71%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 917

Other Post-Employment Benefits Plan
 Schedule of Changes in the District's Total
 OPEB Liability and Related Ratios
 Year Ended June 30, 2019

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 172,192	\$ 164,578
Interest	50,548	56,111
Assumption changes	-	1,687
Difference between expected and actual experience	-	(496,737)
Benefit payments	<u>(53,728)</u>	<u>(49,298)</u>
Net change in total OPEB liability	169,012	(323,659)
Total OPEB liability – beginning of year	<u>1,341,166</u>	<u>1,510,178</u>
Total OPEB liability – end of year	<u>\$ 1,510,178</u>	<u>\$ 1,186,519</u>
Covered-employee payroll	<u>\$ 17,301,959</u>	<u>\$ 21,687,037</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>8.73%</u>	<u>5.47%</u>

Note 1: The District has not established a trust fund to finance GASB Statement No. 75 related benefits.

Note 2: The District implemented GASB Statement No. 75 for the year ended June 30, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information
June 30, 2019

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

2017 CHANGES IN PLAN PROVISIONS

- The state's special funding contribution increased from \$6 million to \$16 million.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information (continued)
June 30, 2019

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information (continued)
June 30, 2019

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate changed from 5.12 percent to 7.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information (continued)
June 30, 2019

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

INDEPENDENT SCHOOL DISTRICT NO. 917

Notes to Required Supplementary Information (continued)
June 30, 2019

OTHER POST-EMPLOYMENT BENEFITS PLAN

2018 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2014 Generational Improvement Scale.
- The discount rate was changed from 3.40 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The discount rate was changed from 3.00 percent to 3.40 percent.

SUPPLEMENTAL INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund
Comparative Balance Sheet
as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 2,146,835	\$ 3,787,748
Cash and investments held by trustee	43,475	42,346
Receivables		
Accounts and interest	23,405	8,038
Due from other school districts	3,517,804	2,766,495
Due from Minnesota Department of Education	7,485,557	4,097,631
Due from other funds	50	288
Inventory	153	414
Prepaid items	<u>129,109</u>	<u>622,203</u>
Total assets	<u>\$ 13,346,388</u>	<u>\$ 11,325,163</u>
Liabilities		
Salaries and compensated absences payable	\$ 3,028,460	\$ 2,684,557
Accounts and contracts payable	19,231	43,417
Due to other school districts	187,913	213,776
Due to other governmental units	222,975	171,103
Unearned revenue	<u>90,607</u>	<u>188,378</u>
Total liabilities	3,549,186	3,301,231
Fund balances		
Nonspendable for inventory	153	414
Nonspendable for prepaid items	129,109	622,203
Restricted for debt service	43,475	42,346
Restricted for basic skills	138,880	300,566
Assigned for subsequent year's budgeted deficit	145,942	423,420
Unassigned	<u>9,339,643</u>	<u>6,634,983</u>
Total fund balances	<u>9,797,202</u>	<u>8,023,932</u>
Total liabilities and fund balances	<u>\$ 13,346,388</u>	<u>\$ 11,325,163</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		2018	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition	\$ 10,725,764	\$ 11,324,143	\$ 598,379	\$ 9,703,204
Investment earnings	41,000	85,149	44,149	40,928
Other	974,112	961,796	(12,316)	500,245
State sources	28,312,505	27,879,426	(433,079)	23,453,890
Federal sources	176,411	142,549	(33,862)	150,934
Total revenue	<u>40,229,792</u>	<u>40,393,063</u>	<u>163,271</u>	<u>33,849,201</u>
Expenditures				
Current				
Administrative and support services	506,999	500,039	(6,960)	493,198
Secondary vocational/DCALS	3,849,852	3,737,042	(112,810)	3,429,314
Special education programs	35,737,118	33,840,827	(1,896,291)	28,218,590
Capital outlay	—	868	868	80,654
Debt service				
Principal	290,000	290,000	—	255,000
Interest and fiscal charges	233,500	233,500	—	279,692
Total expenditures	<u>40,617,469</u>	<u>38,602,276</u>	<u>(2,015,193)</u>	<u>32,756,448</u>
Excess (deficiency) of revenue over expenditures	(387,677)	1,790,787	2,178,464	1,092,753
Other financing sources (uses)				
Proceeds from sale of assets	—	11,855	11,855	2,333
Transfers out	<u>(40,000)</u>	<u>(29,372)</u>	<u>10,628</u>	<u>(29,032)</u>
Total other financing sources (uses)	<u>(40,000)</u>	<u>(17,517)</u>	<u>22,483</u>	<u>(26,699)</u>
Net change in fund balances	<u>\$ (427,677)</u>	1,773,270	<u>\$ 2,200,947</u>	1,066,054
Fund balances				
Beginning of year		<u>8,023,932</u>		<u>6,957,878</u>
End of year		<u>\$ 9,797,202</u>		<u>\$ 8,023,932</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund
Combining Balance Sheet by Account
as of June 30, 2019

	Secondary Education	Special Education	Services Allocation
Assets			
Cash and temporary investments (deficit)	\$ 4,233,890	\$ (2,059,075)	\$ (16,627)
Cash and investments held by trustee	-	-	-
Receivables			
Accounts and interest	481	10,707	7,217
Due from other school districts	2,051,074	1,441,832	24,898
Due from Minnesota Department of Education	83,021	7,402,536	-
Due from other funds	50	-	-
Inventory	-	-	-
Prepaid items	14,275	111,959	2,875
Total assets	\$ 6,382,791	\$ 6,907,959	\$ 18,363
Liabilities			
Salaries and compensated absences payable	\$ 2,876,914	\$ 145,478	\$ 6,068
Accounts and contracts payable	2,070	12,402	3,882
Due to other school districts	63,626	121,448	2,839
Due to other governmental units	143,387	78,023	499
Unearned revenue	-	85,532	5,075
Total liabilities	3,085,997	442,883	18,363
Fund balances (deficit)			
Nonspendable for inventory	-	-	-
Nonspendable for prepaid items	14,275	111,959	2,875
Restricted for debt service	-	-	-
Restricted for basic skills programs	2,214	136,666	-
Assigned for subsequent year projected budget deficit	-	144,969	-
Unassigned	3,280,305	6,071,482	(2,875)
Total fund balances	3,296,794	6,465,076	-
Total liabilities and fund balances	\$ 6,382,791	\$ 6,907,959	\$ 18,363

<u>District Support Services</u>	<u>Capital Expenditure</u>	<u>Secondary Resale</u>	<u>Special Education Resale</u>	<u>Total</u>
\$ 671	\$ (35,697)	\$ 15,726	\$ 7,947	\$ 2,146,835
-	43,475	-	-	43,475
-	-	5,000	-	23,405
-	-	-	-	3,517,804
-	-	-	-	7,485,557
-	-	-	-	50
-	-	-	153	153
-	-	-	-	129,109
<u>\$ 671</u>	<u>\$ 7,778</u>	<u>\$ 20,726</u>	<u>\$ 8,100</u>	<u>\$ 13,346,388</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,028,460
-	-	-	877	19,231
-	-	-	-	187,913
-	-	937	129	222,975
-	-	-	-	90,607
-	-	937	1,006	3,549,186
-	-	-	153	153
-	-	-	-	129,109
-	43,475	-	-	43,475
-	-	-	-	138,880
-	-	473	500	145,942
671	(35,697)	19,316	6,441	9,339,643
<u>671</u>	<u>7,778</u>	<u>19,789</u>	<u>7,094</u>	<u>9,797,202</u>
<u>\$ 671</u>	<u>\$ 7,778</u>	<u>\$ 20,726</u>	<u>\$ 8,100</u>	<u>\$ 13,346,388</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund

Combining Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Year Ended June 30, 2019

	Secondary Education	Special Education	Services Allocation
Revenue			
Local sources			
Tuition	\$ 4,188,911	\$ 6,145,683	\$ 466,049
Investment earnings	37,628	43,324	-
Other	5,934	909,380	4,012
State sources	223,735	27,625,713	29,978
Federal sources	142,549	-	-
Total revenue	<u>4,598,757</u>	<u>34,724,100</u>	<u>500,039</u>
Expenditures			
Current			
Administrative and support services	-	-	500,039
Secondary vocational/DCALS	3,713,372	-	-
Special education programs	-	33,827,919	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>3,713,372</u>	<u>33,827,919</u>	<u>500,039</u>
Excess (deficiency) of revenue over expenditures	885,385	896,181	-
Other financing sources (uses)			
Proceeds from sale of assets	-	11,855	-
Transfers out	-	(29,372)	-
Total other financing sources (uses)	<u>-</u>	<u>(17,517)</u>	<u>-</u>
Net change in fund balances	885,385	878,664	-
Fund balances			
Beginning of year	<u>2,411,409</u>	<u>5,586,412</u>	<u>-</u>
End of year	<u>\$ 3,296,794</u>	<u>\$ 6,465,076</u>	<u>\$ -</u>

<u>District Support Services</u>	<u>Capital Expenditure</u>	<u>Secondary Resale</u>	<u>Special Education Resale</u>	<u>Total</u>
\$ --	\$ 523,500	\$ --	\$ --	\$ 11,324,143
--	4,197	--	--	85,149
--	--	29,593	12,877	961,796
--	--	--	--	27,879,426
--	--	--	--	142,549
<u>--</u>	<u>527,697</u>	<u>29,593</u>	<u>12,877</u>	<u>40,393,063</u>
--	--	--	--	500,039
--	3,000	20,670	--	3,737,042
--	--	--	12,908	33,840,827
--	--	868	--	868
--	290,000	--	--	290,000
<u>--</u>	<u>233,500</u>	<u>--</u>	<u>--</u>	<u>233,500</u>
<u>--</u>	<u>526,500</u>	<u>21,538</u>	<u>12,908</u>	<u>38,602,276</u>
--	1,197	8,055	(31)	1,790,787
--	--	--	--	11,855
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(29,372)</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(17,517)</u>
--	1,197	8,055	(31)	1,773,270
<u>671</u>	<u>6,581</u>	<u>11,734</u>	<u>7,125</u>	<u>8,023,932</u>
<u>\$ 671</u>	<u>\$ 7,778</u>	<u>\$ 19,789</u>	<u>\$ 7,094</u>	<u>\$ 9,797,202</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Secondary Education Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under)	2018
	Budget	Actual	Budget	Actual
Revenue				
Local sources				
Tuition	\$ 3,430,642	\$ 4,188,911	\$ 758,269	\$ 3,548,099
Investment earnings	10,000	37,628	27,628	10,887
Other	5,000	5,934	934	866
State sources	215,060	223,735	8,675	181,063
Federal sources	176,411	142,549	(33,862)	150,934
Total revenue	<u>3,837,113</u>	<u>4,598,757</u>	<u>761,644</u>	<u>3,891,849</u>
Expenditures				
Current				
Secondary vocational/DCALS				
Salaries	2,064,331	2,068,260	3,929	1,939,231
Employee benefits	768,135	757,912	(10,223)	657,156
Purchased services	498,577	461,012	(37,565)	445,562
Supplies and materials	98,606	128,964	30,358	68,953
Other expenditures	16,888	16,964	76	16,609
Capital expenditures	127,950	64,031	(63,919)	15,386
Allocated overhead	222,757	216,229	(6,528)	256,317
Total expenditures	<u>3,797,244</u>	<u>3,713,372</u>	<u>(83,872)</u>	<u>3,399,214</u>
Net change in fund balances	<u>\$ 39,869</u>	<u>885,385</u>	<u>\$ 845,516</u>	<u>492,635</u>
Fund balances				
Beginning of year		<u>2,411,409</u>		<u>1,918,774</u>
End of year		<u>\$ 3,296,794</u>		<u>\$ 2,411,409</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Special Education Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 6,305,573	\$ 6,145,683	\$ (159,890)	\$ 5,193,103
Investment earnings	25,000	43,324	18,324	26,198
Other	909,812	909,380	(432)	458,843
State sources	28,066,595	27,625,713	(440,882)	23,243,634
Total revenue	<u>35,306,980</u>	<u>34,724,100</u>	<u>(582,880)</u>	<u>28,921,778</u>
Expenditures				
Current				
Special education programs				
Salaries	20,627,069	19,587,249	(1,039,820)	17,216,772
Employee benefits	7,105,865	6,954,251	(151,614)	5,800,717
Purchased services	4,182,454	3,814,927	(367,527)	2,412,031
Supplies and materials	1,058,523	840,307	(218,216)	651,484
Other expenditures	100,685	95,781	(4,904)	86,345
Capital expenditures	1,084,600	1,012,620	(71,980)	639,189
Allocated overhead	1,566,422	1,522,784	(43,638)	1,399,608
Total expenditures	<u>35,725,618</u>	<u>33,827,919</u>	<u>(1,897,699)</u>	<u>28,206,146</u>
Excess (deficiency) of revenue over expenditures	(418,638)	896,181	1,314,819	715,632
Other financing sources (uses)				
Proceeds from sale of assets	–	11,855	11,855	2,333
Transfers out	(40,000)	(29,372)	10,628	(29,032)
Total other financing sources (uses)	<u>(40,000)</u>	<u>(17,517)</u>	<u>22,483</u>	<u>(26,699)</u>
Net change in fund balances	<u>\$ (458,638)</u>	878,664	<u>\$ 1,337,302</u>	688,933
Fund balances				
Beginning of year		<u>5,586,412</u>		<u>4,897,479</u>
End of year		<u>\$ 6,465,076</u>		<u>\$ 5,586,412</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Services Allocation Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 466,049	\$ 466,049	\$ -	\$ 457,002
Other	10,100	4,012	(6,088)	7,003
State sources	30,850	29,978	(872)	29,193
Total revenue	<u>506,999</u>	<u>500,039</u>	<u>(6,960)</u>	<u>493,198</u>
Expenditures				
Current				
Administrative and support services				
Salaries	1,121,477	1,090,570	(30,907)	1,035,133
Employee benefits	323,810	329,963	6,153	280,301
Purchased services	765,299	738,997	(26,302)	773,447
Supplies and materials	61,583	57,813	(3,770)	31,283
Other expenditures	17,805	17,493	(312)	17,824
Capital expenditures	5,749	4,216	(1,533)	11,135
Allocated overhead	(1,788,724)	(1,739,013)	49,711	(1,655,925)
Total expenditures	<u>506,999</u>	<u>500,039</u>	<u>(6,960)</u>	<u>493,198</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balances				
Beginning of year		<u>-</u>		<u>-</u>
End of year		<u>\$ -</u>		<u>\$ -</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – District Support Services Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019			2018
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	<u>\$ –</u>	\$ –	<u>\$ –</u>	\$ –
Fund balances				
Beginning of year		<u>671</u>		<u>671</u>
End of year		<u>\$ 671</u>		<u>\$ 671</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Capital Expenditure Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 523,500	\$ 523,500	\$ -	\$ 505,000
Investment earnings	6,000	4,197	(1,803)	3,843
Total revenue	<u>529,500</u>	<u>527,697</u>	<u>(1,803)</u>	<u>508,843</u>
Expenditures				
Current				
Secondary vocational/DCALS				
Purchased services	6,000	3,000	(3,000)	7,712
Capital outlay	-	-	-	80,654
Debt service				
Principal	290,000	290,000	-	255,000
Interest and fiscal charges	233,500	233,500	-	279,692
Total expenditures	<u>529,500</u>	<u>526,500</u>	<u>(3,000)</u>	<u>623,058</u>
Net change in fund balances	<u>\$ -</u>	1,197	<u>\$ 1,197</u>	(114,215)
Fund balances				
Beginning of year		<u>6,581</u>		<u>120,796</u>
End of year		<u>\$ 7,778</u>		<u>\$ 6,581</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Secondary Resale Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under)	2018
	Budget	Actual	Budget	Actual
Revenue				
Local sources				
Other	\$ 40,100	\$ 29,593	\$ (10,507)	\$ 24,148
Expenditures				
Current				
Secondary vocational/DCALS				
Purchased services	1,300.00	1,698	398	1,654
Supplies and materials	45,308	18,972	(26,336)	20,687
Other expenditures	–	–	–	47
Capital outlay	–	868	868	–
Total expenditures	<u>46,608</u>	<u>21,538</u>	<u>(25,070)</u>	<u>22,388</u>
Net change in fund balances	<u>\$ (6,508)</u>	8,055	<u>\$ 14,563</u>	1,760
Fund balances				
Beginning of year		<u>11,734</u>		<u>9,974</u>
End of year		<u>\$ 19,789</u>		<u>\$ 11,734</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Special Education Resale Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under) Budget	2018
	Budget	Actual		Actual
Revenue				
Local sources				
Other	\$ 9,100	\$ 12,877	\$ 3,777	\$ 9,385
Expenditures				
Current				
Special education programs				
Purchased services	–	20	20	245
Supplies and materials	11,500	12,888	1,388	12,199
Total expenditures	<u>11,500</u>	<u>12,908</u>	<u>1,408</u>	<u>12,444</u>
Net change in fund balances	<u>\$ (2,400)</u>	(31)	<u>\$ 2,369</u>	(3,059)
Fund balances				
Beginning of year		<u>7,125</u>		<u>10,184</u>
End of year		<u>\$ 7,094</u>		<u>\$ 7,125</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Accounts receivable	<u>\$ 50</u>	<u>\$ 288</u>
Liabilities		
Due to other funds	<u>\$ 50</u>	<u>\$ 288</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	2019		Over (Under)	2018
	Budget	Actual	Budget	Actual
Revenue				
Local sources				
Other – primarily meal sales	\$ 32,865	\$ 28,821	\$ (4,044)	\$ 21,186
State sources	8,000	7,298	(702)	6,441
Federal sources	92,800	93,997	1,197	76,852
Total revenue	<u>133,665</u>	<u>130,116</u>	<u>(3,549)</u>	<u>104,479</u>
Expenditures				
Purchased services	12,838	11,453	(1,385)	10,936
Supplies and materials	151,827	148,035	(3,792)	122,575
Total expenditures	<u>164,665</u>	<u>159,488</u>	<u>(5,177)</u>	<u>133,511</u>
Excess (deficiency) of revenue over expenditures	(31,000)	(29,372)	1,628	(29,032)
Other financing sources				
Transfers in	<u>31,000</u>	<u>29,372</u>	<u>(1,628)</u>	<u>29,032</u>
Net change in fund balances	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>
Fund balances				
Beginning of year		<u>—</u>		<u>—</u>
End of year		<u>\$ —</u>		<u>\$ —</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2019
 (With Comparative Totals as of June 30, 2018)

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Post-Employment Employee Benefits</u>
Assets			
Current assets			
Cash and temporary investments	\$ 428,972	\$ 2,344,245	\$ 1,246,888
Accounts receivable	1,664	-	-
Prepaid items	-	-	38
Total assets	<u>430,636</u>	<u>2,344,245</u>	<u>1,246,926</u>
Deferred outflows of resources			
OPEB plan deferments	<u>-</u>	<u>-</u>	<u>60,929</u>
Liabilities			
Current liabilities			
Accounts and contracts payable	48,844	375,000	-
Due to other governmental units	-	1,183	-
Severance benefits payable	-	-	31,448
Total current liabilities	<u>48,844</u>	<u>376,183</u>	<u>31,448</u>
Long-term liabilities			
Total OPEB liability	-	-	1,186,519
Severance benefits payable	-	-	367,301
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>1,553,820</u>
Total liabilities	<u>48,844</u>	<u>376,183</u>	<u>1,585,268</u>
Deferred inflows of resources			
OPEB plan deferments	<u>-</u>	<u>-</u>	<u>441,544</u>
Net position			
Unrestricted	<u>\$ 381,792</u>	<u>\$ 1,968,062</u>	<u>\$ (718,957)</u>

Totals	
2019	2018
\$ 4,020,105	\$ 3,202,958
1,664	1,388
38	37
<u>4,021,807</u>	<u>3,204,383</u>
 60,929	 49,298
 423,844	 180,132
1,183	1,000
31,448	27,950
<u>456,475</u>	<u>209,082</u>
 1,186,519	 1,510,178
367,301	413,496
<u>1,553,820</u>	<u>1,923,674</u>
 2,010,295	 2,132,756
 441,544	 -
 <u>\$ 1,630,897</u>	 <u>\$ 1,120,925</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Net Position
 Year Ended June 30, 2019
 (With Comparative Totals for the Year Ended June 30, 2018)

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Post-Employment Employee Benefits</u>
Operating revenue			
Charges for services			
Contributions from governmental funds	\$ 463,916	\$ 3,968,948	\$ 131,604
Operating expenses			
Post-employment severance and health benefits	-	-	131,096
Medical benefit claims	-	3,554,211	-
Dental benefit claims	<u>437,654</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>437,654</u>	<u>3,554,211</u>	<u>131,096</u>
Operating income	26,262	414,737	508
Nonoperating revenue			
Investment earnings	<u>7,231</u>	<u>37,471</u>	<u>23,763</u>
Change in net position	33,493	452,208	24,271
Net position			
Beginning of year	<u>348,299</u>	<u>1,515,854</u>	<u>(743,228)</u>
End of year	<u>\$ 381,792</u>	<u>\$ 1,968,062</u>	<u>\$ (718,957)</u>

Totals	
2019	2018
\$ 4,564,468	\$ 3,833,957
131,096	215,869
3,554,211	2,563,659
437,654	371,130
<u>4,122,961</u>	<u>3,150,658</u>
441,507	683,299
68,465	31,103
509,972	714,402
<u>1,120,925</u>	<u>406,523</u>
<u>\$ 1,630,897</u>	<u>\$ 1,120,925</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds
 Combining Statement of Cash Flows
 Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	<u>Dental Self-Insurance</u>	<u>Medical Self-Insurance</u>	<u>Post-Employment Employee Benefits</u>
Cash flows from operating activities			
Contributions from governmental funds	\$ 463,640	\$ 3,968,948	\$ 131,604
Post-employment severance and health benefit payments	-	-	(67,540)
Payments for medical claims	-	(3,345,985)	-
Payments for dental claims	(401,985)	-	-
Net cash flows from operating activities	<u>61,655</u>	<u>622,963</u>	<u>64,064</u>
Cash flows from investing activities			
Investment income received	<u>7,231</u>	<u>37,471</u>	<u>23,763</u>
Net change in cash and cash equivalents	68,886	660,434	87,827
Cash and temporary investments			
Beginning of year	<u>360,086</u>	<u>1,683,811</u>	<u>1,159,061</u>
End of year	<u>\$ 428,972</u>	<u>\$ 2,344,245</u>	<u>\$ 1,246,888</u>
Reconciliation of operating income to net cash flows from operating activities			
Operating income	\$ 26,262	\$ 414,737	\$ 508
Adjustments to reconcile operating income to net cash flows from operating activities			
Changes in assets and liabilities			
Accounts receivable	(276)	-	-
Prepaid items	-	-	(1)
OPEB plan deferments	-	-	429,913
Accounts and contracts payable	35,669	208,043	-
Due to other governmental units	-	183	-
Severance benefits payable	-	-	(42,697)
Total OPEB liability	<u>-</u>	<u>-</u>	<u>(323,659)</u>
Net cash flows from operating activities	<u>\$ 61,655</u>	<u>\$ 622,963</u>	<u>\$ 64,064</u>

Totals	
2019	2018
\$ 4,564,192	\$ 3,833,957
(67,540)	(50,815)
(3,345,985)	(2,637,511)
(401,985)	(403,353)
<u>748,682</u>	<u>742,278</u>
<u>68,465</u>	<u>31,103</u>
817,147	773,381
<u>3,202,958</u>	<u>2,429,577</u>
<u>\$ 4,020,105</u>	<u>\$ 3,202,958</u>
\$ 441,507	\$ 683,299
(276)	(1,388)
(1)	(2)
429,913	4,430
243,712	(105,687)
183	1,000
(42,697)	(8,386)
(323,659)	169,012
<u>\$ 748,682</u>	<u>\$ 742,278</u>

OTHER INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues			General Revenues	Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Investment Earnings and Other	
2010	\$ 7,782,625 33%	\$ 14,567,950 62%	\$ 617,930 3%	\$ 599,235 2%	\$ 23,567,740 100%
2011	7,484,976 32%	15,265,005 65%	567,175 2%	224,526 1%	23,541,682 100%
2012	7,848,114 34%	14,720,483 63%	498,613 2%	136,147 1%	23,203,357 100%
2013	7,839,060 33%	15,177,273 64%	580,348 2%	126,115 1%	23,722,796 100%
2014	7,619,433 30%	17,064,879 67%	581,454 3%	97,720 —	25,363,486 100%
2015	7,876,725 30%	18,073,067 67%	559,401 2%	125,715 1%	26,634,908 100%
2016	8,765,738 30%	20,327,694 68%	554,908 2%	139,795 —	29,788,135 100%
2017	8,910,685 28%	21,223,814 67%	539,240 2%	845,477 3%	31,519,216 100%
2018	9,660,814 28%	23,146,660 67%	557,650 2%	580,576 3%	33,945,700 100%
2019	11,429,417 29%	27,542,553 70%	548,350 1%	69,674 —	39,589,994 100%

INTERMEDIATE SCHOOL DISTRICT NO. 917

Government-Wide Expenses by Program
Last Ten Fiscal Years

Year Ended June 30,	Administrative and Support Services	Secondary Vocational/ DCALS	Special Education Programs	Food Service	Interest and Fiscal Charges on Debt	Total
2010	\$ 1,279,128 6%	\$ 3,778,602 17%	\$ 16,753,538 75%	\$ 71,375 -	\$ 361,888 2%	\$ 22,244,531 100%
2011	1,614,185 7%	3,855,919 17%	16,699,413 74%	74,423 -	353,553 2%	22,597,493 100%
2012	1,765,768 8%	3,875,566 17%	17,292,500 74%	101,616 -	344,925 1%	23,380,375 100%
2013	1,998,969 8%	3,962,647 16%	18,097,103 74%	85,779 -	335,885 1%	24,480,383 100%
2014	1,892,695 8%	3,483,868 14%	19,239,348 77%	108,123 -	326,431 1%	25,050,465 100%
2015	1,867,491 8%	3,182,362 12%	20,634,460 79%	116,426 -	316,820 1%	26,117,559 100%
2016	1,886,824 8%	2,993,362 11%	22,764,328 81%	131,729 -	307,246 1%	28,083,489 100%
2017	3,088,390 8%	3,590,904 10%	30,535,125 81%	143,390 -	301,437 1%	37,659,246 100%
2018	2,370,386 6%	4,185,093 11%	31,992,143 82%	136,447 -	246,834 1%	38,930,903 100%
2019	1,943,841 6%	2,399,143 8%	26,491,744 85%	159,619 -	241,276 1%	31,235,623 100%

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Revenue by Source
Last Ten Fiscal Years

	Year Ended June 30,	Tuition Revenue	Investment Earnings (Charges)	Other Revenue	State Revenue	Federal Revenue	Total
Secondary education	2010	\$ 3,715,685	\$ 2,663	\$ 13,587	\$ 10,195	\$ 150,108	\$ 3,892,238
	2011	3,656,422	927	8,787	49,708	172,435	3,888,279
	2012	3,938,532	920	21,437	61,110	197,689	4,219,688
	2013	3,587,494	855	8,645	75,408	150,577	3,822,979
	2014	3,113,264	1,301	3,335	118,957	154,147	3,391,004
	2015	3,013,776	553	7,604	105,919	151,510	3,279,362
	2016	3,110,396	3,872	1,638	175,196	161,193	3,452,295
	2017	3,052,790	4,528	1,408	185,739	139,698	3,384,163
	2018	3,548,099	10,887	866	181,063	150,934	3,891,849
	2019	4,188,911	37,628	5,934	223,735	142,549	4,598,757
Special education	2010	3,332,630	221	603,186	13,721,390	561,110	18,218,537
	2011	3,087,411	(392)	390,143	14,210,549	735,457	18,423,168
	2012	2,962,399	(341)	529,239	14,199,467	172,752	17,863,516
	2013	3,202,954	44	546,076	14,861,033	5,000	18,615,107
	2014	3,396,148	1,119	568,794	16,689,111	5,000	20,660,172
	2015	3,652,478	400	629,749	17,783,764	5,000	22,071,391
	2016	4,579,099	8,973	644,251	19,900,805	—	25,133,128
	2017	4,857,838	8,952	548,626	20,873,915	—	26,289,331
	2018	5,193,103	26,198	458,843	23,243,634	—	28,921,778
	2019	6,145,683	43,324	909,380	27,625,713	—	34,724,100
Services allocation	2010	—	—	—	38,155	—	38,155
	2011	305,475	—	1,559	56,381	—	363,415
	2012	352,800	—	8,402	43,416	—	404,618
	2013	449,954	—	8,474	34,896	—	493,324
	2014	432,465	—	5,654	36,921	—	475,040
	2015	468,174	—	7,116	32,284	—	507,574
	2016	417,720	—	7,755	15,648	—	441,123
	2017	432,832	—	5,462	30,377	—	468,671
	2018	457,002	—	7,003	29,193	—	493,198
	2019	466,049	—	4,012	29,978	—	500,039
District support services	2010	44,033	—	51,691	—	—	95,724
	2011	39,670	—	31,831	—	—	71,501
	2012	24,600	—	26,485	—	—	51,085
	2013	—	—	44,058	—	—	44,058
	2014	—	—	31,060	—	—	31,060
	2015	—	—	2,240	—	—	2,240
	2016	—	—	—	—	—	—
	2017	—	—	—	—	—	—
	2018	—	—	—	—	—	—
	2019	—	—	—	—	—	—

INTERMEDIATE SCHOOL DISTRICT NO. 917

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

	Year Ended June 30,	Tuition Revenue	Investment Earnings (Charges)	Other Revenue	State Revenue	Federal Revenue	Total
Capital expenditure	2010	562,451	2,517	253,572	—	—	818,540
	2011	552,201	28,941	1,707	—	—	582,849
	2012	477,245	28,827	—	—	—	506,072
	2013	558,376	28,560	—	—	—	586,936
	2014	559,095	28,959	—	—	—	588,054
	2015	559,401	28,344	—	—	—	587,745
	2016	554,908	31,711	—	—	—	586,619
	2017	555,220	45,416	—	—	—	600,636
	2018	505,000	3,843	—	—	—	508,843
	2019	523,500	4,197	—	—	—	527,697
Secondary resale	2010	—	—	167,075	—	—	167,075
	2011	—	—	137,627	—	—	137,627
	2012	—	—	60,687	—	—	60,687
	2013	—	—	70,329	—	—	70,329
	2014	—	—	119,308	—	—	119,308
	2015	—	—	62,472	—	—	62,472
	2016	—	—	72,784	—	—	72,784
	2017	—	—	27,382	—	—	27,382
	2018	—	—	24,148	—	—	24,148
	2019	—	—	29,593	—	—	29,593
Special education resale	2010	—	—	22,620	—	—	22,620
	2011	—	—	21,279	—	—	21,279
	2012	—	—	19,406	—	—	19,406
	2013	—	—	17,856	—	—	17,856
	2014	—	—	16,693	—	—	16,693
	2015	—	—	13,514	—	—	13,514
	2016	—	—	10,977	—	—	10,977
	2017	—	—	10,636	—	—	10,636
	2018	—	—	9,385	—	—	9,385
	2019	—	—	12,877	—	—	12,877

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Expenditures by Object
Last Ten Fiscal Years

	Year Ended June 30,	Salary Expenditures	Employee Benefits Expenditures	Purchased Services Expenditures	Other Expenditures	Allocated Overhead	Total
Secondary education	2010	\$ 2,268,974	\$ 679,673	\$ 533,333	\$ 105,992	\$ 219,410	\$ 3,807,382
	2011	2,253,662	680,947	563,196	164,868	209,572	3,872,245
	2012	2,365,115	732,814	515,206	133,740	220,927	3,967,802
	2013	2,449,860	795,235	535,087	120,327	234,507	4,135,016
	2014	1,894,098	702,336	521,496	92,923	260,228	3,471,081
	2015	1,818,549	684,389	506,510	91,810	280,631	3,381,889
	2016	1,766,552	613,991	466,365	102,689	296,790	3,246,387
	2017	1,849,994	629,643	413,106	238,242	270,734	3,401,719
	2018	1,939,231	657,156	445,562	100,948	256,317	3,399,214
	2019	2,068,260	757,912	461,012	209,959	216,229	3,713,372
Special education	2010	10,298,835	3,538,306	1,787,311	691,957	937,527	17,253,936
	2011	10,405,760	3,800,881	1,914,616	553,662	998,333	17,673,252
	2012	10,813,236	4,049,078	1,277,070	968,086	1,021,841	17,673,252
	2013	11,308,037	4,313,213	1,516,683	678,276	1,060,534	18,876,743
	2014	12,056,948	4,645,254	1,660,968	640,865	1,056,905	20,060,940
	2015	13,075,819	4,966,320	1,763,028	803,025	1,118,880	21,727,072
	2016	14,518,245	5,231,164	2,201,135	1,073,110	1,183,974	24,207,628
	2017	15,576,866	5,191,320	2,382,990	1,056,040	1,256,491	25,463,707
	2018	17,216,772	5,800,717	2,412,031	1,377,018	1,399,608	28,206,146
	2019	19,587,249	6,954,251	3,814,927	1,948,708	1,522,784	33,827,919
Services allocation	2010	749,966	204,226	179,556	61,344	(1,156,937)	38,155
	2011	786,795	214,980	490,893	78,652	(1,207,905)	363,415
	2012	786,232	237,644	569,416	54,094	(1,242,768)	404,618
	2013	789,620	253,125	707,647	37,971	(1,295,039)	363,415
	2014	799,495	259,349	676,557	56,770	(1,317,131)	475,040
	2015	863,256	250,344	732,924	60,561	(1,399,511)	507,574
	2016	914,218	237,668	674,770	95,229	(1,480,762)	441,123
	2017	987,354	267,621	673,348	67,572	(1,527,224)	468,671
	2018	1,035,133	280,301	773,447	60,242	(1,655,925)	493,198
	2019	1,090,570	329,963	738,997	79,522	(1,739,013)	500,039
District support services	2010	17,851	2,310	59,937	6,575	—	86,673
	2011	18,715	2,419	34,564	20,043	—	75,741
	2012	14,916	3,696	26,936	6,594	—	52,142
	2013	—	—	44,060	—	—	75,741
	2014	—	—	31,087	18,351	—	49,438
	2015	—	—	2,240	—	—	2,240
	2016	—	—	—	—	—	—
	2017	—	—	—	—	—	—
	2018	—	—	—	—	—	—
	2019	—	—	—	—	—	—

INTERMEDIATE SCHOOL DISTRICT NO. 917

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

	Year Ended June 30,	Salary Expenditures	Employee Benefits Expenditures	Purchased Services Expenditures	Other Expenditures	Allocated Overhead	Total
Capital expenditure	2010	--	--	15,512	578,439	--	593,951
	2011	--	--	70,060	557,978	--	628,038
	2012	--	--	73,093	574,847	--	647,940
	2013	--	--	26,673	622,286	--	628,038
	2014	--	--	137,765	559,095	--	696,860
	2015	--	--	19,362	559,401	--	578,763
	2016	--	--	25,950	577,708	--	603,658
	2017	--	--	40,812	3,954,374	--	3,995,186
	2018	--	--	7,712	615,346	--	623,058
	2019	--	--	3,000	523,500	--	526,500
Secondary resale	2010	17,225	2,863	32,560	104,851	--	157,499
	2011	18,760	3,133	29,480	75,164	--	126,537
	2012	--	--	12,293	47,733	--	60,026
	2013	--	--	13,099	52,500	--	65,599
	2014	--	--	20,863	101,682	--	122,545
	2015	--	--	35,614	38,986	--	74,600
	2016	--	--	5,642	83,044	--	88,686
	2017	--	--	2,430	22,527	--	24,957
	2018	--	--	1,654	20,734	--	22,388
	2019	--	--	1,698	19,840	--	21,538
Special education resale	2010	--	--	--	20,729	--	20,729
	2011	--	--	--	20,009	--	20,009
	2012	--	--	60	17,319	--	17,379
	2013	--	--	--	19,246	--	19,246
	2014	--	--	1,262	18,338	--	19,600
	2015	--	--	--	11,829	--	11,829
	2016	--	--	935	10,458	--	11,393
	2017	--	--	--	12,728	--	12,728
	2018	--	--	245	12,199	--	12,444
	2019	--	--	20	12,888	--	12,908

OTHER REQUIRED REPORTS

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated INSERT DATE.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

(continued)

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated INSERT DATE.

MINNESOTA LEGAL COMPLIANCE

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

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts*, except as described in the Schedule of Findings and Recommendations as items 2019-001, 2019-002, 2019-003, and 2019-004. 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.

DISTRICT'S RESPONSES TO FINDINGS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Minneapolis, Minnesota
INSERT DATE

INTERMEDIATE SCHOOL DISTRICT NO. 917

Schedule of Findings and Recommendations
Year Ended June 30, 2019

MINNESOTA LEGAL COMPLIANCE FINDINGS

2019-001 UNTIMELY PAYMENTS OF INVOICES

Criteria – Minnesota Statutes § 471.425, Subd. 2.

Condition – Minnesota Statutes require prompt payment of local government bills within a standard payment period of 45 days from receipt for governing boards of joint powers organizations.

Questioned Costs – Not applicable.

Context – We noted 5 of 25 disbursements we selected for testing were not paid within the statutory timeline.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – Intermediate School District No. 917 (the District) did not pay five of its invoices in a timely manner based on statutory requirements.

Recommendation – We recommend that the District review its payment procedures and properly pay all invoices to ensure that all bills are paid within the statutory time limit.

Corrective Action Plan

Actions Planned – The District will review its disbursement policies to verify compliance in the future.

Official Responsible – The Business Manager.

Planned Completion Date – June 30, 2020.

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

Plan to Monitor – The Business Manager will oversee the process to ensure the District's future compliance.

INTERMEDIATE SCHOOL DISTRICT NO. 917

Schedule of Findings and Recommendations (continued)
Year Ended June 30, 2019

MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2019-002 ANNUAL REPORT OF OUTSTANDING OBLIGATION

Criteria – Minnesota Statutes § 471.70.

Condition – Minnesota Statutes require on or before February 1 each year, the principal accounting officer of each school district must report to the auditor of each county in which such school district is situated, the total amount of outstanding obligations and the purpose for which each obligation is issued as of December 31 of the preceding year.

Questioned Costs – Not applicable.

Context – The District did not file the required annual report of outstanding obligations.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – Noncompliance with this requirement could be viewed as a violation of Minnesota Statutes.

Recommendation – We recommend that the District file an annual report of outstanding obligations on or before February 1 each year to verify the Minnesota Statutes § 471.70 is complied with in the future.

Corrective Action Plan

Actions Planned – The District will complete the required annual report of outstanding obligations for the current calendar year. Future submissions of the report will be done annually as required.

Official Responsible – The Business Manager.

Planned Completion Date – June 30, 2020.

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

Plan to Monitor – The Business Manager will file the required annual report of outstanding obligations in the future.

MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2019-003 BOARD APPROVAL OF CLAIMS

Criteria – Minnesota Statutes § 471.38.

Condition – Minnesota Statutes require all claims to be audited and approved by the School Board prior to payment.

Questioned Costs – Not applicable.

Context – One of twenty-five claims selected for testing was not included in the respective check summaries provided to the School Board for approval.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – Claims were paid without being previously audited and approved for payment by the School Board.

Recommendation – We recommend that the District review its procedures to ensure that all future claims are properly audited and approved by the School Board prior to payment.

Corrective Action Plan

Actions Planned – In the future, the District will submit all check summaries to the School Board and will review check summaries to ensure that all claims are included in the check summaries provided to the School Board for approval.

Official Responsible – The Business Manager.

Planned Completion Date – June 30, 2020.

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

Plan to Monitor – The Business Manager will review check summaries on a monthly basis to ensure they are properly presented to the School Board.

INTERMEDIATE SCHOOL DISTRICT NO. 917

Schedule of Findings and Recommendations (continued)
Year Ended June 30, 2019

MINNESOTA LEGAL COMPLIANCE FINDINGS (CONTINUED)

2019-004 ELECTRONIC SALES

Criteria – Minnesota Statutes § 471.345 Subd. 17.

Condition – Minnesota Statutes require electronic sales of district property to be competitive in which purchasers compete to purchase supplies, materials, or equipment at the highest purchase price in an open and interactive environment.

Questioned Costs – Not applicable.

Context – The District sold a van through Craigslist, which is not considered to be an acceptable method for selling district property.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – The sale of the van through Craigslist did not warrant purchasers to be competitive in order for the District to obtain the highest sales price possible.

Recommendation – We recommend that the District review its procedures to ensure that all future sales of district property comply with Minnesota Statutes.

Corrective Action Plan

Actions Planned – The District will review its policies in regards to selling district property to ensure compliance with Minnesota Statutes in the future.

Official Responsible – The Business Manager.

Planned Completion Date – June 30, 2020.

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

Plan to Monitor – The Business Manager will oversee any future sales of district property to ensure compliance.

INTERMEDIATE SCHOOL DISTRICT NO. 917

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2019

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 40,393,063	\$ 40,393,063	\$ --
Total expenditures		\$ 38,602,276	\$ 38,602,279	\$ (3)
Nonspendable				
460	Nonspendable fund balance	\$ 129,262	\$ 129,262	\$ --
Restricted				
403	Staff development	\$ --	\$ --	\$ --
406	Health and safety	\$ --	\$ --	\$ --
407	Capital projects levy	\$ --	\$ --	\$ --
408	Cooperative revenue	\$ --	\$ --	\$ --
413	Projects funded by COP	\$ --	\$ --	\$ --
414	Operating debt	\$ --	\$ --	\$ --
416	Levy reduction	\$ --	\$ --	\$ --
417	Taconite building maintenance	\$ --	\$ --	\$ --
423	Certain teacher programs	\$ --	\$ --	\$ --
424	Operating capital	\$ --	\$ --	\$ --
426	\$25 taconite	\$ --	\$ --	\$ --
427	Disabled accessibility	\$ --	\$ --	\$ --
428	Learning and development	\$ --	\$ --	\$ --
434	Area learning center	\$ --	\$ --	\$ --
435	Contracted alternative programs	\$ --	\$ --	\$ --
436	State approved alternative program	\$ --	\$ --	\$ --
438	Gifted and talented	\$ --	\$ --	\$ --
441	Basic skills programs	\$ 138,880	\$ 138,880	\$ --
448	Achievement and integration	\$ --	\$ --	\$ --
449	Safe schools levy	\$ --	\$ --	\$ --
450	Pre-kindergarten	\$ --	\$ --	\$ --
451	QZAB payments	\$ --	\$ --	\$ --
452	OPEB liability not in trust	\$ --	\$ --	\$ --
453	Unfunded severance and retirement levy	\$ --	\$ --	\$ --
459	Basic skills extended time	\$ --	\$ --	\$ --
467	Long-term facilities maintenance	\$ --	\$ --	\$ --
472	Medical Assistance	\$ --	\$ --	\$ --
464	Restricted fund balance	\$ 43,475	\$ 43,475	\$ --
476	PILT	\$ --	\$ --	\$ --
Committed				
418	Committed for separation	\$ --	\$ --	\$ --
461	Committed fund balance	\$ --	\$ --	\$ --
Assigned				
462	Assigned fund balance	\$ 145,942	\$ 145,942	\$ --
Unassigned				
422	Unassigned fund balance	\$ 9,339,643	\$ 9,339,643	\$ --
Food Service				
Total revenue		\$ 130,116	\$ 130,117	\$ (1)
Total expenditures		\$ 159,488	\$ 159,490	\$ (2)
Nonspendable				
460	Nonspendable fund balance	\$ --	\$ --	\$ --
Restricted				
452	OPEB liability not in trust	\$ --	\$ --	\$ --
464	Restricted fund balance	\$ --	\$ --	\$ --
Unassigned				
463	Unassigned fund balance	\$ --	\$ --	\$ --
Community Service				
Total revenue		\$ --	\$ --	\$ --
Total expenditures		\$ --	\$ --	\$ --
Nonspendable				
460	Nonspendable fund balance	\$ --	\$ --	\$ --
Restricted				
426	\$25 taconite	\$ --	\$ --	\$ --
431	Community education	\$ --	\$ --	\$ --
432	ECFE	\$ --	\$ --	\$ --
444	School readiness	\$ --	\$ --	\$ --
447	Adult basic education	\$ --	\$ --	\$ --
452	OPEB liability not in trust	\$ --	\$ --	\$ --
464	Restricted fund balance	\$ --	\$ --	\$ --
Unassigned				
463	Unassigned fund balance	\$ --	\$ --	\$ --

INTERMEDIATE SCHOOL DISTRICT NO. 917

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2019

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
407 Capital projects levy	\$ –	\$ –	\$ –
413 Projects funded by COP	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
433 MAX effort loan	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
467 Long-term facilities maintenance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ 2,145	\$ 2,144	\$ 1
422 Net position	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ 4,632,933	\$ 4,632,934	\$ (1)
Total expenditures	\$ 4,122,961	\$ 4,122,963	\$ (2)
422 Net position	\$ 1,630,897	\$ 1,630,896	\$ 1
OPEB Revocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

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

Management Report

for

Intermediate School District No. 917
Rosemount, Minnesota

June 30, 2019

Preliminary Draft

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

We have prepared this management report in conjunction with our audit of Intermediate School District No. 917's (the District) financial statements for the year ended June 30, 2019. We have organized this report into the following sections:

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

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

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

Minneapolis, Minnesota
INSERT DATE

AUDIT SUMMARY

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

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

AUDIT OPINION AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2019:

- We have issued an unmodified opinion on the District's basic financial statements.
- We reported no deficiencies in the District's internal control over financial reporting that we considered to be material weaknesses.
- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
- We reported four findings based on our testing of the District's compliance with Minnesota laws and regulations.
 1. Five of twenty-five disbursements we tested were not paid within the forty-five days from the receipt of goods or services as required by Minnesota Statutes.
 2. The District did not file the annual report of outstanding obligations as required by Minnesota Statutes.
 3. One of twenty-five disbursements we tested were not submitted to the School Board for approval as required by Minnesota Statutes.
 4. During our audit, we noted the District sold a van during the year, but did not meet the requirements in Minnesota Statutes that outline the acceptable method for selling district property.

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

In accordance with Minnesota Statutes, the District's School Board has elected not to exercise control over the transactions of the extracurricular student activity accounts maintained at various district sites. Consequently, the cash receipts and disbursements of the District's extracurricular student activity accounts are reported in a separate set of financial statements, rather than being reported within the District's General Fund. We have issued an opinion on these separate financial statements, stating that they fairly present the cash balances and cash receipts and disbursements of these accounts as of and for the year ended June 30, 2019, in accordance with the financial reporting provisions of the Minnesota Department of Education (MDE) (regulatory basis of accounting). Our opinion was qualified for a limitation related to the completeness of cash receipts reported.

We reported one deficiency involving internal control over financial reporting for the District's extracurricular student activities that we consider to be a material weakness. The District reports student activities on a cash basis, and has not established procedures to assure that all cash collections are recorded in the accounting records.

We also issued a report on compliance with the MDE's *Manual for Activity Fund Accounting*, in which we reported no findings.

SIGNIFICANT ACCOUNTING POLICIES

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

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2019. However, the District implemented the following governmental accounting standard during the fiscal year ended June 30, 2019:

- Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which improved the information disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarified which liabilities governments should include when disclosing information related to debt.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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

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

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

The District has recorded activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies primarily described in GASB Statement Nos. 68 and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

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

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

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive due to the materiality of the liabilities, and the large and complex estimates involved in determining the 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.

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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

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

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

OTHER AUDIT FINDINGS OR ISSUES

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

OTHER MATTERS

We applied certain limited procedures to the management’s discussion and analysis and the pension and OPEB-related required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental information and the Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table, which accompany the financial statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and other information sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

FUNDING PUBLIC EDUCATION IN MINNESOTA

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

BASIC GENERAL EDUCATION REVENUE

The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

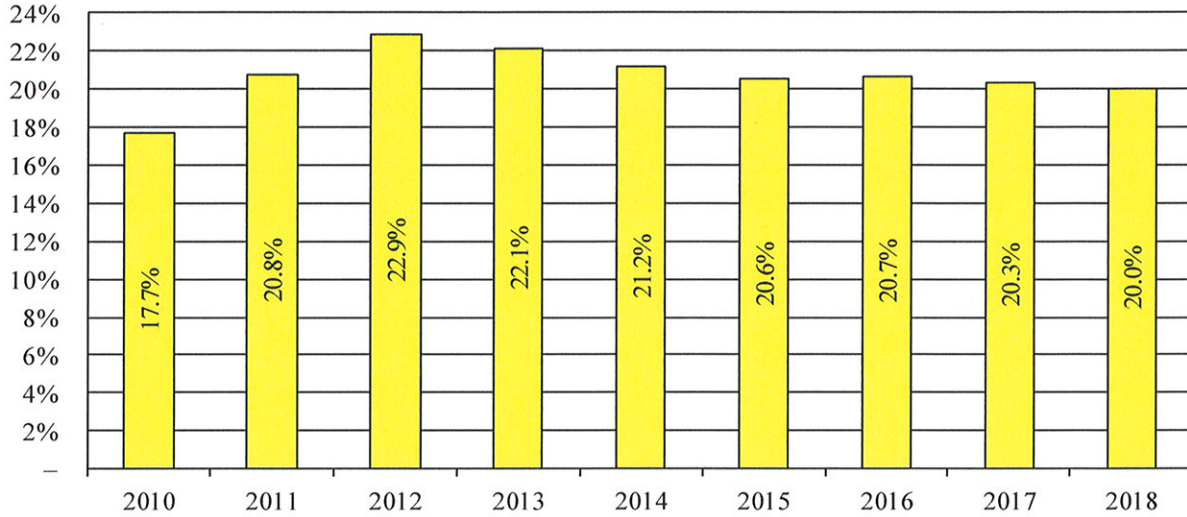
The table below presents a summary of the formula allowance for the past decade and as approved for the next two fiscal years. The amount of the formula allowance and the percentage change from year-to-year excludes temporary funding changes, the “roll-in” of aids that were previously funded separately, and changes that may vary dependent on actions taken by individual districts. The \$529 increase in 2015 was offset by changes to pupil weightings and the general education aid formula that resulted in an increase equivalent to approximately \$105, or 2.0 percent, state-wide.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2010	\$ 5,124	– %
2011	\$ 5,124	– %
2012	\$ 5,174	1.0 %
2013	\$ 5,224	1.0 %
2014	\$ 5,302	1.5 %
2015	\$ 5,831	2.0 %
2016	\$ 5,948	2.0 %
2017	\$ 6,067	2.0 %
2018	\$ 6,188	2.0 %
2019	\$ 6,312	2.0 %
2020	\$ 6,438	2.0 %
2021	\$ 6,567	2.0 %

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

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

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



Note: State-wide information is not available for fiscal 2019.

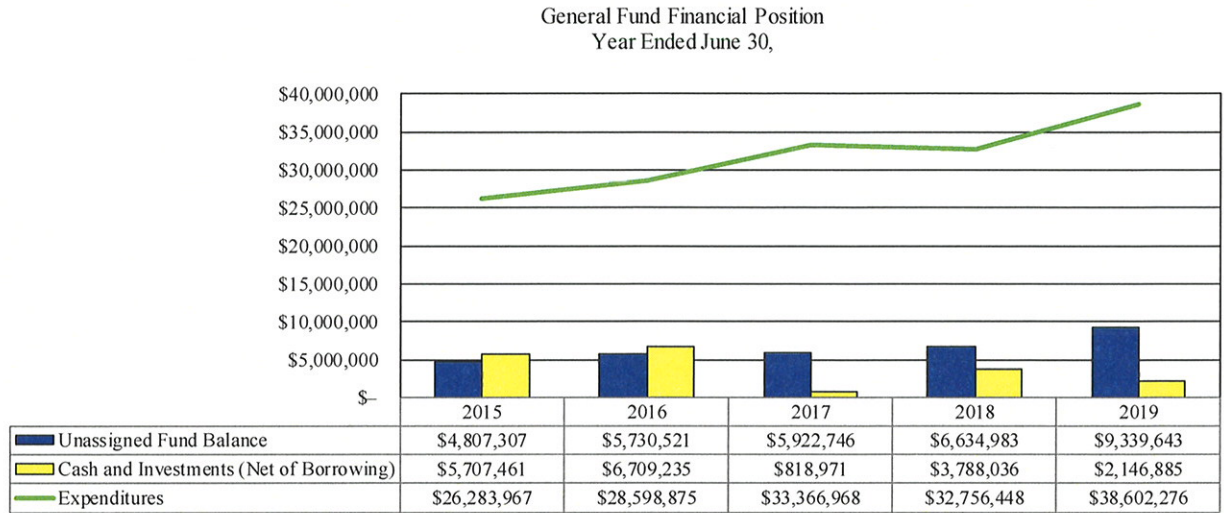
The calculation above reflects only the unrestricted fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt.

During the economic downturn that began in 2008, the average unrestricted fund balance as a percentage of operating expenditures maintained by Minnesota school districts increased, peaking at 22.9 percent at the end of fiscal 2012. This trend reflected districts' efforts to limit budget cuts, retain educational programs, and maintain adequate operating cash flow during a period of uncertain funding. As the state's economic condition improved in subsequent years, this ratio has gradually decreased to 20.0 percent at the end of fiscal 2018.

FINANCIAL TRENDS OF YOUR DISTRICT

GENERAL FUND FINANCIAL POSITION

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



The District ended fiscal year 2019 with a General Fund cash and investments balance of \$2,146,885 (net of borrowing and interfund receivables and payables), a decrease of \$1,641,151 from the previous year. This was mainly due to the increase in amounts due from the MDE for special education aid. This change is mainly the result of changes made within the special education state aid formula and entitlement calculations, as well as the District’s process for requesting year-end draws for special education.

Unassigned fund balance at year-end was \$9,339,643, an increase of \$2,704,660.

The total fund balance increase of \$1,773,270 is \$2,200,947 higher than anticipated in the District’s revised budget. The reason for the variance is due mainly to the District receiving better than expected results in the Secondary Education Account, including revenue exceeding projections by \$761,644, mainly due to having higher than anticipated enrollment, including 62 additional ADM at the Alternative Learning Center (DCALS) program in fiscal 2019.

The District also experienced better than anticipated results in the Special Education Account, totaling \$1,337,302. The special education programs received \$973,500 in fiscal year 2018 entitlement and \$410,000 for fiscal year 2019 entitlement in state special education aid, due to the proration factor being removed during legislation in fiscal year 2019. Expenditures were also lower than budgeted amounts by \$1,897,699, mainly in salaries, benefits, and purchased services.

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

	Year Ended June 30,				
	2015	2016	2017	2018	2019
Nonspendable fund balances	\$ 79,012	\$ 48,404	\$ 154,609	\$ 622,617	\$ 129,262
Restricted fund balances	1,390,688	1,377,634	880,523	342,912	182,355
Assigned fund balances	–	181,445	–	423,420	145,942
Unassigned	4,807,307	5,730,521	5,922,746	6,634,983	9,339,643
Total fund balances	\$6,277,007	\$7,338,004	\$6,957,878	\$8,023,932	\$9,797,202
Unassigned fund balances as a percentage of expenditures	<u>18.3%</u>	<u>20.0%</u>	<u>17.8%</u>	<u>20.3%</u>	<u>24.2%</u>
Cash and temporary investments (net of borrowing)	<u>\$5,707,461</u>	<u>\$6,709,235</u>	<u>\$ 818,971</u>	<u>\$3,788,036</u>	<u>\$2,146,885</u>

The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

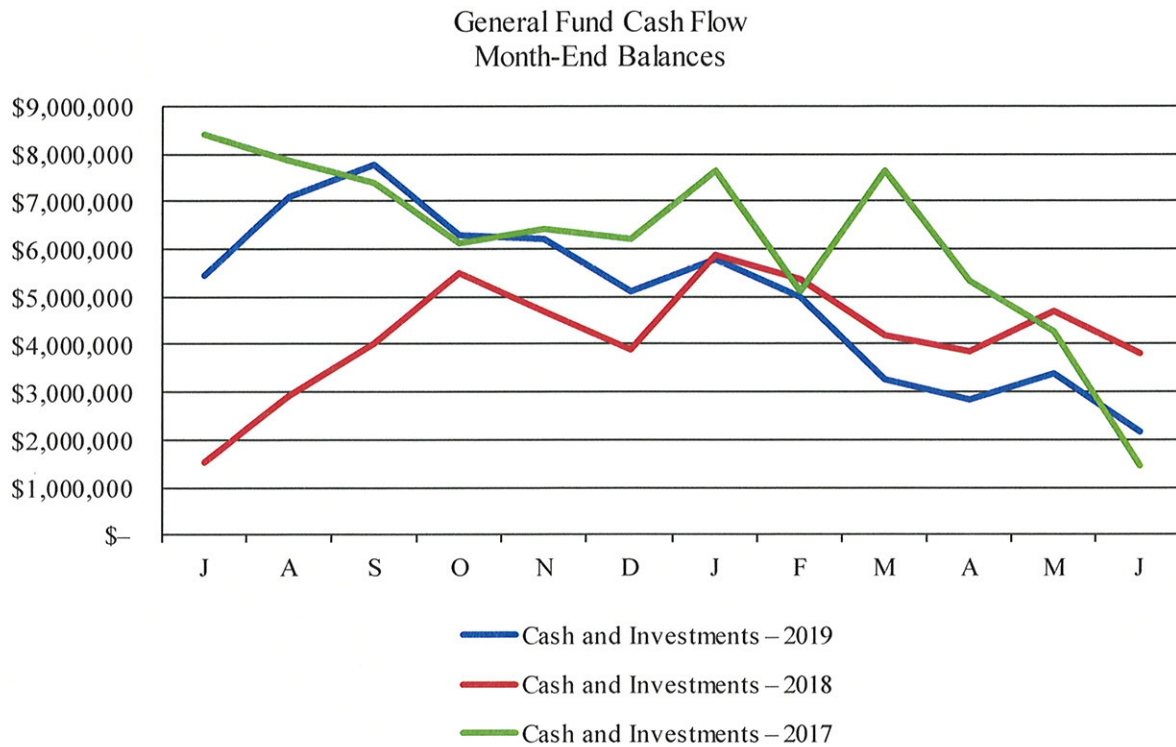
Fund balance as a percentage of expenditures is one key measure in assessing the financial health of the District. Maintaining an adequate fund balance is particularly important because of the limited availability of borrowing for the District and the need for the General Fund to be self-sustaining in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

The fund balance remains healthy when compared to the level of district expenditures. The District's plan, based on the current fund balance policy, is to maintain a minimum unassigned General Fund balance of 15.0 percent of the annual budget. At June 30, 2019, the District has exceeded that policy, with an unassigned fund balance as a percentage of 2019 expenditures of 24.2 percent.

The District's fund balance provides opportunities to incur one-time capital expenditures to mitigate the amount of long-term facilities maintenance levy requested on behalf of our member districts. The District continues to monitor its fund balances closely.

GENERAL FUND CASH FLOW

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



The graph above shows the peaks and valleys of the General Fund cash and investments balance (net of borrowing and interfund balances) on a monthly basis. The swing between its high and low month-end cash balances was about \$5.6 million for fiscal 2019.

GENERAL FUND OPERATIONS AND FINANCIAL POSITION BY ACCOUNT

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

Secondary Education Account

	Year Ended June 30,				
	2015	2016	2017	2018	2019
Revenue and other financing sources	\$3,279,549	\$3,452,295	\$3,384,163	\$3,891,849	\$4,598,757
Expenditures	3,381,889	3,246,387	3,401,719	3,399,214	3,713,372
Net change in fund balances	(102,340)	205,908	(17,556)	492,635	885,385
Fund balances					
Beginning of year	1,832,762	1,730,422	1,936,330	1,918,774	2,411,409
End of year	\$1,730,422	\$1,936,330	\$1,918,774	\$2,411,409	\$3,296,794

This account experienced a net increase in fund balance of \$885,385 during fiscal 2019. This compares to a budgeted increase of \$39,869. Revenues were over budget by \$761,644, mainly in DCALS program revenues, while expenditures ended the year lower than budget by \$83,872, mainly in capital expenditures.

Total revenue in the Secondary Education Account of the General Fund totaled \$4,598,757 for fiscal 2019, an increase of \$706,908 from the previous year, due to an increase in tuition revenue mainly in the DCALS program.

Special Education Account

	Year Ended June 30,				
	2015	2016	2017	2018	2019
Revenue and other financing sources	\$22,071,391	\$25,133,268	\$26,294,372	\$28,924,111	\$34,735,955
Expenditures and other financing uses	21,757,866	24,245,802	25,498,947	28,235,178	33,857,291
Net change in fund balances	313,525	887,466	795,425	688,933	878,664
Fund balances					
Beginning of year	2,901,063	3,214,588	4,102,054	4,897,479	5,586,412
End of year	\$ 3,214,588	\$ 4,102,054	\$ 4,897,479	\$ 5,586,412	\$ 6,465,076

This account experienced a net increase in fund balance of \$878,664 during fiscal 2019, which compares to a budgeted decrease in fund balance of \$458,638 for the year. This reasons for this better than projected result of \$1,337,302 were discussed earlier in this report.

Special Education Account revenues and other financing sources increased \$5,811,844 in fiscal 2019. The District experienced an increase in enrollment in special education programs; in combination with an increase in state revenue sources through the tuition billing process. Expenditures and other financing uses increased \$5,622,113, mainly in salaries and benefits and purchased services totaling \$4,926,907.

OTHER FUNDS OF THE DISTRICT

Internal Service Funds

The internal service funds are considered proprietary funds and are used to account for health and dental insurance offered by the District to its employees as a self-insured plan and post-employment employee benefits.

The following table presents comparative operating results for the District’s internal service funds over the past five fiscal years:

	Year Ended June 30,				
	2015	2016	2017	2018	2019
Revenue	\$ 530,743	\$2,149,801	\$3,425,979	\$3,865,060	\$4,632,933
Expenses	554,121	1,627,900	3,255,326	3,150,658	4,122,961
Change in net position	(23,378)	521,901	170,653	714,402	509,972
Net position					
Beginning of year	(361,090)	(384,468)	137,433	406,523	1,120,925
End of year	<u>\$ (384,468)</u>	<u>\$ 137,433</u>	<u>\$ 308,086</u>	<u>\$ 1,120,925</u>	<u>\$ 1,630,897</u>

These funds had revenues over expenses of \$509,972 during fiscal 2019. This occurred mostly as a result of the District’s internal service fund for self-insured health insurance operating at an operating income of \$452,208. Revenues were more than fiscal 2018, mainly in the self-insured health insurance plan, due from increased numbers of employees and increased rates.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

	As of June 30,		Increase (Decrease)
	2018	2019	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 8,023,932	\$ 9,797,202	\$ 1,773,270
Total capital assets, net of depreciation	9,213,928	9,108,562	(105,366)
Total long-term debt	(8,130,665)	(7,877,148)	253,517
Net pension-related liabilities	(29,660,846)	(23,730,092)	5,930,754
Internal service funds balance	1,120,925	1,630,897	509,972
Other items	11,789	4,013	(7,776)
Total net position – governmental activities	<u>\$ (19,420,937)</u>	<u>\$ (11,066,566)</u>	<u>\$ 8,354,371</u>
Net position			
Net investment in capital assets	\$ 1,535,355	\$ 1,667,450	\$ 132,095
Restricted	300,566	138,880	(161,686)
Unrestricted	<u>(21,256,858)</u>	<u>(12,872,896)</u>	<u>8,383,962</u>
Total net position	<u>\$ (19,420,937)</u>	<u>\$ (11,066,566)</u>	<u>\$ 8,354,371</u>

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

Total net position increased by \$8,354,371 in fiscal 2019. The District's net investment in capital assets increased \$132,095 this year. The change in this category of net position typically depends on the relationship between the rate at which the District is adding capital assets, the rate capital assets are being depreciated, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The District's unrestricted net position increased by \$8,383,962, mainly due to improvements in the District's proportionate share of the Public Employees Retirement Association and the Teachers Retirement Association pension obligations causing declines in overall pension related liabilities.

LEGISLATIVE SUMMARY

The 2019 Legislature passed education and tax bills that included appropriation increases of between \$563 million and \$593 million for K–12 education over the fiscal year (FY) 2020–2021 biennium, with the majority of the additional appropriations being added to the general education and special education funding formulas. The following is a brief summary of specific legislative changes from the 2019 session or previous legislative sessions impacting Minnesota school districts in future years.

General Education Revenue – The Legislature approved annual increases of 2 percent to the basic general education formula allowance for the FY 2020–2021 biennium. The per pupil allowance will increase \$126 to \$6,438 for FY 2020, and another \$129 to \$6,567 for FY 2021. Other small additions to general education funding were approved to: provide permanent funding for early middle college programs serving students under the age of 22; extend the opportunity to participate in post-secondary enrollment options – career and technical education programs to nonpublic students in the 10th grade; and provide transportation for pregnant teens and teen moms attending established programs that provide parent training and quality on-site child care.

Compensatory Revenue – The portion of compensatory revenue required to be used for extended time activities increased from 1.7 percent of total compensatory revenue for FY 2018 to 3.5 percent in FY 2019, and will increase to 3.5 percent plus the annual percentage change in the basic general education thereafter.

Early Learning – The Legislature appropriated funding to maintain the 4,000 Voluntary Pre-Kindergarten (VPK) and School Readiness Plus program seats currently set to expire after FY 2019, through FY 2020 and FY 2021. Students in these programs will not be used in declining enrollment revenue calculations for FY 2022, and will not be used to drive FY 2022 compensatory revenue for sites where VPK funding is discontinued after FY 2021, due to the reduction in the number of funded seats.

Special Education Revenue – The 2019 education bill included a number of enhancements to special education funding designed to hold the state average cross subsidy per pupil constant at the FY 2019 level of \$820 per average daily membership (ADM) for FY 2020 and FY 2021. The changes included:

- Establishing a new component of the state special education funding formula, known as cross subsidy reduction aid, beginning in FY 2020. Cross subsidy reduction aid will equal a percentage of each district’s “initial cross subsidy” for the prior fiscal year, with the percentages set at 2.60 percent for FY 2020 and 6.43 percent for FY 2021. Initial cross subsidy is defined as the district’s nonfederal special education costs including transportation, less state special education aid after tuition adjustments and general education aid attributable to students receiving special education services outside of the regular classroom for at least 60.00 percent of the school day. Charter schools are not eligible for cross subsidy reduction aid.
- Updating the pupil-driven portion of the initial special education aid formula to use FY 2018 data beginning in FY 2021, rather than continuing to use 2011 data adjusted for inflation.
- Phasing out the special education aid cap over two years, with the cap eliminated for FY 2021 and beyond. For FY 2020, the cap increases to the greater of the FY 2019 cap, or the sum of 56 percent of FY 2019 program costs plus 100 percent of FY 2019 special education transportation costs and the tuition adjustment.
- Reducing the tuition rate paid by the resident school district for open enrolled special education students served by another district or charter school from 90 percent of unfunded costs to 85 percent for FY 2020, and 80 percent for FY 2021 and later. Charter schools will be eligible for additional special education aid from the state to fully offset the impact of the tuition rate change.

- Reducing the hold harmless guarantee by changing the formula to reduce reliance on the FY 2016 base year so that districts where special education expenditures have fallen or grown slowly since FY 2016 do not benefit disproportionately from the hold harmless guarantee compared to other districts. The hold harmless (minimum aid) guarantee for FY 2020 will be limited to 90.0 percent of FY 2019 regular program costs, plus 100.0 percent of special education transportation costs, plus the tuition adjustment. The percentage of FY 2019 regular program costs used to calculate the hold harmless will decrease to 85.0 percent for FY 2021, 80.0 percent for FY 2022, and 75.0 percent for FY 2023. In addition, the annual inflation adjustment used to calculate the hold harmless will be reduced by 0.2 percent annually from the 4.6 percent factor used in FY 2019 until the adjustment reaches 2.0 percent.

Safe Schools Supplemental Aid – A one-time appropriation of \$30 million was made for Safe Schools Supplemental Aid in FY 2020, contingent upon the closing balance of the state’s General Fund for FY 2019 exceeding the balance projected at the end of the 2019 legislative session. If the balance exceeds the projection by \$63 million, the entire \$30 million will be appropriated. If the balance exceeds the projection by between \$33 and \$63 million, the amount over \$33 million will be appropriated. The aid would be allocated among school districts and charter schools based on their respective share of state-wide adjusted ADM for FY 2018. Districts would be required to restrict the use of the funding for the same purposes as the safe schools levy. Charter schools would be required to restrict the use for the same purposes as the safe schools levy or for building lease costs not covered by charter school lease aid.

School Building Bond Agricultural Tax Credit – Effective for taxes beginning with the payable 2018 levy (FY 2019), a tax credit on all property classified as agricultural (excluding the house, garage, and one acre of an agricultural homestead) was provided equal to 40 percent of the tax on the property attributable to school district building bond levies. The appropriation for this tax credit is \$34.8 million for FY 2019, \$45.2 million for FY 2020, and \$52.5 million for FY 2021. The 2019 Legislature increased the credit percentage to 50 percent for the levy payable in 2020, 55 percent for payable in 2021, 60 percent for payable in 2022, and 70 percent for payable in 2023 and thereafter.

Forecast Adjustments – Forecast article adjustments to FY 2019 appropriations (including final payments from FY 2018 and current payments for FY 2019) were approved to match the February 2019 forecast amount for each affected program. This eliminated the potential proration of forecasted program aids, including special education aid, for FY 2018 and FY 2019, due to the veto of the 2018 omnibus budget bill.

Operating Referendum / Local Optional Revenue – Effective for the tax levy payable in FY 2021, the operating referendum and local operational revenue (LOR) levies were simplified by transferring \$300 per pupil unit (PU) of referendum revenue to LOR, thereby eliminating the board-approved referendum levy and increasing the LOR levy authority to \$724 per PU. The referendum cap is reduced by the \$300 per PU transferred to LOR. The annual recalculation of referendum allowances approved prior to FY 2014 based on the amount of LOR a district opts to receive is also eliminated. Inflation adjusted referendum authority transferred to LOR will continue to be adjusted for the life of the referendum. This change is revenue neutral for all districts.

Operating Referendum Equalization – Effective for the tax levy payable in FY 2021, the equalizing factor for Tier 2 of the referendum (New Tier 1) is increased from \$510,000 to \$567,000. This is expected to provide \$9.4 million of property tax relief to taxpayers, and result in \$600,000 of additional referendum state aid for charter schools.

Pension Benefit Reforms – The 2018 pension bill included a number of reforms to the various defined benefit pension plans across the state, including the plans administered by the Teachers Retirement Association (TRA), St. Paul Teachers Retirement Fund Association (SPTRFA), and the Public Employees Retirement Association (PERA). Employer contribution rates were increased for the TRA plan (a total increase of 1.25 percent phased in over a 6-year period beginning in FY 2019) and the SPTRFA plan (a total increase of 2.50 percent phased in over a 6-year period beginning in FY 2019). Employee contribution rates were also increased by 0.25 percent beginning in FY 2024 for the TRA plan and beginning in FY 2023 for the SPTRFA plan. The pension adjustment component of the general education aid formula was increased by an amount equal to the product of the salaries paid to members of these two plans times the district’s pension adjustment rate for the fiscal year to help offset the cost of the employer contribution increases.

Board Control of Extracurricular Student Activities – In order to align the Uniform Financial Accounting and Reporting Standards with the new requirements of Governmental Accounting Standards Board Statement No. 84, effective for FY 2020 school boards are required to take charge of and control the financial transactions related to all extracurricular student activity accounts. This eliminates the previously available alternative for school boards to allow these accounts to operate outside of board control, and thereby be accounted for and reported outside of the district’s funds.

Disposal of Surplus Computers – Authorizes a school district to sell or give a surplus computer to a charitable organization for educational use, or to currently enrolled district students who intend to enroll the following year.

ACCOUNTING AND AUDITING UPDATES

GASB STATEMENT NO. 84, *FIDUCIARY ACTIVITIES*

This statement is intended to enhance consistency and comparability of fiduciary activity reporting by state and local governments. It is also meant to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.

This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The Minnesota Department of Education has also issued guidance for implementing this standard, which will impact the reporting of extracurricular student activity accounts previously not under board control, and potentially other fiduciary funds, beginning in the 2019–2020 fiscal year.

GASB STATEMENT NO. 87, *LEASES*

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

Governments enter into leases for many types of assets. Under the previous guidance, leases were classified as either capital or operating depending on whether the lease met any of four tests. In many cases, the previous guidance resulted in reporting lease transactions differently than similar nonlease financing transactions.

The goal of this statement is to better meet the information needs of users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

To reduce the cost of implementation, this statement includes an exception for short-term leases, defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

**GASB STATEMENT NO. 90, MAJORITY EQUITY INTEREST—AN AMENDMENT OF GASB STATEMENTS
NO. 14 AND NO. 61**

The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. It further specifies that such investments should generally be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund, in which case the majority equity interest should be measured at fair value.

All other holdings of a majority equity interest in a legally separate organization that do not meet the definition of an investment result in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit, and should report an asset related to the majority equity interest using the equity method.

This statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to reporting a majority equity interest in a component unit and reporting a component unit if the government acquires a 100 percent equity interest, which should be applied prospectively.

GASB STATEMENT NO. 91, *CONDUIT DEBT OBLIGATIONS*

The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

This statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third party obligors in the course of their activities.

This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

INTERMEDIATE SCHOOL DISTRICT NO. 917
ROSEMOUNT, MINNESOTA

Extracurricular Student Activity
Accounts Financial Statements

Year Ended
June 30, 2019

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENT

We have audited the accompanying financial statement of Intermediate School District No. 917 (the District), which comprises the statement of cash receipts and disbursements of the extracurricular student activity accounts as of and for the year ended June 30, 2019, and the related notes to the extracurricular student activity accounts financial statement.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENT

The District's extracurricular student activities management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Minnesota Department of Education (MDE), as described in Note 1 of the notes to extracurricular student activity accounts financial statement; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

(continued)

BASIS FOR QUALIFIED OPINION

The District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. Accordingly, it was not practicable for us to extend our audit of such cash collections beyond the amounts recorded.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matter discussed in the “Basis for Qualified Opinion” paragraph, the financial statement referred to on the previous page presents fairly, in all material respects, the cash balances of the District’s extracurricular student activity accounts as of June 30, 2019, and the cash receipts and disbursements for the year then ended, in accordance with the financial reporting provisions of the MDE described in Note 1 of the notes to extracurricular student activity accounts financial statement.

EMPHASIS OF MATTER

As described in Note 3 of the notes to extracurricular student activity accounts financial statement, the District is required to implement Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ending June 30, 2020. The implementation of this standard will require the District’s extracurricular student activity accounts to be operated under School Board control. As a result, the account balances and transactions included in this financial statement must instead be reported within the District’s financial statements going forward. Our opinion is not modified with respect to this matter.

BASIS OF ACCOUNTING

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

RESTRICTION ON USE

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

Minneapolis, Minnesota
INSERT DATE

INTERMEDIATE SCHOOL DISTRICT NO. 917

Extracurricular Student Activity Accounts
 Statement of Cash Receipts and Disbursements
 Year Ended June 30, 2019

	Balance – July 1, 2018	Receipts	Disbursements	Balance – June 30, 2019
Student activity accounts				
Alliance Education Center	\$ 2,100	\$ 355	\$ –	\$ 2,455
DCALS	329	29	356	2
DCALS North	205	550	543	212
Deaf and Hard of Hearing	84	603	205	482
Secondary Youth	279	–	–	279
Skills USA	1,074	3,372	4,106	340
Vehicle Services	5	485	490	–
Construction Trades	50	–	–	50
	<u>\$ 4,126</u>	<u>\$ 5,394</u>	<u>\$ 5,700</u>	<u>\$ 3,820</u>
Total	<u>\$ 4,126</u>	<u>\$ 5,394</u>	<u>\$ 5,700</u>	<u>\$ 3,820</u>

See notes to extracurricular student activity accounts financial statement

INTERMEDIATE SCHOOL DISTRICT NO. 917

Notes to Extracurricular Student Activity Accounts Financial Statement
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accounts of Intermediate School District No. 917's (the District) extracurricular student activity accounts are maintained, and the accompanying financial statement has been prepared, in accordance with the financial reporting provisions of the Minnesota Department of Education (MDE), which constitutes a regulatory basis of accounting that differs from accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, receipts are recorded when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

NOTE 2 – CASH AND INVESTMENTS

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

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

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

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

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

At year-end, extracurricular student activity account deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

INTERMEDIATE SCHOOL DISTRICT NO. 917

Notes to Extracurricular Student Activity Accounts Financial Statement (continued)
June 30, 2019

NOTE 3 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 84, Fiduciary Activities, is intended to enhance consistency and comparability of fiduciary activity reporting by state and local governments. It is also meant to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.

This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The MDE has also issued guidance for implementing this standard, which will impact the reporting of extracurricular student activity accounts previously not under School Board control, beginning in the 2019–2020 fiscal year. This new guidance provided by the MDE will require the activities currently presented separately in this financial statement to be operated under School Board control and reported as part of the District’s General Fund for the year ending June 30, 2020.

OTHER REQUIRED REPORTS

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING

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

In planning and performing our audit of the statement of cash receipts and disbursements of the extracurricular student activity accounts of Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Corrective Action as item 2019-001 to be a material weakness.

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

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

Minneapolis, Minnesota
INSERT DATE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of cash receipts and disbursements of the extracurricular student activity accounts of Intermediate School District No. 917 (the District) as of and for the year ended June 30, 2019, and the related notes to the extracurricular student activity accounts financial statement, and have issued our report thereon dated INSERT DATE. The financial statement is prepared in a manner that demonstrates compliance with the regulatory basis of accounting prescribed by the Minnesota Department of Education (MDE), which differs from accounting principles generally accepted in the United States of America. Our report on the regulatory basis of accounting is qualified for a restriction on the scope of our audit resulting from the accounting system relating to cash receipts, which allows us only to audit cash collections that are recorded.

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

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the MAFA. 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.

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

Minneapolis, Minnesota
INSERT DATE

INTERMEDIATE SCHOOL DISTRICT NO. 917

Extracurricular Student Activity Accounts
Schedule of Findings and Corrective Action
For the Year Ended June 30, 2019

FINDINGS AND CORRECTIVE ACTION

EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

2019-001 Material Weakness in Internal Controls – Cash Receipts

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

Type of Finding – Current year and prior year finding.

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

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

Corrective Action Plan

Actions Planned – The District’s Finance Department personnel regularly reviews internal controls over extracurricular student activity account transactions along with the personnel at the various district school sites that maintain such accounts. The District will continue this process, and will be implementing these changes to be consistent and compliant with other General Fund receipts with the required transition to account for student activities within the General Fund for the year ending June 30, 2020.

Official Responsible – The District’s Business Manager.

Planned Completion Date – June 30, 2020.

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

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

To: School Board Members
Superintendent Mark Zuzek

From: Nicolle Roush

Date: December 3, 2019

Subject: ISD 917 amended and restated 403(b) Plan:

Pertinent Facts:

1. The District's 403 (b) plan was last amended and restated effective July 1, 2011.
2. The plan document used for the July 2011 amendment and restatement was not approved by the IRS because at the time the IRS did not have a program for approving 403(b) plan documents.
3. In 2013, the IRS implemented a program pursuant to which vendors could submit standard 403(b) documents for review and approval by the IRS. The initial round of document approvals was completed by the IRS in 2017.
4. The IRS announced that employer's sponsoring 403(b) plan had until March 31, 2020 to adopt a pre-approved plan document.
5. Although an employer is not required to adopt a pre-approved plan document, doing so enables the plan sponsor to rely on the IRS's determination that the document satisfies the requirements of the Internal Revenue Code. Accordingly, the District's benefits counsel recommended that the District restate its 403(b) plan using a pre-approved plan document.

Recommendation: School Board approves the ISD 917 amended and restated 403 (b) plan document effective July 1, 2019.

BASIC PLAN DOCUMENT #008 (Non-ERISA 403(b))

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ARTICLE 1 INTRODUCTION

Section 1.01 PLAN

This document ("Basic Plan Document") and its related Adoption Agreement, as well as any Annuity Contracts; and Custodial Accounts; established hereunder, are intended to meet the requirements of Code section 403(b). In the event a provision in an associated Annuity Contract or Custodial Account conflicts with the provisions contained in this Basic Plan Document and its related Adoption Agreement the provisions in this Basic Plan Document and its related Adoption Agreement will control.

Section 1.02 APPLICATION OF PLAN

Except as otherwise specifically provided herein, the provisions of this Plan will apply to those individuals who are Eligible Employees of the Adopting Employer on or after the Effective Date. Except as otherwise specifically provided for herein, the rights and benefits, if any, of former Eligible Employees of the Adopting Employer whose employment terminated prior to the Effective Date, will be determined under the provisions of the Plan, as in effect from time to time prior to that date.

ARTICLE 2 DEFINITIONS**Account** means

the balance of a Participant's interest in the Fund maintained for the benefit of the Participant or Beneficiary as of the applicable date. Account or Accounts will include, to the extent applicable, an Elective Deferral Account, Matching Contribution Account, Non-Elective Contribution Account, Voluntary Contribution Account, Mandatory After-Tax Contribution Account, Mandatory Pre-Tax Contribution Account, Rollover Contribution Account, Qualified Non-Elective Contribution Account, Transfer Account, the earnings or loss of each Annuity Contract or a Custodial Account (net of expenses), any transfers, and any distribution made allocable to the Participant or the Participant's Beneficiary and such other account(s) or subaccount(s) as the Plan Administrator, in its discretion, deems appropriate.

Account Balance means

the Vested balance of all of a Participant's Accounts.

Adoption Agreement means

the document executed in conjunction with this Basic Plan Document that contains the optional features selected by the Plan Sponsor.

Adopting Employer means

any entity named in the Adoption Agreement, any Participating Employer and any successor who by consolidation, purchase, merger or other transaction assumes the obligations of the Plan.

Age 50 Catch-up means

contributions made by Participants who are eligible to make Elective Deferrals under this Plan and who will attain age 50 or more by the end of the calendar year as described in Code section 414(v).

Alternate Payee means

the spouse, former spouse, child, or other dependent entitled to receive payment of benefits from the Plan under a Qualified Domestic Relations Order.

Annual Addition means

the sum of the following amounts credited to a Participant's Account for the Limitation Year:

- (a) Employer Contributions allocated to a Participant's Account, including Excess Elective Deferrals, unless such amounts are distributed no later than the first April 15 following the close of the Participant's taxable year;
- (b) Voluntary After-Tax Contributions, Mandatory After-Tax Contributions and Mandatory Pre-Tax Contributions;
- (c) forfeitures;
- (d) amounts allocated, after March 31, 1984, to an individual medical account, as defined in Code section 415(l)(2), which is part of a pension or annuity plan maintained by the Employer;
- (e) amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits, allocated to the separate Account of a Key Employee, as defined in Code section 419A(d)(3), under a welfare benefit fund, as defined in Code section 419(e), maintained by the Employer; and
- (f) allocations under a simplified employee pension plan.

Notwithstanding the foregoing, an Annual Addition shall not include a restorative payment within the meaning of IRS Revenue Ruling 2002-45 and any superseding guidance.

Annuity Contract means

a nontransferable contract that includes payment in the form of an annuity that is issued by an insurance company qualified to issue annuities in a state that satisfies all of the applicable requirements of Code sections 403(b) and 401(g).

Annuity Starting Date means

the first day of the first period for which an amount is paid as an annuity or any other form.

Approved Vendor means

a financial organization that has been approved by the Adopting Employer to accept on-going Employer Contributions.

Basic Plan Document means
this pre-approved Plan document.

Beneficiary means
the designated person(s) entitled to receive benefits, under Section 7.04 of the Plan.

Board means
the governing body of the Plan Sponsor.

Church Plan means
a Code section 403(b) plan sponsored by a Church or by a Qualified Church-Controlled Organization.

Code means
the Internal Revenue Code of 1986, as amended.

Code Section 415 Safe Harbor Compensation means

- (a) Items includible as Compensation. Compensation is defined as:
- (1) Wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer maintaining the Plan, to the extent that the amounts are includible in gross income (or to the extent amounts would have been received and includible in gross income but for an election under Code sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b)). These amounts include, but are not limited to, commissions paid to salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a non-accountable plan as described in Treasury Regulation. section 1.62-2(c).
 - (2) In the case of an Employee who is an Employee within the meaning of Section 401(c)(1) if the Code and regulations promulgated under Code section 401(c)(1), the Employee's earned income (as described in Code section 401(c)(2) and regulations promulgated under Code section 401(c)(2)), plus amounts deferred at the election of the Employee that would be includible in gross income but for the rules of Code section 402(e)(3), 402(h)(1)(B), 402(k), or 457(b).
 - (3) Amounts described in Code section 104(a)(3), 105(a), or 105(h), but only to the extent that these amounts are includible in the gross income of the Employee.
 - (4) Amounts paid or reimbursed by the Employer for moving expenses incurred by an Employee, but only to the extent that at the time of the payment it is reasonable to believe that these amounts are not deductible by the Employee under Code section 217.
 - (5) The value of a non-statutory option (which is an option other than a statutory option as defined in Treasury Regulation section 1.421-1(b)) granted to an Employee by the Employer, but only to the extent that the value of the option is includible in the gross income of the Employee for the taxable year in which granted.
 - (6) The amount includible in the gross income of an Employee upon making the election described in Code section 83(b).
 - (7) Amounts that are includible in the gross income of an Employee under the rules of Code section 409A or Code section 457(f)(1)(A) or because the amounts are constructively received by the Employee.
- (b) Items not includible as Compensation. The term Compensation does not include:
- (1) Contributions (other than elective contributions described in Code section 402(e)(3), Section 408(k)(6), Section 408(p)(2)(A)(i), or Section 457(b)) made by the Employer to a plan of deferred compensation (including a simplified employee pension described in Code section 408(k) or a simple retirement account described in Code section 408(p), and whether or not qualified) to the extent that the contributions are not includible in the gross income of the Employee for the taxable year in which contributed. In addition, any distributions from a plan of deferred compensation (whether or not qualified) are not considered as Compensation for Code section 415 purposes, regardless of whether such amounts are includible in the gross income of the Employee when distributed.
 - (2) Amounts realized from the exercise of a non-statutory option (which is an option other than a statutory option as defined in Treasury Regulation section 1.421-1(b)), or when restricted stock or other property held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture (see Code section 83 and its associated Treasury Regulations).
 - (3) Amounts realized from the sale, exchange, or other disposition of stock acquired under a statutory stock option (as defined in Treasury Regulations section 1.421-1(b)).
 - (4) Other amounts that receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are not includible in the gross income of the employee and are not salary reduction amounts that are described in Code section 125).
 - (5) Other items of remuneration that are similar to any of the items listed in paragraphs (b)(1) through (b)(4) of this section.

Committee means

the committee that may be appointed by the Plan Sponsor pursuant to Section 11.01 to serve as Plan Administrator.

Compensation means

the meaning elected in the Adoption Agreement.

Compensation must be determined without regard to any rules under Code section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code section 3401(a)(2)).

The annual compensation of each Participant taken into account in determining allocations for any Plan Year beginning after December 31, 2001 will not exceed \$265,000, as adjusted for cost-of-living increases in accordance with Code section 401(a)(17)(B). Annual compensation means Compensation during the Plan Year or such other consecutive 12-month period over which Compensation is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

If a determination period consists of fewer than 12 months, the annual Compensation limit is an amount equal to the otherwise applicable annual Compensation limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12.

Notwithstanding the foregoing, for purposes of ACP and Code Section 401(a)(4) testing Compensation will generally mean W-2 Compensation unless another definition is allowed or required by law or regulation. Notwithstanding the foregoing, the Plan Administrator has the option from year to year to use a different definition of Compensation for testing purposes provided the definition of Compensation satisfies Code Section 414(s) and its associated regulations.

Notwithstanding the foregoing, Compensation for a minister who is self-employed means the minister's earned income as defined in Code section 401(c)(2) (computed without regard to Code section 911).

Notwithstanding the foregoing, the limits on Compensation described above do not apply if the Adoption Agreement provides that the Plan is a FICA Church Plan.

Custodial Account means

the group or individual custodial account or accounts, as defined in Code section 403(b)(7), established for each Participant by the Employer, or by each Participant individually, to hold assets of the Plan.

Deemed Code Section 125 Compensation means

any amounts not available to a Participant in cash in lieu of group health coverage because the Participant is unable to certify that he or she has other health coverage. An amount will be treated as an amount under Code section 125 only if the Adopting Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan. This option is meant to be interpreted consistent with Revenue Ruling 2002-27 and any superseding guidance.

Deemed Severance from Employment means

under Code section 414(u)(12)(B) an Employee who has been called to active duty in the uniformed services for a period of more than 30 days.

Deferrals means

any amount which that is contributed by the Adopting Employer pursuant to a salary reduction agreement and which that is not includable in the gross income of the Participant under Code sections 125, 401(k), 402(e)(3), 402(h), 403(b), 132(f) or 457.

Differential Wage Payments means

payments as defined in Code section 3401(h)(2) made by the Employer and received by an Employee who is performing service in the uniformed services. Differential Wage Payments will be included in the definition of Compensation.

Disabled or Disability means

unless otherwise specified in the Adoption Agreement, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite

duration. The permanence and degree of such impairment must be supported by medical evidence.

Distributee means

an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the Alternate Payee under a Qualified Domestic Relations Order, as defined in Code section 414(p), are distributees with regard to the interest of the spouse or former spouse.

Effective Date means

the date set forth in the Adoption Agreement.

Elective Deferral means

the Employer Contributions made to the Plan at the election of the Participant in lieu of receiving cash compensation pursuant to Article 4 of the Plan. Elective Deferrals include Pre-Tax Elective Deferrals and, if applicable, Roth Elective Deferrals.

Elective Deferral Account means

so much of a Participant's Account as consists of a Participant's Elective Deferrals (and corresponding earnings) made to the Plan.

Eligibility Computation Period means

unless otherwise specified in the Adoption Agreement, a 12 consecutive month period beginning with an Employee's Employment Commencement Date and each anniversary thereof. Notwithstanding the foregoing and if the Adoption Agreement provides that the Eligibility Computation Period switches to the Plan Year, the Eligibility Computation Period for such purpose will switch to the Plan Year, beginning with the Plan Year that includes the first anniversary of his Employment Commencement Date. If the Eligibility Computation Period switches to the Plan Year, an Employee who is credited with a Year of Eligibility Service in both the initial Eligibility Computation Period and the first Plan Year which commences prior to the first anniversary of the Employee's initial Eligibility Computation Period will be credited with two Years of Eligibility Service.

Eligible Employee means

an Employee employed by the Adopting Employer, subject to the modifications and exclusions described in the Adoption Agreement.

If an individual is subsequently reclassified as, or determined to be, an Employee by a court, the Internal Revenue Service or any other governmental agency or authority, or if the Adopting Employer is required to reclassify such individual an Employee as a result of such reclassification determination (including any reclassification by the Adopting Employer in settlement of any claim or action relating to such individual's employment status), such individual will not become an Eligible Employee with respect to Employer Contributions by reason of such reclassification or determination.

Eligible Rollover Distribution means

any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code section 401(a)(9); any hardship distribution; the portion of any other distribution(s) that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and any other distribution(s) that is reasonably expected to total less than \$200 (or such lesser amount as determined by the Plan Administrator in a nondiscriminatory manner) during a year. For purposes of the \$200 rule in the preceding sentence, a distribution from a Roth Elective Deferral Account and a distribution from other Accounts under the Plan are treated as made under separate plans.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax Employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Code section 408(a) or (b), an annuity contract described in Code section 403(b), or to a qualified defined contribution plan described in Code section 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

Eligible Retirement Plan means

an eligible plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, an

individual retirement account described in Code section 408(a) or 408A, individual retirement annuity described in Code section 408(b), an annuity plan described in Code section 403(a), an annuity contract described in Code section 403(b), or a qualified plan described in Code section 401(a), that accepts the distributee's eligible rollover distribution. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the Alternate Payee under a Qualified Domestic Relations Order, as defined in Code section 414(p).

Employee means

any common law employee of the Employer. Employee will also include individual providing Qualified Military Service who are treated as reemployed under Code Sections 403(b)(14) and 414(u).

If the Employer is a public school Employee means each individual who is a common law employee of a state performing services for a Public School of the state, including an individual who is appointed or elected. This definition is not applicable unless the Employee's compensation for performing services for a Public School is paid by the state. Further, a person occupying an elective or appointive public office is not an Employee performing services for a Public School unless such office is one to which an individual is elected or appointed only if the individual has received training, or is experienced, in the field of education. A public office includes any elective or appointive office of a State.

For Churches and church-related organization Employee includes a self-employed minister under Code section 414(e)(5)(A)(i)(I) and a minister under Code section 414(e)(5)(A)(i)(II).

Employer means

the Adopting Employer or any other employer required to be aggregated with the Adopting Employer under Code sections 414(b), (c), (m) or (o); provided, however, that Employer will not include any entity or unincorporated trade or business prior to the date on which such entity, trade or business satisfies the affiliation or control tests described above. Notwithstanding the foregoing, the universal availability requirement of Code section 403(b)(12)(A)(ii) for Elective Deferrals will apply separately to each individual employer.

If permitted by the Plan Administrator, Employer may also include a self-employed minister under Code section 414(e)(5)(A)(i)(I) solely for participation by the self-employed minister.

Employer Contributions means

Any amounts contributed by the Employer each year as determined under this Plan, including Matching Contributions and Non-Elective Contributions. Employer Contributions will also include Elective Deferrals, Voluntary After-Tax Contributions, and Mandatory After-Tax Contributions made to the Plan unless the contributions are intended to be excluded under either the Plan or for any act under the Code or such rules, regulations, or pronouncements as promulgated by the IRS.

Employment Commencement Date means

the first date on which the Eligible Employee performs an Hour of Service.

ERISA means

the Employee Retirement Income Security Act of 1974, all amendments thereto and all federal regulations promulgated pursuant thereto.

Excess Elective Deferral means

Elective Deferrals made in excess of the limit described in Section 5.01.

Exchange means

a movement of all or a portion of a Participant's Account balance from either an Approved or an Unapproved Vendor under to another Approved or Unapproved Vendor.

Fund means

the funding vehicles used to fund benefits payable under the Plan which may include Annuity Contracts and Custodial Accounts specifically approved by Employer for use under the Plan.

Governmental Plan means

a plan defined in ERISA section 3(32). For Plan Years beginning on or after 8/17/2006 Governmental Plan will include a plan established and maintained by an Indian tribal government provided all of the Participants the plan are employees of the Indian tribal government and substantially all of such employees' services are in the performance of essential government functions and not in the performance of commercial

activities, regardless if the function is an essential government function.

Hour of Service means

- (a) Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours will be credited to the Employee for the computation period in which the duties are performed.
- (b) Each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. No more than 501 hours of service will be credited under this paragraph for any single continuous period (whether or not such period occurs in a single computation period). Hours under this paragraph will be calculated and credited pursuant to DOL Reg. section 2530.200b-2 which is incorporated herein by this reference.
- (c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same hours of service will not be credited both under paragraph (a) or paragraph (b), as the case may be, and under this paragraph (c). These hours will be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement, or payment is made.

Solely for purposes of determining whether a One-Year Break in Service has occurred, an individual who is absent from work for maternity or paternity reasons will receive credit for the hours of service which would otherwise have been credited to such individual but for such absence, or in any case in which such hours cannot be determined, 8 hours of service per day of such absence. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of a birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement. The hours of service credited under this paragraph will be credited (1) in the computation period in which the absence begins if the crediting is necessary to prevent a break in service in that period, or (2) in all other cases, in the following computation period.

Notwithstanding the foregoing, for determining service under the elapsed time method an Hour of Service means each hour for which an Employee is paid or entitled to payment for the performance of duties for the Employer.

Hours of service will be credited for employment with the Employer. Hours of service will also be credited for any individual considered an Employee for purposes of this Plan under Code sections 414(n) or 414(o).

If the Employer maintains the plan of a predecessor employer, service with such employer will be treated as service for the Employer.

Service with respect to Qualified Military Service will be credited in accordance with Code section 414(u) and service will also be determined to the extent required by the Family and Medical Leave Act of 1993.

Includible Compensation means

an Employee's compensation received from the Employer that is includible in the Participant's gross income for Federal income tax purposes (computed without regard to Code section 911, relating to United States citizens or residents living abroad), including differential wage payments under Code section 3401(h) for the most recent period that is a Year of Service. Includible Compensation for a minister who is self-employed means the minister's earned income as defined in Code section 401(c)(2) (computed without regard to Code section 911). Includible Compensation also includes any Elective Deferral or other amount contributed or deferred by the Employer at the election of the Employee that would be includible in gross income but for the rules of Code section 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b). Includible Compensation does not include any compensation received during a period when the Employer was not an eligible employer within the meaning of Treasury Regulation section 1.403(b)-2(b)(8). The amount of Includible Compensation is determined without regard to any community property laws. Except as provided in Treasury Regulation section 1.401(a)(17)-1(d)(4)(ii) with respect to eligible participants in governmental plans, the amount of Includible Compensation of each Participant taken into account in determining contributions shall not exceed \$265,000, as adjusted for cost of living.

For purposes of applying the limitations on Annual Additions to Non-Elective Contribution pursuant to Code section 415, Includible Compensation for a Participant who is permanently and totally disabled (as defined in Code section 22(e)(3)) is the compensation such Participant would have received for the Limitation Year if the Participant had been paid at the rate of compensation paid immediately before becoming permanently and totally disabled.

In-Plan Roth Rollover means

an Employee contribution made to the Plan as a rollover from another Account in the Plan pursuant to Section 4.06(b).

In-Plan Roth Rollover Account means

so much of a Participant's Account as consists of a Participant's In-Plan Roth Rollover contributions (and corresponding earnings) made to the Plan.

Investment Fiduciary means

the fiduciary appointed by the Plan Sponsor pursuant to Section 11.02. If the Adoption Agreement provides that the Plan is subject to ERISA the fiduciary shall be subject to standards of conduct as prescribed under ERISA.

Investment Manager means

if the Adoption Agreement provides that the Plan is subject to ERISA, an investment manager as described in section 3(38) of ERISA.

Leased Employee means

any person (other than an Employee of the Employer) who, pursuant to an agreement between the Employer and any other person ("leasing organization"), has performed services for the Employer (or for the Employer and related persons determined in accordance with Code section 414(n)(6)) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the Employer. Contributions or benefits provided a Leased Employee by the leasing organization which are attributable to services performed for the Employer shall be treated as provided by the Employer. A person shall not be considered a Leased Employee if: (a) such person is covered by a money purchase pension plan providing: (1) a nonintegrated employer contribution rate of at least 10% of compensation, as defined in Code section 415(c)(3), but including amounts contributed pursuant to a salary reduction agreement which are excludable from the employee's gross income under Code sections 125, 402(e)(3), 402(h), 403(b), 132(f) or 457; (2) immediate participation; and (3) full and immediate vesting; and (b) Leased Employees do not constitute more than 20% of the Employer's non-highly compensated work force.

Limitation Year means

the year specified in the Adoption Agreement for purposes of determining Annual Additions limits pursuant to Article 5. All qualified plans maintained by the Employer must use the same Limitation Year. If the Limitation Year is amended to a different 12-consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

Mandatory After-Tax Contribution means

a Mandatory After-Tax Contribution made to the Plan by a Participant pursuant to Article 4 of the Plan.

Mandatory After-Tax Contribution Account means

so much of a Participant's Account as consists of Mandatory After-Tax Contributions (and corresponding earnings) made to the Plan.

Mandatory Contribution means

a Mandatory After-Tax Contribution or a Mandatory Pre-Tax Contribution made to the Plan by a Participant pursuant to Article 4 of the Plan.

Mandatory Pre-Tax Contribution means

a Mandatory Pre-Tax Contribution made to the Plan by a Participant pursuant to Article 4 of the Plan.

Mandatory Pre-Tax Contribution Account means

so much of a Participant's Account as consists of Mandatory Pre-Tax Contributions (and corresponding earnings) made to the Plan.

Matching Contribution means

an Employer Matching Contribution made to the Plan on behalf of the Participant pursuant to Article 4 of the Plan.

Matching Contribution Account means

so much of a Participant's Account as consists of Matching Contributions (and corresponding earnings) made to the Plan.

Matched Employee Contribution means

such employee contributions specified in the Adoption Agreement.

Non-Elective Contribution means

a contribution made by the Adopting Employer that is allocated to a Participant's Non-Elective Contribution Account pursuant to Article 4.

Non-Elective Contribution Account means

so much of a Participant's Account as consists of Non-Elective Contributions (and corresponding earnings) made to the Plan.

Non-qualified Church-Controlled Organization means

an organization that is tax-exempt under Code section 501(c)(3) that is church-controlled but that does not meet the definition of a Qualified Church-Controlled Organization.

Non-electing Church Plan means

a Code section 403(b) plan sponsored by a Church or by a Qualified Church-Controlled Organization who has not elected to be covered by ERISA.

Normal Retirement Age means

the age set forth in the Adoption Agreement.

One-Year Break in Service means

for purposes of determining a Year of Eligibility Service, an Eligibility Computation Period or, for purposes of determining a Year of Vesting Service, a Vesting Computation Period during which an Employee is credited with less than the lesser of (1) 500 Hours of Service or (2) The number of hours required for one year of service minus one hour.

One-Year Period of Severance means

a Period of Severance of at least 12 consecutive months. In the case of an individual who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence will not constitute a One-Year Period of Severance. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of the birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

Participant means

an Eligible Employee who participates in the Plan in accordance with Article 3 and who has not received a distribution of his or her entire benefit under the Plan.

Participating Employer means

an employer who, with the approval of the Plan Sponsor, has executed a joinder agreement thereby electing to participate in the Plan.

Plan Administrator means

the person(s) designated pursuant to the Adoption Agreement and Section 11.01.

Plan Year means

the 12-consecutive month period described in the Adoption Agreement.

Post Severance Compensation means

compensation paid by the later of: (1) 2-1/2 months after an Employee's severance from employment with the employer maintaining the plan, or (2) the end of the year that includes the date of the Employee's severance from employment with the employer maintaining the plan if: (a) the payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued; or (b) the payment is received by the employee pursuant to a nonqualified unfunded deferred compensation plan and would have been paid at the same time if employment had continued, but only to the extent includible in gross income.

Post Year End Compensation means

amounts earned during a year but not paid during that year solely because of the timing of pay periods and pay dates if: (i) these amounts are paid during the first few weeks of the next year; (ii) the amounts are included on a uniform and consistent basis with respect to all similarly situated Employees; and (iii) no compensation is included in more than one year.

Pre-Tax Elective Deferral means

Elective Deferrals that are not includible in the Participant's gross income at the time deferred.

Pre-Tax Elective Deferral Account means

so much of a Participant's Account as consists of a Participant's Pre-Tax Elective Deferrals (and corresponding earnings) made to the Plan.

Public School means

a State-sponsored educational organization described in Code section 170(b)(1)(A)(ii) (relating to educational organizations that normally maintain a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where educational activities are regularly carried out).

Qualified Church Controlled Organization means

an organization that is tax-exempt under Code section 501(c)(3) that is church-controlled that meet the definition of a under Code section 3121(w)(3)(B).

Qualified Domestic Relations Order means

any judgment, decree, or order (including approval of a property settlement agreement) that constitutes a "qualified domestic relations order" within the meaning of Code section 414(p). A domestic relations order will not fail to be a qualified domestic relations order solely because the domestic relations order: (i) revises or is issued after another domestic relations order or qualified domestic relations order, or (ii) the domestic relations order is issued after the participant's death, divorce, or annuity starting date.

Qualified Military Service means

service performed by an Employee within the meaning of Code section 414(u)(1).

Qualified Non-Elective Contribution means

a contribution made by the Adopting Employer that is allocated to a Participant's Qualified Non-Elective Contribution Account pursuant to Article 4.

Qualified Non-Elective Contribution Account means

so much of a Participant's Account as consists of Qualified Non-Elective Contributions (and corresponding earnings) made to the Plan.

Qualified Reservist Distributions means

the distributions described in Section 8.04(c).

Required Beginning Date means

April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70-1/2 or the calendar year in which the Participant retires. If the Plan is not a Governmental Plan and not a Church Plan, benefit distributions to a more than 5% owner must commence by April 1 of the calendar year following the calendar year in which the Participant attains age 70-1/2. The Adoption Agreement may provide that for a Participant other than a more than 5% owner (if applicable): (i) the Required Beginning Date is the April 1 of the calendar year following the calendar year in which the Participant attains age 70-1/2; or (ii) the Participant may elect to begin receiving distributions at the date specified in the preceding sentence or the date specified in clause (i) of this sentence. A "more than 5% owner" means any person who owns (either directly or by attribution, under Code section 318) more than 5% of the outstanding stock of the Employer or stock possessing more than 5% of the total combined voting power of all stock of the Employer or, in the case of an unincorporated business, any person who owns more than 5% of the capital or profits interest in the Employer.

Rollover Contribution means

an Employee contribution made to the Plan as a rollover from another tax-qualified plan or individual retirement account pursuant to Article 4 of the Plan.

Rollover Contribution Account means

so much of a Participant's Account as consists of a Participant's Rollover Contributions (and corresponding earnings) made to the Plan.

Roth Elective Deferral means

an Elective Deferral that is: (a) designated irrevocably by the Participant at the time of the cash or deferred election as a Roth Elective Deferral that is being made in lieu of all or a portion of the Pre-Tax Elective Deferrals the Participant is otherwise eligible to make under the Plan; and (b) treated by the Adopting Employer as includible in the Participant's income at the time the Participant would have received that amount in cash if the Participant had not made a cash or deferred election. Except as otherwise provided, Roth Elective Deferrals will be subject to the same conditions and limitations as apply to Elective Deferrals.

Roth Elective Deferral Account means

so much of a Participant's Account as consists of a Participant's Roth Elective Deferrals (and corresponding earnings) made to the Plan.

Special Long Service Catch-up Contribution means

a contribution made by a Participant who is employed by a qualified organization and who has at least 15 years of service is entitled to a special Code section 403(b) catch-up contribution. When determining if a Participant has 15 Years of Service, any period during which an individual is not an Employee of a qualified organization is disregarded. If a Participant is eligible for the special 403(b) catch-up described in this Section 5.01(b), the applicable dollar amount under Section 5.01(a) is increased by the least of:

- (a) \$3,000;
- (b) The excess of:
 - (1) \$15,000, over
 - (2) The total special 403(b) catch-up elective deferrals made for the Employee by the qualified organization for prior years; or
- (c) The excess of:
 - (1) \$5,000 multiplied by the number of years of service of the employee with the qualified organization, over
 - (2) The total Elective Deferrals made for the employee by the qualified organization for prior years.

For the purposes of this Section 5.01(b), a qualified organization includes an Employer that is:

- (a) educational organization described in Code section 170(b)(1)(A)(ii);
- (b) A hospital;
- (c) A health and welfare service agency (including a home health service agency) as defined in Treas. Reg. section 1.403(b)-4(c)(3)(ii)(C);
- (d) A church related organization as defined in Treas. Reg. section 1.403(b)-2(b)(6); or
- (e) An organization described in Code section 414(e)(3)(B)(ii).

State means

a State, a political subdivision of a State, or any agency or instrumentality of a State. "State" includes the District of Columbia (pursuant to Code section 7701(a)(10)). An Indian tribal government is treated as a State pursuant to Code section 7871(a)(6)(B) for purposes of Code section 403(b)(1)(A)(ii).

Termination and Termination of Employment means

severance from employment with the Employer (as defined in Treas. Reg. Section 1.403(b)-2(b)(19)). Termination occurs when the Employee ceases to be employed by the Employer maintaining the plan and on any date on which an Employer ceases to be an eligible employer. For purposes of this definition, eligible employer means:

- (a) a Public School;
- (b) a Code section 501(c)(3) organization which is exempt from tax under Code section 501(a) with respect to any employee of the Code section 501(c)(3) organization;
- (c) any employer of a minister described in Code section 414(e)(5)(A), but only with respect to the minister; or
- (d) a minister described in Code section 414(e)(5)(A), but only with respect to a Retirement Income Account established for the minister.

A subsidiary or other affiliate of an eligible employer is not an eligible employer if the subsidiary or other affiliate is not an entity described above.

Transfer Account means

so much of a Participant's Account as consists of amounts transferred from another tax-qualified plan pursuant to Article 4 (and corresponding earnings) in a transaction that was not an eligible rollover distribution within the meaning of Code section 402.

Unapproved Vendor means

a financial organization that is approved by the Adopting Employer to accept Exchanges and Rollover Contributions.

Valuation Date means

has the meaning specified in the Adoption Agreement.

Vesting Computation Period means

for purposes of determining Years of Vesting Service, the period described in the Adoption Agreement.

Voluntary Contribution or Voluntary After-Tax Contribution means

an Employee contribution made to the Plan on an after-tax basis not including Roth Elective Deferrals.

Voluntary Contribution Account or Voluntary After-Tax Contribution Account means

so much of a Participant's Account as consists of a Participant's Voluntary Contributions or Voluntary After-Tax Contributions (and corresponding earnings) made to the Plan.

W-2 Compensation means

wages within the meaning of Code section 3401(a) and all other payments of compensation paid to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code sections 6041(d), 6051(a)(3), and 6052.

Withholding Compensation means

wages paid to an Employee by the Employer (in the course of the Employer's trade or business) within the meaning of Code section 3401(a) for the purposes of income tax withholding at the source.

Year of Eligibility Service means

with respect to any Eligible Employee, an Eligibility Computation Period during which he completes at least the service specified in the Adoption Agreement. If the Plan uses the elapsed time method: (i) "Year of Eligibility Service" means a twelve month period of time beginning on an Employee's Employment Commencement Date and ending on the date on which eligibility service is being determined (if less than one year of eligibility service is required such period will be substituted for "twelve month" where it appears in this clause), (ii) in order to determine the number of whole Years of Eligibility Service under the elapsed time method, nonsuccessive periods of service and less than whole year periods of service will be aggregated on the basis that 12 months of service (30 days are deemed to be a month in the case of the aggregation of fractional months) or 365 days of service are equal to a whole year of service, and (iii) an Employee will also receive credit for any Period of Severance of less than 12 consecutive months. Except as provided in the Adoption Agreement, all Years of Eligibility Service with the Employer are taken into account.

All eligibility service with the Employer is taken into account except that if permitted in the Adoption Agreement, the following service shall be disregarded in determining Years of Eligibility Service:

- (a) One-Year Holdout. If an Employee has a One-Year Break in Service (One-Year Period of Severance to the extent the Plan uses the elapsed time method), Years of Eligibility Service before such period will not be taken into account until the Employee has completed a Year of Eligibility Service after returning to employment with the Employer.
- (b) Rule of Parity. If an Employee does not have any nonforfeitable right to the Account balance derived from Employer contributions, Years of Eligibility Service before a period of five (5) consecutive One-Year Breaks in Service (One-Year Periods of Severance to the extent the Plan uses the elapsed time method) will not be taken into account in computing eligibility service. Elective Deferrals are not taken into account for purposes of determining whether a Participant is a nonvested Participant for purposes of Code section 411(a)(6)(D)(iii).

For purposes of determining includible compensation for former Employees or Special Catch-Up Contributions, "Year of Service" means each full year during which an individual is a full-time Employee of the Employer, plus fractional credit for each part of a year during which the individual is either a full-time Employee of the Employer for a part of a year or a part-time Employee of the Employer. The Employee must be credited with a full Year of Service for each year during which the Employee is a full-time Employee and a fraction of a year for each part of a work period during which the Employee is a full-time or part-time Employee of the Employer. An Employee's number of Years of Service equals the aggregate of the annual work periods during which the Employee is employed by the Employer. The work period is the Employer's annual work period.

If a Participant's Years of Eligibility Service are disregarded pursuant to the foregoing, such Participant will be treated as a new Employee for eligibility purposes. If a Participant's Years of Eligibility Service may not be disregarded pursuant to the foregoing, such Participant shall participate in the Plan pursuant to the terms of Article 3.

To the extent provided in the Adoption Agreement, eligibility service may also include service with employers other than the Employer.

Year of Vesting Service means

a Vesting Computation Period during which the Employee completes at least the number of hours specified in the Adoption Agreement. If the Plan uses the elapsed time method: (i) "Year of Vesting Service" means a twelve month period of time beginning on an Employee's Employment Commencement Date and ending on the date on which vesting service is being determined, (ii) in order to determine the number of whole Years of Eligibility Service under the elapsed time method, nonsuccessive periods of service and less than whole year periods of service

will be aggregated on the basis that 12 months of service (30 days are deemed to be a month in the case of the aggregation of fractional months) or 365 days of service are equal to a whole year of service, and (iii) an Employee will also receive credit for any Period of Severance of less than 12 consecutive months.

All Years of Vesting Service with the Employer are taken into account except that for an Employee who has five consecutive One-Year Breaks in Service (One-Year Periods of Severance to the extent the Plan uses the elapsed time method) and except to the extent provided in Article 6, all periods of service after such breaks in service/periods of severance will be disregarded for the purpose of vesting the Employee's employer-derived Account balance that accrued before such breaks in service/periods of severance, but except as otherwise expressly provided, both the service before and after such breaks in service/periods of severance will count for purposes of vesting the Employee's employer-derived Account balance that accrues after such breaks in service/periods of severance. In addition, if permitted in the Adoption Agreement, Years of Vesting Service before age 18 and/or Years of Vesting Service before the Employer maintained this Plan or a predecessor plan will not be taken into account in computing vesting service.

In addition, if permitted in the Adoption Agreement, the following service shall be disregarded in determining Years of Vesting Service:

- (a) One-Year Holdout. If an Employee has a One-Year Break in Service (One-Year Period of Severance to the extent the Plan uses the elapsed time method), Years of Vesting Service before such period will not be taken into account until the Employee has completed a Year of Vesting Service after returning to employment with the Employer.
- (b) Rule of Parity. If an Employee does not have any nonforfeitable right to the Account balance derived from Employer contributions, Years of Vesting Service before a period of five (5) consecutive One-Year Breaks in Service (One-Year Periods of Severance to the extent the Plan uses the elapsed time method) will not be taken into account in computing vesting service. Elective Deferrals are not taken into account for purposes of determining whether a Participant is a nonvested Participant for purposes of Code section 411(a)(6)(D)(iii).
- (c) Years of Vesting Service before age 18 and/or Years of Vesting Service before the Employer maintained this Plan or a predecessor plan will not be taken into account in computing vesting service to the extent provided in the Adoption Agreement.

To the extent provided in the Adoption Agreement, vesting service may also include service with employers other than the Employer.

ARTICLE 3 PARTICIPATION

Section 3.01 ELECTIVE DEFERRALS, VOLUNTARY AFTER-TAX CONTRIBUTIONS, MANDATORY AFTER-TAX CONTRIBUTIONS

(a) Elective Deferrals.

- (1) Except to the extent provided in the Adoption Agreement, each Eligible Employee as of the Effective Date who was eligible to participate in the Plan with respect to Elective Deferrals on or before the Effective Date shall be a Participant eligible to make Elective Deferrals pursuant to Article 4 on the Effective Date. Each other Eligible Employee who was not a Participant in the Plan with respect to Elective Deferrals on the Effective Date shall become a Participant eligible to make Elective Deferrals on the date specified in the Adoption Agreement; provided that he is an Eligible Employee on such date. Notwithstanding the foregoing, a Participant shall be eligible to make Elective Deferrals only to the extent such contributions are permitted in the Adoption Agreement.
- (2) To the extent provided in the Adoption Agreement, Employees who work normally fewer than 20 hours per week are excluded provided that:
 - (A) for the 12-month period beginning on the date the Employee's employment commenced, the Employer reasonably expects the Employee to work fewer than 1,000 hours of service (as defined under section 410(a)(3)(C) of the Code) in such period; and
 - (B) for each Plan Year ending after the close of that 12-month period, the Employee has worked fewer than 1,000 hours of service in the preceding 12- month period.

Once an Employee becomes eligible to have Elective Deferrals made on his or her behalf under the Plan under the 20 hours per week class, the Employee cannot be excluded from eligibility to have Elective Deferrals made on his or her behalf in any later year due to working fewer than 20 hours per week as determined above.

Notwithstanding the foregoing, once an Employee completes 1,000 Hours of Service in any Eligibility Computation Period they will no longer be considered an excluded Employee.

(b) Voluntary After-Tax Contributions.

Except to the extent provided in the Adoption Agreement, each Eligible Employee as of the Effective Date who was eligible to participate in the Plan with respect to Voluntary After-Tax Contributions on or before the Effective Date shall be a Participant eligible to make Voluntary After-Tax Contributions pursuant to Article 4 on the Effective Date. Each other Eligible Employee who was not a Participant in the Plan with respect to Voluntary After-Tax Contributions on the Effective Date shall become a Participant eligible to make Voluntary After-Tax Contributions on the date specified in the Adoption Agreement; provided that he is an Eligible Employee on such date. Notwithstanding the foregoing, a Participant shall be eligible to make Voluntary After-Tax Contributions only to the extent such contributions are permitted in the Adoption Agreement.

(c) Mandatory After-Tax Contributions.

Except to the extent provided in the Adoption Agreement, each Eligible Employee as of the Effective Date who was eligible to participate in the Plan with respect to Mandatory After-Tax Contributions on or before the Effective Date shall be a Participant required to make Mandatory After-Tax Contributions pursuant to Article 4 on the Effective Date. Each other Eligible Employee who was not a Participant in the Plan with respect to Mandatory After-Tax Contributions on the Effective Date shall become a Participant required to make Mandatory After-Tax Contributions on the date specified in the Adoption Agreement; provided that he is an Eligible Employee on such date. Notwithstanding the foregoing, a Participant shall be required to make Mandatory After-Tax Contributions only to the extent such contributions are required in the Adoption Agreement.

(d) Mandatory Pre-Tax Contributions.

Except to the extent provided in the Adoption Agreement, each Eligible Employee as of the Effective Date who was eligible to participate in the Plan with respect to Mandatory Pre-Tax Contributions on or before the Effective Date shall be a Participant required to make Mandatory Pre-Tax Contributions pursuant to Article 4 on the Effective Date. Each other Eligible Employee who was not a Participant in the Plan with respect to Mandatory Pre-Tax Contributions on the Effective Date shall become a Participant required to make Mandatory Pre-Tax Contributions on the date specified in the Adoption Agreement; provided that he is an Eligible Employee on such date. Notwithstanding the foregoing, a Participant shall be required to make Mandatory Pre-Tax Contributions only to the extent such contributions are required in the Adoption Agreement.

Section 3.02 MATCHING CONTRIBUTIONS

Except to the extent provided in the Adoption Agreement, each Eligible Employee as of the Effective Date who was eligible to participate in the Plan with respect to Matching Contributions immediately prior to the Effective Date will be a Participant eligible to receive Matching Contributions

pursuant to Article 4 on the Effective Date. Each other Eligible Employee who was not a Participant in the Plan with respect to Matching Contributions immediately prior to the Effective Date will become a Participant eligible to receive Matching Contributions on the date specified in the Adoption Agreement; provided that he is an Eligible Employee on such date. Notwithstanding the foregoing, a Participant will be eligible to receive Matching Contributions only to the extent such contributions are permitted in the Adoption Agreement.

Section 3.03 NON-ELECTIVE CONTRIBUTIONS

Except to the extent provided in the Adoption Agreement, each Eligible Employee as of the Effective Date who was eligible to participate in the Plan with respect to Non-Elective Contributions immediately prior to the Effective Date will be a Participant eligible to receive Non-Elective Contributions pursuant to Article 4 on the Effective Date. Each other Eligible Employee who was not a Participant in the Plan with respect to Non-Elective Contributions immediately prior to the Effective Date will become a Participant eligible to receive Non-Elective Contributions on the date specified in the Adoption Agreement; provided that he is an Eligible Employee on such date. Notwithstanding the foregoing, a Participant will be eligible to receive Non-Elective Contributions only to the extent such contributions are permitted in the Adoption Agreement.

Section 3.04 TRANSFERS

If a change in job classification or a transfer results in an individual no longer qualifying as an Eligible Employee, such Employee will cease to be a Participant for purposes of Article 4 (or will not become eligible to become a Participant) as of the effective date of such change of job classification or transfer. Should such Employee again qualify as an Eligible Employee or if an Employee who was not previously an Eligible Employee becomes an Eligible Employee, he will become a Participant with respect to the contributions for which the eligibility requirements have been satisfied as of the later of the effective date of such subsequent change of status or the date the Employee meets the eligibility requirements of this Article 3.

Section 3.05 TERMINATION AND REHIRES

Except as provided in Section 4.03(e), if an Employee has a Termination of Employment, such Employee will cease to be a Participant for purposes of Article 4 (or will not become eligible to become a Participant) as of his Termination of Employment. An individual who has satisfied the applicable eligibility requirements set forth in Article 3 as of his Termination date, and who is subsequently reemployed by the Adopting Employer as an Eligible Employee, will resume or become a Participant immediately upon his rehire date with respect to the contributions for which the eligibility requirements of this Article 3 have been satisfied. An individual who has not so qualified for participation on his Termination date, and who is subsequently reemployed by the Adopting Employer as an Eligible Employee, will be eligible to participate as of the later of the effective date of such reemployment or the date the individual meets the eligibility requirements of this Article 3. The determination of whether a rehired Eligible Employee satisfies the requirements of Article 3 will be made after the application of any applicable break in service rules.

Section 3.06 LIMITATIONS ON EXCLUSIONS

Modifications. The completion of a 'fill-in' blank in the Adoption Agreement shall not be considered to be a modification to the Volume Submitter document unless the language used to complete the 'fill-in' blank is contrary to the notes and guidelines that accompany the option. If a completed 'fill-in' blank violates/is contrary to the notes and guidelines that accompany the option, the language is a modification to the Volume Submitter document.

Section 3.07 PROCEDURES FOR ADMISSION

The Plan Administrator will prescribe such forms and may require such data from Participants as are reasonably required to enroll a Participant in the Plan or to effectuate any Participant elections made pursuant to this Article 3.

Section 3.08 PARTICIPANTS RECEIVING DIFFERENTIAL MILITARY PAY

To the extent selected in the Adoption Agreement and pursuant to Code section 414(u)(12), IRS Notice 2010-15 and any superseding guidance, a Participant receiving Differential Wage Payments shall be treated as an Employee of the Employer making the payment and the Differential Wage Payments may be treated as Compensation under the Plan to the extent selected in the Adoption Agreement.

ARTICLE 4 CONTRIBUTIONS**Section 4.01 ELECTIVE DEFERRALS, VOLUNTARY AFTER-TAX CONTRIBUTIONS, MANDATORY AFTER-TAX CONTRIBUTIONS**

(a) Elections.

Each Participant may execute elections pursuant to this Section 4.01 by executing an election and filing it with the Administrator in the form and manner prescribed by the Plan Administrator. The Plan Administrator will provide each Participant with the forms necessary to elect to reduce his or her Compensation by amounts specified in the Adoption Agreement (and have that amount contributed as an Elective Deferral or Voluntary Contribution on his or her behalf). This Compensation reduction election will be made on the agreement provided by the Administrator under which the Employee agrees to be bound by all the terms and conditions of the Plan. The participation election will also include designation of the Funds and Accounts therein to which Elective Deferrals or Voluntary After-Tax Contributions are to be made and a designation of Beneficiary. Any such election will remain in effect until a new election is filed. Notwithstanding the foregoing, a Participant will be eligible to make Voluntary After-Tax Contributions only to the extent such contributions are permitted in the Adoption Agreement.

(b) Modifications.

As of the date a Participant first meets the eligibility requirements of Section 3.01, he may elect to contribute to the Plan. Subsequent to that date, a Participant may elect to start, increase, reduce, or totally suspend his elections pursuant to this Section 4.01, effective as of the dates specified in the Adoption Agreement.

(c) Procedures.

A Participant will make an election described in Subsection (b) in such form and manner as may be prescribed by the Plan Administrator at such time in advance as the Plan Administrator may require. Such procedures may include, but not be limited to: specifying that elections be made at such time in advance as the Plan Administrator may require, allowing on a nondiscriminatory basis a Participant to make a separate election as to any bonuses or other special pay, and/or requiring elections be made in a dollar amount or percentage of pay. A Participant's election regarding Elective Deferrals may be made only with respect to an amount which the Participant could otherwise elect to receive in cash and which is not currently available to the Participant.

(d) Reduction in Elections.

The Plan Administrator may reduce or totally suspend a Participant's election if the Plan Administrator determines that such election may cause the Plan to fail to satisfy any of the requirements of Article 5.

(e) Catch-up Contributions.

If elected by the Plan Sponsor in the Adoption Agreement, all Participants who are eligible to make Elective Deferrals under this Plan will be eligible to make Age 50 Catch-up Contributions and Special Long Service Catch-up Contributions.

(f) Roth Elective Deferrals.

To the extent provided in the Adoption Agreement, Participants will be eligible to irrevocably designate some or all of their Elective Deferrals as either Pre-Tax Elective Deferrals or Roth Elective Deferrals. All elections will be subject to the same election procedures, limits on modifications and other terms and conditions on elections as specified in the Plan. If Roth Elective Deferrals are not permitted, all Elective Deferrals will be designated as Pre-Tax Elective Deferrals.

(g) Automatic Enrollment.

To the extent provided in the Adoption Agreement, upon the initial satisfaction of the eligibility requirements of Article 3 with respect to Elective Deferrals (and at the effective date of the addition of an automatic enrollment feature for current Participants), an Eligible Employee who has not made an Elective Deferral election will be deemed to have made an Elective Deferral election (in the case of a Qualified Automatic Contribution Arrangement, the Adoption Agreement may provide that all Eligible Employees will be deemed to have made an Elective Deferral election) in the amount provided in the Adoption Agreement; provided however that:

- (1) In a reasonable period of time before the deemed election takes place the Eligible Employee shall receive a notice that explains the automatic Elective Deferral election, his or her Compensation reduction percentage and the individual's right to elect to have no such Elective Deferrals made to the Plan or to alter the amount of those contributions, including the procedure for exercising that right and the timing for implementation of any such election. The Eligible Employee must have a reasonable opportunity to file an election to receive cash in lieu of Elective Deferrals before such deemed election is made.
- (2) Unless otherwise selected in the Adoption Agreement, if the Plan provides for Roth Elective Deferrals, all Elective Deferrals made under Subsection (g) shall be designated as Pre-Tax Elective Deferrals.
- (3) Administrator Discretion. The Plan Administrator may, on a uniform and nondiscriminatory basis, provide that an affirmative election expires at the end of each Plan Year and that the Employee must make a new affirmative election if he or she wants the prior rate of Elective Deferral to continue.
- (4) Elections to End or Reduce Automatic Enrollment. If Plan Administrator elects to allow withdrawals, the Eligible Employee may

file an election to receive cash in lieu of Elective Deferrals at the time such deemed election is made or within the 60 day period thereafter. Upon an election to receive cash in lieu of Elective Deferrals, the Participant shall not receive a refund of any Elective Deferral made. The Eligible Employee may make a subsequent affirmative election to make Elective Deferrals at a later date that is effective as provided in Section 4.01(b).

(h) Participant.

For purposes of this Section, "Participant" will mean an Eligible Employee who has met the eligibility requirements of Article 3 with respect to Elective Deferrals, Voluntary After-Tax Contributions, or Mandatory After-Tax Contributions for each respective contribution type.

Section 4.02 MATCHING CONTRIBUTIONS

(a) Amount of Matching Contributions.

Subject to the limitations described in Article 5, the Adopting Employer will contribute to the Plan an amount specified in the Adoption Agreement on behalf of each Participant who made a Matched Employee Contribution and who has completed any service requirements specified in the Adoption Agreement. Notwithstanding the foregoing, a Participant will be eligible to receive an allocation of Matching Contributions only to the extent such contributions are permitted in the Adoption Agreement.

(b) Contribution and Allocation of Matching Contributions.

- (1) Matching Contributions will be made to the Plan and promptly allocated to the Matching Contribution Accounts of Participants who meet the requirements of Subsection (a) and in the amount determined pursuant to Subsection (a) as soon as administratively feasible after the end of the periods described in the Adoption Agreement. After the end of each Plan Year the Adopting Employer may make an additional Matching Contribution on behalf of each Participant in the amount of the positive difference, if any, between the Matching Contributions that would have been allocated to his account had such contributions been determined on the basis of Compensation for the entire Plan Year and the Matching Contributions previously allocated to such Participant's Account.
- (2) The Company may make an additional Matching Contribution ("true up") on behalf of each Participant in the amount of the positive difference, if any, between the Matching Contributions that would have been allocated to his Account had such contributions been determined on the basis of Compensation for the entire Plan Year and the Matching Contributions previously allocated to such Participant's Account.
- (3) If the Adoption Agreement specifies that the Age 50 Catch-up Contributions and/or Special Long Service Catch-up Contributions will not be matched, any Matching Contributions made on an Elective Deferral and, if applicable, a Voluntary Contribution that are subsequently classified as a Catch-up Contribution shall be forfeited to the extent allocated.

(c) Participant.

For purposes of this Section, "Participant" will mean an Eligible Employee who has met the eligibility requirements of Article 3 with respect to Matching Contributions.

Section 4.03 NON-ELECTIVE CONTRIBUTIONS

(a) Amount of Non-Elective Contributions.

Subject to the limitations described in Article 5, the Adopting Employer may, in its sole discretion, make Non-Elective Contributions to the Plan on behalf of each Participant who has completed any service requirements specified in the Adoption Agreement. Notwithstanding the foregoing, a Participant will be eligible to receive an allocation of Non-Elective Contributions only to the extent such contributions are permitted in the Adoption Agreement.

(b) Allocation of Non-Elective Contributions.

- (1) Non-Elective Contributions will be allocated to the Non-Elective Contribution Accounts of each Participant eligible to share in such allocations pursuant to Subsection (a) in the manner described in the Adoption Agreement.
- (2) Integration. If the Adoption Agreement specifies that the Non-Elective Contribution will be allocated using integration Non-Elective Contributions shall first be allocated to each Participant's Non-Elective Contribution Account in the ratio that the sum of such Participant's Compensation plus his Excess Compensation bears to the sum of all eligible Participants' Compensation plus Excess Compensation, but not to exceed the permitted disparity of such sum; and the balance, if any, remaining after the allocation in subparagraph (A) shall then be allocated to each Participant's Non-Elective Account in the ratio that such Participant's Compensation bears to all eligible Participants' Compensation.

(c) Participant.

For purposes of this Section, "Participant" will mean an Eligible Employee who has met the eligibility requirements of Article 3 with respect to Non-Elective Contributions.

(d) Former Employees. To the extent provided in the Adoption Agreement, a former employee who was a Participant at the time of Termination is deemed to have includible compensation, within the meaning of Code section 415(c)(3) and Treas. Reg. section 1.403(b)-

4(d), for the period through the end of the taxable year of the Employee in which he or she ceases to be an employee and through the end of each of the next number of taxable years of the employee as specified in the Adoption Agreement.

- (e) Disability. In addition to the foregoing, if the Adoption Agreement specifies that contributions described in this Section shall be allocated to Disabled Participants, a Participant who does not meet the requirements of Subsection (a) due to Disability shall be eligible to share in such contributions (including Disabled Participants that have Terminated Employment); provided that such Disability would also constitute a disability pursuant to Code section 22(e). The Company shall allocate the applicable contributions on behalf of each such Disabled Participant on the basis of the Compensation each such Participant would have received for the Limitation Year if the Participant had been paid at the rate of Compensation paid immediately before suffering a Disability. Contributions allocated to Participants suffering a Disability pursuant to this Subsection shall be fully (100%) vested when made. Such allocations shall cease on the first to occur of the following:
- (1) the last day of the Plan Year in which occurs the anniversary specified in the Adoption Agreement of the date the Plan Administrator determines that the Participant's Disability commenced;
 - (2) the date the Participant ceases to suffer from a Disability;
 - (3) the date the Participant refuses to submit to a periodic examination by the Company or its agent to determine the existence of a Disability; or
 - (4) the date the Participant dies.

Section 4.04 QUALIFIED NON-ELECTIVE CONTRIBUTIONS

Qualified Non-Elective Contributions. The Adopting Employer may, in its discretion, make Qualified Non-Elective Contributions for the benefit of such Participants and in such manner as permitted by law. In addition, the Adopting Employer may, in its discretion, make Qualified Non-Elective Contributions for a Plan Year that will be allocated in the manner prescribed by the Adopting Employer to correct any testing, operational, or demographic failure pursuant to any correction program or policy established by the Internal Revenue Service, the Department of Labor or other applicable governmental agency.

Section 4.05 ROLLOVER CONTRIBUTIONS

- (a) To the extent provided in the Adoption Agreement, the Plan may accept the Rollover Contributions specified in Subsection (b) made in cash (or such other form that may be acceptable to the Plan Administrator) on behalf of Eligible Employees; as determined in accordance with procedures established by the Plan Administrator. Rollover Contributions will be allocated to the Eligible Employee's Rollover Contribution Account. An Eligible Employee who has not yet met any of the eligibility requirements of Article 3 will be deemed a Participant only with respect to amounts, if any, in his Rollover Contribution Account.
- (b) Eligible Plans. Subject to any limitations specified in the Adoption Agreement, the following are plans eligible to provide rollover contributions:
- (1) Annuity Contract described in Code section 403(a) or 403(b) that is eligible to be rolled over and would otherwise be includable in gross income.
 - (2) A qualified trust described in Code section 401(a) or 403(a) that is eligible to be rolled over and would otherwise be includable in gross income.
 - (3) An individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b) that is eligible to be rolled over and would otherwise be includable in gross income.
 - (4) An eligible governmental plan described in Code section 457(b) that is eligible to be rolled over and would otherwise be includable in gross income.
 - (5) If the Plan permits Roth Elective Deferrals, the Plan may accept a rollover contribution to a Roth Elective Deferral Account only if it is a direct rollover from another Roth elective deferral account under an applicable retirement plan described in Code section 402A(e)(1) and only to the extent the rollover is permitted under the rules of Code section 402(c).
 - (6) Effective for taxable years beginning on or after January 1, 2007, if the Plan permits Rollover Contributions to the Plan from all qualified plans and tax favored vehicles, the eligible plans will include after-tax contributions as permitted by Section 822 of PPA. The Plan will separately account for amounts so transferred, including separately accounting for the portion of such contribution which is includable in gross income and the portion of such contribution which is not so includable.
- (c) The Plan Administrator will not accept a rollover of any of the following distributions:
- (1) any installment payment for a period of 10 years or more,
 - (2) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the employee,
 - (3) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under Code section 401(a)(9), or
 - (4) any other distribution that does not meet the requirements of Code section 402(c)(4) and any superseding guidance and regulation.

- (d) After-Tax Basis. Any rollover of an Eligible Rollover Contributions that includes after-tax employee contributions or Roth Elective Deferrals will only be accepted if the Plan Administrator obtains information regarding the Participant's tax basis in the Rollover Contributions under Code section 72.

Section 4.06 TRANSFERS TO THE PLAN

- (a) The Plan Administrator may accept a direct transfer of assets, made without the consent of the affected Employees as provided in this Section 4.06. Such a transfer is permitted only if the other plan provides for the direct transfer to the Plan and the Participant is an Employee or former Employee of the Adopting Employer. The Administrator accepting such transferred amounts may require that the transfer be in cash or other property acceptable to it. The Administrator accepting such transferred amounts may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with Treas. Reg. section 1.403(b)-10(b)(3) and to confirm that the other plan is a plan that satisfies Code section 403(b).
- (b) The amount so transferred will be credited to the Participant's Transfer Account, so that the Participant or Beneficiary whose assets are being transferred has an accumulated benefit immediately after the transfer at least equal to the accumulated benefit with respect to that Participant or Beneficiary immediately before the transfer.
- (c) The amount transferred will be held, accounted for, administered, and otherwise treated in the Plan in the same manner as the transferor plan. The Plan must impose restrictions on distributions to the Participant or Beneficiary whose assets are being transferred that are not less stringent than those imposed on the transferor plan by application of the Code, ERISA or other applicable law. The transferred amount will not be considered an Elective Deferral under the Plan in determining the maximum deferral under Section 5.01.

Section 4.07 MILITARY SERVICE

- (a) In General.
Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to Qualified Military Service shall be provided in accordance with Code section 414(u).
- (b) Death or Disability During Qualified Military Service.
To the extent provided in IRS Notice 2010-15 and any superseding guidance; a Participant who dies or becomes Disabled while performing Qualified Military Service will be treated as if he had been employed by the Company on the day preceding death or Disability and terminated employment on the day of death or Disability and receive benefits other than benefit accruals related to the period of Qualified Military Service as provided under Code section 414(u)(8).

To the extent provided in the Adoption Agreement, pursuant to Code section 414(u)(9), IRS Notice 2010-15 and any superseding guidance; a Participant who dies or becomes Disabled while performing Qualified Military Service will be treated as if he had been employed by the Company on the day preceding death or Disability and terminated employment on the day of death or Disability and receive benefit accruals related to the period of Qualified Military Service as provided under Code section 414(u)(8), except as provided below:

- (1) All Participants eligible for benefits under the Plan by reason of this Section shall be provided benefits on reasonably equivalent terms.
- (2) For the purposes of applying Code section 414(u)(8)(C), a Participant's Elective Deferrals shall be determined based on the Participant's average actual contributions for:
 - (A) the 12-month period of service with the Employer immediately prior to Qualified Military Service, or
 - (B) if service with the Employer is less than such 12-month period, the actual length of continuous service with the Employer.
 Beneficiaries of a Participant who dies while performing Qualified Military Service will be entitled to any additional benefits provided under this section.

Section 4.08 TIMING OF CONTRIBUTIONS

Amounts contributed to the Plan with funds provided by Participants will be transferred to the Approved Vendor as soon as practicable, but no later than the fifteenth (15th) business day of the month following the month in which such contributions were received or withheld from the Participant's Compensation unless a longer period is permitted under applicable law or regulation.

Section 4.09 MULTIPLE EMPLOYER PLAN

- (a) Universal Availability. In the case of a section 403(b) plan that covers the Employees of more than one section 501(c)(3) organization, the universal availability requirement of Treas. Reg. section 1.403(b)-5(b) applies separately to each common law entity. In the case of a

section 403(b) plan that covers the Employees of more than one State entity, this requirement applies separately to each entity that is not part of a common payroll. For purposes of this Section 4.09(a), an Employer that historically has treated one or more of its various geographically distinct units as separate for employee benefit purposes may treat each unit as a separate organization if the unit is operated independently on a day-to-day basis. Units are not geographically distinct if such units are located within the same Standard Metropolitan Statistical Area (SMSA).

- (b) Definitions. The following terms are modified as used in the Plan:
 - (1) "Adopting Entity" means an entity who executes a joinder agreement.
 - (2) "Adoption Agreement" means the Adoption Agreement for the Plan Sponsor. For any Adopting Entity, Adoption Agreement means the Adoption Agreement as amended in that entity's joinder agreement (as provided in Section 4.09(c)).
 - (3) "Plan Sponsor" means the executor of the Master Adoption Agreement described in Section 4.09(d).
- (c) Other Non-discrimination. If the Employees of more than one employer within the meaning of Code section 413(c) are covered under the Plan, the provisions of such section will apply to the Plan. The Plan Administrator may allocate contributions specifically to Participants who are employed a Participating Employer and may restrict the allocation of any forfeitures arising hereunder to the entity for which the applicable Participant is or was employed.
 - (1) Eligibility Service. Code section 410(a) shall be applied as if all Employees of each Employer who maintains the Plan were employed by a single Employer. An Employee who transfers employment between Adopting Entities and/or the Plan Sponsor shall not be considered to have a Termination of Employment.
 - (2) Vesting. Code section 411 shall be applied as if all Employers who maintain the Plan constituted a single Employer, except that the application of any rules with respect to breaks in service shall be made under regulations prescribed by the Secretary of Labor.
 - (3) Each Employer will separately determine Actual Contribution, the minimum coverage requirements of Code section 410(b) and Code section 401(a)(4) testing as provided in Treas. Reg. section 1.413-2(a)(3)(ii).
- (d) Method of Adoption. If this Section 4.09 applies, the Plan Sponsor will execute a master Adoption Agreement and each other Participating Employer will execute a joinder agreement which contains only those Adoption Agreement provisions, if any, which may be overridden by an entity other than the Plan Sponsor.
- (e) Other Rules.
 - (1) Contributions and forfeitures arising hereunder must be restricted to Participants who are employed by the entity under which the forfeitures arose.
 - (2) Maximum Annual Additions. Except as provided in Treas. Reg. section 1.415(f)-1(g)(2)(i) (regarding aggregation of multiemployer plans with plans other than multiemployer plans), for purposes of applying Section 5.05, Annual Additions attributable to a Participant from all of the Employers maintaining the Plan must be taken into account. Furthermore, in applying the limitations of Section 5.05 with respect to a Participant, the total Statutory Compensation received by the Participant from all of the Employers maintaining the Plan is taken into account under the Plan, unless Treas. Reg. section 1.415-1(e) and any superseding guidance specifies otherwise.
 - (3) For purposes of determining a Participant's Required Beginning Date, a Participant may be considered a More Than 5% Owner with one Employer and not a More Than 5% Owner with another Employer.
 - (4) Fiduciary Act to Join the Plan. By executing a joinder agreement, each Adopting Entity, acting as a fiduciary with respect to its current and future Employees, thereby ratifies and confirms the appointment of all parties to the Plan and all action taken to establish and maintain the Plan. The term parties to the Plan in the preceding sentence shall include, but not be limited to, the Plan Administrator, Trustee and Investment Fiduciary.
 - (5) Each Adopting Entity shall be jointly and severally liable for Plan expenses.
 - (6) Each Adopting Entity shall indemnify and hold harmless the Plan Administrator (and their delegates), any other Adopting Entities, any person serving as the Trustee and/or Investment Fiduciary from all claims, liabilities, losses, damages and expenses, including reasonable attorneys' fees and expenses for its failure to operate in accordance with the Plan or any intentional or negligent act or omission with respect to the Plan including but not limited to failure of oversight and or appointment. The Plan Administrator may in its discretion utilize any IRS or DOL correction program and any fees or costs associated with such program are the responsibility of the offending Adopting Entity.
- (f) Termination of Participation. If an Adopting Entity terminates its participation in the Plan (or is terminated by the Plan Administrator) the Plan Administrator may require the terminating Adopting Entity to do any of the following:
 - (1) Successor Plan. Set up a successor plan unless the entity sponsors another eligible plan to receive a transfer of assets.
 - (2) Proof of Dissolution. In the event the Adopting Entity terminates its participation in the Plan by reason of ceasing business operations, the managing officials of such entity shall present the Plan Administrator articles of dissolution or other documentation as required by the Plan Administrator. Once acceptable documentation has been provided to the Plan Administrator, the Account balance of each affected Participant will be nonforfeitable and the affected Participant Accounts shall be distributed in a single lump sum payment unless otherwise required pursuant to Article 7.
 - (3) Hold Assets for Twelve Months. The Plan Administrator may hold the assets of Participants that are not otherwise eligible for

distribution for a period of twelve months. Thereafter, provided the Adopting Entity has not set-up a plan eligible to receive the assets, the Plan Administrator will establish a spin-off plan to hold the Account balance of each affected Participant. The Plan Administrator will then terminate the spin-off plan, the Account Balance of each affected Participant will be nonforfeitable and the affected Participant Accounts shall be distributed in a single lump sum payment unless otherwise required pursuant to Article 7.

- (4) The determination of whether or not there is a termination, within the meaning of Code section 411(d)(3), is made solely by reference to the rules of Code sections 411(d)(3) and 413(c)(3).

ARTICLE 5 LIMITATIONS ON CONTRIBUTIONS**Section 5.01 ANNUAL LIMITATION ON ELECTIVE DEFERRALS**

- (a) Amount. Notwithstanding anything herein to the contrary, elective deferrals (as defined in Code section 402(g)) made under this Plan, or any other qualified plan maintained by the Employer may not exceed the lesser of (a) the applicable dollar amount established under Code section 402(g)(1)(B) or (b) the Participant's Compensation for the calendar year.
- (b) Special Long Service Catch-up. If elected by the Plan Sponsor in the Adoption Agreement and if a Participant is eligible for the Special Long Service Catch-up Contribution the applicable dollar amount established under Code section 402(g)(1)(B) is increased by the amount of Special Long Service Catch-up Contribution the Participant is eligible to make.
- (c) Age 50 Catch-up. If elected by the Plan Sponsor in the Adoption Agreement and if a Participant is eligible to make Age 50 Catch-up Contributions the applicable dollar amount established under Code section 402(g)(1)(B) is increased by amount specified in Code section 414(v), as adjusted for cost of living.
- (d) Coordination of Catch-ups. Amounts in excess of the limitation set forth in Section 5.01(a) will be allocated first to the special Long Service Catch-up Contribution and next as an Age 50 Catch-up Contribution. However, in no event can the amount of the Elective Deferrals for a year be more than the Participant's Compensation for the year.
- (e) Special Rule for a Participant Covered by Another Section 403(b) Plan. For purposes of this Section 5.01, if the Participant is or has been a participant in one or more other plans under Code section 403(b) (and any other plan that permits elective deferrals under Code section 402(g)), then this Plan and all such other plans will be considered as one plan for purposes of applying the foregoing limitations of this Section. For this purpose, the Administrator will take into account any other such plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan.
- (f) Refund of Excess Elective Deferrals. In the event that Elective Deferrals under this Plan when added to a Participant's other elective deferrals under any other plan or arrangement (whether or not maintained by the Employer) exceed the limit described in the preceding Subsection, the Plan Administrator shall distribute, by April 15 of the following calendar year, the excess amount of Elective Deferrals plus income thereon.
 - (1) The income/loss allocable to excess deferrals is equal to the sum of the allocable gain or loss for (i) the Plan Year and, (ii) effective as of such date as specified in a prior document, the "gap period" (i.e., the period after the close of the Plan Year and prior to the distribution). Income for the gap period shall be the allocable gain or loss during that period to the extent that the excess deferrals would otherwise be credited with gain or loss if the total Account were to be distributed. The Plan Administrator may use any reasonable method for computing the income allocable to excess deferrals, provided that the method does not violate Code section 401(a)(4), is used consistently for all Participants and for all corrective distributions under the Plan for the Plan Year, and is used by the Plan for allocating income to Participant's Accounts. The Plan will not fail to use a reasonable method for computing the income allocable to excess deferrals merely because the income allocable to excess deferrals is determined on a date that is no more than 7 days before the actual distribution. In addition, the Plan Administrator may allocate income in any manner permitted under Treas. Reg. section 1.401(k)-2(b)(2)(iv).
 - (2) Any refunds of Elective Deferrals that exceed the dollar limitation contained in Code section 402(g) shall be adjusted for income or loss up to the date of distribution. Effective for taxable years beginning after December 31, 2007, gap period income described in this Subsection shall not be distributed. The income/loss allocable to excess deferrals is equal to the sum of the allocable gain or loss for the Plan Year and, to the extent that such excess deferrals would otherwise be credited with gain or loss for the gap period (i.e., the period after the close of the Plan Year and prior to the distribution) if the total Account were to be distributed, the allocable gain or loss during that period. The Plan Administrator may use any reasonable method for computing the income allocable to excess deferrals, provided that the method does not violate Code section 401(a)(4), is used consistently for all Participants and for all corrective distributions under the Plan for the Plan Year, and is used by the Plan for allocating income to Participant's Accounts. The Plan will not fail to use a reasonable method for computing the income allocable to excess contributions merely because the income allocable to excess contributions is determined on a date that is no more than 7 days before the actual distribution. In addition, the Plan Administrator may allocate income in any manner permitted under applicable Treasury Regulations. A Participant's claim that the excess was caused by elective deferrals made under a plan or arrangement not maintained by the Employer shall be made in writing and shall be submitted to the Plan Administrator no later than the date specified by the Plan Administrator following the calendar year in which such deferrals occurred. For purposes of determining the necessary reduction, if the Plan permits Roth Elective Deferrals, the Plan Administrator shall determine the ordering rule for refunds of Excess Elective Deferrals. Such ordering rule may provide that the Participant may elect to have refunds made either from his Pre-Tax Elective Deferrals or Roth Elective Deferrals or any combination thereof.
- (g) Forfeiture of Matching Contributions Related to Excess Elective Deferrals. In the event a Participant receives a distribution of excess

Elective Deferrals pursuant to Subsection (b), the Participant will forfeit any Matching Contributions (plus income thereon) allocated to the Participant by reason of the distributed Elective Deferrals. Elective Deferrals not taken into account in determining Matching Contributions under Section 4.02 will be treated as being reduced first. Amounts forfeited will be used to restore forfeitures, reduce Employer contributions (or reallocate as Employer contributions) made pursuant to Article 4 or to pay Plan expenses.

Section 5.02 MAXIMUM AMOUNT OF ANNUAL ADDITIONS

- (a) **Maximum Permissible Amount.** For Limitation Years beginning on or after January 1, 2002, the maximum permissible amount is the lesser of:
 - (1) \$40,000, as adjusted for increases in the cost-of-living under Code section 415(d); or
 - (2) 100% of the Participant's Compensation for the Limitation Year. The Compensation limit referred to in this Subsection (b)(2) shall not apply to any contribution for medical benefits after separation from service (within the meaning of Code sections 401(h) or 419A(f)(2)) which is otherwise treated as an Annual Addition. Notwithstanding the preceding sentence, Compensation for purposes of Section 5.02 for a Participant in a defined contribution plan who is permanently and totally disabled (as defined in Code section 22(e)(3)) is the Compensation such Participant would have received for the Limitation Year if the Participant had been paid at the rate of Compensation paid immediately before becoming permanently and totally disabled.

Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the maximum permissible amount for a Participant on the basis of a reasonable estimation of the Participant's Compensation for the Limitation Year, uniformly determined for all Participants similarly situated. As soon as is administratively feasible after the end of the Limitation Year, the maximum permissible amount for the Limitation Year will be determined on the basis of the Participant's actual Compensation for the Limitation Year.
- (b) **Aggregation of Section 403(b) Plans of the Employer.** If Annual Additions are credited to a Participant under any section 403(b) plans of the Employer in addition to this Plan for a Limitation Year, the sum of the Participant's Annual Additions for the Limitation Year under this Plan and such other section 403(b) plans may not exceed the Maximum Annual Addition as set forth in section 5.02(a).
- (c) **Aggregation Where Participant is in Control of Any Employer.** If a Participant is in control of any Employer for a Limitation Year, the sum of the Participant's Annual Additions for the Limitation Year under this Plan, any other section 403(b) plans of the Employer, any defined contribution plans maintained by controlled employers, and any section 403(b) plans of any other employers may not exceed the Maximum Annual Addition as set forth in section 5.02(a). For purposes of this paragraph, a Participant is in control of an employer based upon the rules of Code sections 414(b), 414(c), and 415(h); and a defined contribution plan means a defined contribution plan that is qualified under Code section 401(a) or 403(a), a section 403(b) plan, or a simplified employee pension within the meaning of Code section 408(k).
- (d) **Annual Notice to Participants.** The Plan Administrator will provide written or electronic notice to Participants that explains the limitation in section 5.02(c) in a manner calculated to be understood by the average Participant and informs Participants of their responsibility to provide information to the Plan Administrator that is necessary to satisfy section 5.02(c). The notice will advise Participants that the application of the limitations in section 5.02(c) will take into account information supplied by the Participant and that failure to provide necessary and correct information to the Plan Administrator could result in adverse tax consequences to the Participant, including the inability to exclude contributions to the Plan under Code section 403(b). The notice will be provided annually, beginning no later than the year in which the Employee becomes a Participant.
- (e) **Coordination of Limitation on Annual Additions Where Employer Has Another Section 403(b) Prototype Plan or Participant is in Control of Employer.** The Annual Additions which may be credited to a Participant under this Plan for any Limitation Year will not exceed the Maximum Annual Addition under section 5.02(a), reduced by the Annual Additions credited to the Participant under any other Section 403(b) Prototype Plans of the Employer in addition to this Plan and, if the Participant is in control of an employer, any defined contribution plans maintained by controlled employers and section 403(b) plans of any other employers. Contributions to the Participant's Accounts under this Plan will be reduced to the extent necessary to prevent this limitation from being exceeded.
- (f) **Excess Annual Additions.**
 - (1) If, notwithstanding sections 5.02(b) through 5.02(e), a Participant's Annual Additions under this Plan, or under this Plan and plans aggregated with this Plan under sections 5.02(b) and 5.02(c), result in an Excess Annual Addition for a Limitation Year, the Excess Annual Addition will be deemed to consist of the Annual Additions last credited, except Annual Additions to a defined contribution plan qualified under Code section 401(a) or a simplified employee pension maintained by an employer controlled by the Participant will be deemed to have been credited first.
 - (2) If an Excess Annual Addition is credited to a Participant under this Plan and another Section 403(b) Prototype Plan of the Employer on the same date, the Excess Annual Addition attributable to this Plan will be the product of:
 - (A) the total Excess Annual Addition credited as of such date, times
 - (B) the ratio of
 - (i) the Annual Additions credited to the Participant for the Limitation Year as of such date under this Plan to

ARTICLE 5 LIMITATIONS ON CONTRIBUTIONS

- (ii) the total Annual Additions credited to the Participant for the Limitation Year as of such date under this Plan and all other Section 403(b) Prototype Plans of the Employer.
- (C) Any Excess Annual Addition attributable to this Plan will be corrected in the manner described in section 1.8.
- (g) Coordination of Limitation on Annual Additions Where Employer Has Another Section 403(b) Plan that is Not a Prototype Plan. If Annual Additions are credited to the Participant for the Limitation Year under another section 403(b) plan of the Employer which is not a Section 403(b) Prototype Plan, the Annual Additions which may be credited to the Participant under this Plan for the Limitation Year will be limited in accordance with sections 5.02(e) and 5.02(f) as though the other plan were a Section 403(b) Prototype Plan unless the Employer provides other limitations in the Adoption Agreement.
- (h) Correction of Excess Annual Additions. A Participant's Excess Annual Additions for a taxable year are includible in the Participant's gross income for that taxable year. A Participant's Excess Annual Additions attributable to this Plan will be credited in the year of the excess to a separate account under the Plan for such Excess Annual Additions which will be maintained by the Vendor until the Excess Annual Additions are distributed. This separate account will be treated as a separate contract to which Code section 403(c) (or another applicable provision of the Internal Revenue Code) applies. Amounts in the separate account may be distributed at any time, notwithstanding any other provisions of the Plan.

ARTICLE 6 VESTING

Section 6.01 PARTICIPANT CONTRIBUTIONS

A Participant will have a fully (100%) vested and nonforfeitable interest in his Elective Deferral Account, Voluntary Contribution Account, Mandatory After-Tax Contribution Account, Mandatory Pre-Tax Contribution Account, Qualified Non-Elective Contribution Account, and Rollover Contribution Account.

Section 6.02 EMPLOYER CONTRIBUTIONS

The Participant's interest in his Matching Contribution Account and Non-Elective Contribution Account will vest based on his Years of Vesting Service in accordance with the terms of the Adoption Agreement.

For purposes of the Adoption Agreement, "2-6 Year Graded", "1-5 Year Graded", "1-4 Year Graded", "3 Year Cliff" and "2 Year Cliff" will be determined in accordance with the following schedules:

	Years of Vesting Service	Vesting Percentage
"2-6 Year Graded":	Less than Two Years	0%
	Two Years but less than Three Years	20%
	Three Years but less than Four Years	40%
	Four Years but less than Five Years	60%
	Five Years but less than Six Years	80%
	Six or More Years	100%
"1-5 Year Graded":	Less than One Year	0%
	One Year but less than Two Years	20%
	Two Years but less than Three Years	40%
	Three Years but less than Four Years	60%
	Four Years but less than Five Years	80%
	Five or More Years	100%
"1-4 Year Graded":	Less than One Year	0%
	One Year but less than Two Years	25%
	Two Years but less than Three Years	50%
	Three Years but less than Four Years	75%
	Four or More Years	100%
"3 Year Cliff":	Less than Three Years	0%
	Three or More Years	100%
"2 Year Cliff":	Less than Two Years	0%
	Two or More Years	100%

Section 6.03 FORFEITURES

- (a) Participants Receiving a Distribution. A Participant who receives a distribution of the value of the entire vested portion of his Account will forfeit the nonvested portion of such Account. For purposes of this Section, if the value of a Participant's vested Account balance is zero upon Termination, the Participant will be deemed to have received a distribution of such vested Account. A Participant's vested

Account balance will not include accumulated deductible employee contributions within the meaning of Code section 72(o)(5)(B) for Plan Years beginning prior to January 1, 1989. If the Participant elects to the extent permitted by Article 7 to have distributed less than the entire vested portion of the Account balance derived from Employer contributions, the part of the nonvested portion that will be treated as a forfeiture is the total nonvested portion multiplied by a fraction, the numerator of which is the amount of the distribution attributable to Employer contributions and the denominator of which is the total value of the vested Employer-derived Account balance. No forfeitures will occur solely as a result of a Participant's withdrawal of employee contributions.

- (b) **Participants Not Receiving a Distribution.** The nonvested portion of the Account balance of a Participant who has a Termination of Employment and does not receive a complete distribution of the vested portion of his Account will be forfeited after the date he incurs five consecutive One-Year Breaks in Service (One-Year Periods of Severance if the Plan uses the elapsed time method).
- (c) **Reemployment.**
 - (1) **Before Five One-Year Breaks.** If a Participant receives or is deemed to receive a distribution pursuant to this Section and the Participant resumes employment covered under this Plan, the Participant's Employer-derived Account balance will be restored to the amount on the date of distribution if the Participant repays to the Plan the full amount of the distribution attributable to Employer contributions before the earlier of 5 years after the first date on which the Participant is subsequently reemployed by the Employer, or the date the Participant incurs 5 consecutive One-Year Breaks in Service (One-Year Periods of Severance if the Plan uses the elapsed time method) following the date of the distribution. If a zero-vested Participant is deemed to receive a distribution pursuant to this Section, and the Participant resumes employment covered under this Plan before the date the Participant incurs 5 consecutive One-Year Breaks in Service (One-Year Periods of Severance if the Plan uses the elapsed time method), upon the reemployment of such Participant, the Employer-derived Account balance of the Participant will be restored to the amount on the date of such deemed distribution. Forfeitures that are restored pursuant to the foregoing will be accomplished by an allocation of forfeitures, or if such forfeitures are insufficient, by a special Employer contribution.
 - (2) **After Five One-Year Breaks.** If a Participant resumes employment as an Eligible Employee after forfeiting the nonvested portion of his Account balance after 5 consecutive One-Year Breaks in Service (One-Year Periods of Severance if the Plan uses the elapsed time method) and is not fully vested upon reemployment, the Participant's Account balance attributable to his pre-break service will be kept separate from that portion of his Account balance attributable to his post-break service until such time as his post-break Account balance becomes fully vested.
- (d) **Disposition of Forfeitures.** Amounts forfeited from a Participant's Account under this Section will be used to restore forfeitures, reduce Adopting Employer contributions (or reallocate as Adopting Employer contributions) made pursuant to Article 4 or to pay Plan expenses.
- (e) **Vesting Following In-Service Withdrawals or Payment in Installments.** If a distribution is made at a time when a Participant has a nonforfeitable right to less than 100 percent of his Account derived from Employer contributions and the Participant may increase the nonforfeitable percentage in the Account:
 - (1) A separate account will be established for the Participant's interest in the Plan as of the time of the distribution, and
 - (2) At any relevant time the Participant's nonforfeitable portion of the separate account will be equal to an amount ("X") determined by the formula:

$$X = P(AB + (R \times D)) - (R \times D)$$

For purposes of applying the formula: P is the nonforfeitable percentage at the relevant time, AB is the Account balance at the relevant time, D is the amount of the distribution, and R is the ratio of the Account balance at the relevant time to the Account balance after distribution.

ARTICLE 7 DISTRIBUTIONS

Section 7.01 COMMENCEMENT OF DISTRIBUTIONS

- (a) Normal Retirement. A Participant, upon attainment of Normal Retirement Age, will be entitled to retire and to receive his Account as his benefit hereunder pursuant to Section 7.02.
- (b) Late Retirement. If a Participant continues in the employ of the Adopting Employer beyond his Normal Retirement Age, his participation under the Plan will continue, and his benefits under the Plan will commence following his actual Termination of Employment pursuant to Section 7.02. To the extent permitted in the Adoption Agreement, a Participant may, at any time after reaching his Normal Retirement Age but before actual retirement, elect to have the Plan Administrator commence the distribution of his benefit pursuant to Section 7.02 by providing the Plan Administrator with a written election to that effect. Any such written election will state the date upon which distribution of benefits is to commence and will be effective upon delivery to the Plan Administrator.
- (c) Disability Retirement. If a Participant becomes Disabled, he will become entitled to receive his vested Account pursuant to Section 7.02 following the date he has a Termination of Employment.
- (d) Death. If a Participant dies, either before or after his Termination of Employment, his Beneficiary designated pursuant to Section 7.04 will become entitled to receive the Participant's vested Account pursuant to Section 7.02.
- (e) Termination of Employment. A Participant will become entitled to receive his vested Account pursuant to Section 7.02 following the date he has a Termination of Employment.
- (f) Retirement. Unless otherwise elected, benefit payments under the Plan will begin to a Participant not later than the 60th day after the latest of the close of the Plan Year in which:
 - (1) the Participant attains Normal Retirement Age;
 - (2) occurs the 10th anniversary of the year in which his participation commenced; or
 - (3) the Participant has a Termination of Employment.

Section 7.02 TIMING AND FORM OF DISTRIBUTIONS

- (a) Distribution for Reasons Other Than Death. If a Participant's Account balance becomes distributable pursuant to Section 7.01 for any reason other than death and such amount is not required to be distributed in the form of a Qualified Joint and Survivor Annuity pursuant to Section 7.09, payment of his vested Account will commence at such times and will be payable in the form and at such times as specified in the Adoption Agreement. To the extent permitted in the Adoption Agreement, a Participant may elect to have the Plan Administrator apply his entire Account toward the purchase of an Annuity Contract. The terms of such Annuity Contract will comply with the provisions of this Plan and any Annuity Contract will be nontransferable and will be distributed to the Participant.

The method of distribution will be selected by the Participant on a form prescribed by the Plan Administrator. If no such selection is made by the Participant, payment will be made in the form of a lump sum distribution unless payment is required to be made in the form of a Qualified Joint and Survivor Annuity pursuant to Section 7.09.

- (b) Distribution on Account of Death. Distribution on account of death will occur as provided in the Adoption Agreement. To the extent the Adoption Agreement permits payment in a form other than a lump sum, if a Participant has more than one Beneficiary at the time of the Participant's death, then a separate Account may be maintained for each Beneficiary.
- (c) The distributable amount of a Participant's Account is the vested portion of his Account as of the Valuation Date coincident with or next preceding the date distribution is made to the Participant or Beneficiary as reduced by any subsequent distributions, withdrawals or loans.
- (d) Ordering Rule. The Plan Administrator will determine the ordering rules for distributions; provided that such ordering rules are nondiscriminatory. Such ordering rules may provide that the Participant may elect to have payments made first or last from his Roth Elective Deferral Account or Voluntary Contribution Account or in any combination of such accounts and any other Account.

Section 7.03 CASH-OUT OF SMALL BALANCES

- (a) Vested Account Balance Does Not Exceed \$5,000. Notwithstanding the foregoing, if involuntary cash-out is selected in the Adoption Agreement and the vested amount of an Account payable to a Participant or Beneficiary does not exceed \$5,000 (or such lesser amount specified in the Adoption Agreement) at the time such individual becomes entitled to a distribution hereunder (or at any subsequent time established by the Plan Administrator to the extent provided in applicable Treasury regulations), such vested Account shall be paid in a lump sum.
- (b) Vested Account Balance Exceeds \$5,000. If the value of a Participant's vested Account balance exceeds \$5,000 or such lesser amount as

specified in the Adoption Agreement, the Account balance is immediately distributable, the Participant must consent to any distribution of such Account balance. Notwithstanding the foregoing and unless otherwise specified in the Adoption Agreement, payments will commence as of the Participants Required Beginning Date in the form of a lump sum or installment payments. The Participant's consent will be obtained in writing within the 180-day period ending on the Annuity Starting Date. The Plan Administrator will notify the Participant of the right to defer any distribution until the date specified in the Adoption Agreement until his Required Beginning Date, including a description of the consequences of failing to defer receipt of the distribution. The Plan will not be treated as failing to meet these notice requirements if the Plan administrator makes a reasonable attempt to comply with the new requirements during the period that is within 90 days of the issuance of regulations. Such notification will include a general description of the material features, and an explanation of the relative values of, the optional forms of benefit available under the Plan, and will be provided no less than 30 days and no more than 180 days prior to the Annuity Starting Date. Except to the extent provided in Section 7.09, distribution may commence less than 30 days after the notice described in the preceding sentence is given, provided the Plan Administrator clearly informs the Participant that he has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and the Participant, after receiving the notice, affirmatively elects a distribution. In the event a Participant's vested Account balance becomes distributable without consent pursuant to this Subsection (b), and the Participant fails to elect a form of distribution, the vested Account balance of such Participant will be paid in a single sum except to the extent provided in Section 7.09.

- (c) For purposes of this Section 7.03, the Participant's vested Account balance will not include amounts attributable to accumulated deductible employee contributions within the meaning of Code section 72(o)(5)(B).
- (d) Required Distributions. Consent of the Participant or his spouse will not be required to the extent that a distribution is required to satisfy Code sections 401(a)(9), 401(m), 402(g) or 415. In addition, upon termination of this Plan the Participant's Account balance shall be distributed to the Participant in a lump sum distribution unless payment is made in the form of a Qualified Joint and Survivor Annuity pursuant to Section 7.09. However, if the Employer maintains another defined contribution plan (other than an employee stock ownership plan as defined in Code section 4975(e)(7)), then the Participant's Account balance will be transferred, without the Participant's consent, to the other plan if the Participant does not consent to an immediate distribution.
- (e) Written Explanation of Right to Direct Rollover. The Plan Administrator shall provide, within a reasonable time period before making an Eligible Rollover Distribution, a written explanation to the Participant that satisfies the requirements of Code section 402(f).
- (f) This Section 7.03(f) will apply if elected by the Plan Sponsor in the Adoption Agreement and will be effective January 1, 2002 unless otherwise specified in the Adoption Agreement. For purposes of this Section 7.03, the Participant's vested Account balance will not include that portion of the Account balance that is attributable to rollover contributions (and earnings allocable thereto) within the meaning of Code sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).

Section 7.04 BENEFICIARY

- (a) Beneficiary Designation Right. Each Participant, and if the Participant has died, the Beneficiary of such Participant, will have the right to designate one or more primary and one or more secondary Beneficiaries to receive any benefit becoming payable upon such individual's death. To the extent that a Participant's Account is not subject to Section 7.09, the spouse of a married Participant will be the sole primary beneficiary of such Participant unless the requirements of Subsection (b) are met. To the extent that a Participant's Account is subject to Section 7.09, the spouse of a married Participant will be the beneficiary of 100% of such Participant's Account unless the spouse waives his or her rights to such benefit pursuant to Section 7.09. All Beneficiary designations will be in writing in a form satisfactory to the Plan Administrator and will only be effective when filed with the Plan Administrator during the Participant's lifetime (or if the Participant has died, during the lifetime of the Beneficiary of such Participant who desires to designate a further Beneficiary). Except as provided in Section 7.04(b) or Section 7.09, as applicable, each Participant (or Beneficiary) will be entitled to change his Beneficiaries at any time and from time to time by filing written notice of such change with the Plan Administrator.
- (b) Form and Content of Spouse's Consent. To the extent that a Participant's Account is not subject to Section 7.09 the Participant may designate a Beneficiary other than his spouse pursuant to this Subsection if: (i) the spouse has waived the spouse's right to be the Participant's Beneficiary in accordance with this Subsection, (ii) the Participant has no spouse, or (iii) the Plan Administrator determines that the spouse cannot be located or such other circumstances exist under which spousal consent is not required, as prescribed by Treasury regulations. If required, such consent: (i) will be in writing, (ii) will relate only to the specific alternate beneficiary or beneficiaries designated (or permits beneficiary designations by the Participant without the spouse's further consent), (iii) will acknowledge the effect of the consent, and (iv) will be witnessed by a plan representative or notary public. Any consent by a spouse, or establishment that the consent of a spouse may not be obtained, will not be effective with respect to any other spouse. Any spousal consent that permits subsequent changes by the Participant to the Beneficiary designation without the requirement of further spousal consent will acknowledge that the spouse has the right to limit such consent to a specific Beneficiary, and that the spouse voluntarily elects to relinquish such right.
- (c) In the event that the Participant fails to designate a Beneficiary, or in the event that the Participant is predeceased by all designated

primary and secondary Beneficiaries, the death benefit will be payable to the Participant's spouse or, if there is no spouse, to the Participant's estate.

Section 7.05 MINIMUM DISTRIBUTION REQUIREMENTS

- (a) General Rules.
 - (1) Effective Date. Subject to Section 7.09, the requirements of this Section shall apply to any distribution of a Participant's interest and will take precedence over any inconsistent provisions of this Plan.
 - (2) Construction. All distributions required under this Section shall be determined and made in accordance with the regulations under Code section 401(a)(9) and the minimum distribution incidental benefit requirement of Code section 401(a)(9)(G). Nothing contained in this Section shall be deemed to create a type of benefit (e.g., installment payments, lump sum within five years or immediate lump sum payment) to any class of Participants and/or Beneficiaries that is not otherwise permitted by the Plan.
 - (3) Limits on Distribution Periods. As of the first distribution calendar year, distributions to a Participant, if not made in a single sum, may only be made over one of the following periods:
 - (A) the life of the Participant;
 - (B) the joint lives of the Participant and a designated Beneficiary;
 - (C) a period certain not extending beyond the life expectancy of the Participant; or
 - (D) a period certain not extending beyond the joint life and last survivor expectancy of the Participant and a designated Beneficiary.
 - (4) If the Participant's Account Balance is distributed as an annuity, the distribution periods described above cannot exceed the periods specified in Treasury Regulation section 1.401(a)(9)-6. Payments must be made in periodic payments at intervals of no longer than 1 year and must be either non-increasing or they may increase only as provided in Q&As-1 and -4 of Treasury Regulation section 1.401(a)(9)-6. In addition, any distribution must satisfy the incidental benefit requirements specified in Q&A-2 of Code section 1.401(a)(9)-6.
- (b) Time and Manner of Distribution.
 - (1) Required Beginning Date. Unless an earlier date is specified in Section 7.02(b), the Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.
 - (2) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:
 - (A) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then unless an earlier date is specified in Section 7.02(b), distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.
 - (B) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then, unless otherwise specified in Section 7.02(b), distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.
 - (C) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death unless an earlier date is specified in Section 7.02(b).
 - (D) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse are required to begin, this Subsection (b)(2), other than Subsection (b)(2)(i), will apply as if the surviving spouse were the Participant except as otherwise provided in Section 7.02(b).
 For purposes of this Subsection (b)(2) and Subsection (d), unless Subsection (b)(2)(iv) applies, distributions are considered to begin on the Participant's Required Beginning Date. If Subsection (b)(2)(iv) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Subsection (b)(2)(i). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Subsection (b)(2)(i)), the date distributions are considered to begin is the date distributions actually commence.
 - (3) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first distribution calendar year distributions will be made in accordance with Subsections (c) and (d) to the extent otherwise permitted by the Plan. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code 401(a)(9) and the regulations.
- (c) Required Minimum Distributions During Participant's Lifetime.
 - (1) Amount of Required Minimum Distribution For Each Distribution Calendar Year. The amount of the Required Minimum

Distribution can be either be determined separately for each investment arrangement owned by the Participant as a Participant (and not as a beneficiary) or the Participant may choose to aggregate all investment arrangements which they own as a Participant.

During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

- (A) the quotient obtained by dividing the Participant's Account balance by the distribution period in the Uniform Lifetime Table set forth in Treas. Reg. section 1.401(a)(9)-9, Q&A-2 using the Participant's age as of the Participant's birthday in the distribution calendar year; or
- (B) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's Account balance by the number in the Joint and Last Survivor Table set forth in Treas. Reg. section 1.401(a)(9)-9, Q&A-3 using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

- (2) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Subsection (c) beginning with the first distribution calendar year and continuing up to, and including, the distribution calendar year that includes the Participant's date of death.

(d) Required Minimum Distributions After Participant's Death.

(1) Death On or After Date Distributions Begin.

- (A) If the Participant's Account balance is distributed as an annuity and the Participant dies on or after required payments begin, the remaining portion of the Participant's Account balance will continue to be distributed under the contract option chosen.
- (B) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:
 - (i) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
 - (ii) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.
 - (iii) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.
- (C) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of the September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) Death Before Date Distributions Begin.

- (A) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Subsection (d)(1).
- (B) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.
- (C) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Subsection (b)(2)(i), this Subsection (d)(2) will apply as if the surviving spouse were the Participant.

(e) Definitions.

- (1) Designated Beneficiary. The individual who is designated by the Participant (or the Participant's surviving spouse) as the Beneficiary of the Participant's interest under the Plan and who is the designated Beneficiary under Code section 401(a)(9) and Treas. Reg. section 1.401(a)(9)-4.
- (2) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the

Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Subsection (b)(2). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that distribution calendar year.

- (3) Life expectancy. Life expectancy is computed by use of the Single Life Table in Treas. Reg. section 1.401(a)(9)-9, Q&A-1.
 - (4) Participant's Account Balance. The Account balance as of the last Valuation Date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account as of dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date. The Account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.
- (f) Application of Five Year Rule.
- (1) To the extent permitted in Section 7.02(b), if the Participant dies before distributions are required to begin and there is a designated Beneficiary, distributions to the designated Beneficiary are not required to begin by the date specified in Subsection (b)(2), but the Participant's entire interest may be distributed to the designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to either the Participant or the surviving spouse begin, this election will apply as if the surviving spouse were the Participant.
 - (2) To the extent permitted in Section 7.02(b), Participants or Beneficiaries may elect on an individual basis whether the 5-year rule or the life expectancy rule in Subsections (b)(2), (d)(2) and (g)(1) applies to distributions after the death of a Participant who has a designated Beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distributions would be required to begin under Subsections (b)(2), or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving spouse's) death. If neither the Participant nor Beneficiary makes an election under this paragraph, distributions will be made in accordance with Subsections (b)(2), (d)(2) and (g)(1).

Section 7.06

DIRECT ROLLOVERS

- (a) In General. This Section applies to distributions made after December 31, 2001. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this part, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution that is equal to at least \$500 (or such lesser amount as determined by the Plan Administrator in a nondiscriminatory manner) paid directly to an eligible retirement plan specified by the distributee in a direct rollover. If an eligible rollover distribution is less than \$500 (or such lesser amount as determined by the Plan Administrator in a nondiscriminatory manner), a distributee may not make the election described in the preceding sentence to roll over a portion of the eligible rollover distribution. This Paragraph shall be subject to Code sections 401(a)(31) and 402(f); Treas. Reg. sections 1.401(a)(31)-1, 1.402(c)-2 and 1.401(k)-1(f); and IRS Notices 2005-5, 2008-30, 2009-69, and 2009-75.

A non-spouse Beneficiary who is a designated Beneficiary within the meaning of Code section 401(a)(9)(E) may, after the death of the Participant, make a direct rollover of a distribution to an IRA established on behalf of the designated Beneficiary; provided the distributed amount satisfies all the requirements to be an eligible rollover distribution other than the requirement that the distribution be made to the Participant or the Participant's spouse. Such direct rollovers shall be subject to the terms and conditions of IRS Notice 2007-7 and superseding guidance, including but not limited to the provision in Q&A-17 regarding required minimum distributions. Effective January 1, 2010, the distributions described in this Paragraph shall be subject to Code sections 401(a)(31), 402(f) and 3405(c).

- (b) Direct Rollovers of Roth Elective Deferral Accounts. If any portion of an eligible rollover distribution is attributable to payments or distributions from a Roth Elective Deferral Account, an eligible retirement plan will only include another Roth elective deferral account under an applicable retirement plan described in Code section 402A(e)(1) or to a Roth IRA described in Code section 408A and only to the extent the rollover is permitted under the rules of Code section 402(c). The Plan will not provide for a direct rollover (including an automatic rollover) for distributions from a Participant's Roth Elective Deferral Account if the amount of the distributions that are eligible rollover distributions are reasonably expected to total less than \$200 during a year. In addition, any distribution from a Participant's Roth Elective Deferral Account is not taken into account in determining whether distributions from a Participant's other Accounts are reasonably expected to total less than \$200 during a year. The provisions of this Section that allow a Participant to elect a direct rollover of only a portion of an eligible rollover distribution but only if the amount rolled over is at least \$500 are applied by treating any amount distributed from the Participant's Roth Elective Deferral Account as a separate distribution from any amount distributed from the

Participant's other Accounts in the Plan, even if the amounts are distributed at the same time.

- (c) Automatic Rollover. In the event of a mandatory distribution greater than \$1,000 (or such lesser amount as determined by the Plan Administrator in a nondiscriminatory manner) in accordance with the provisions of Section 7.03, if the Participant does not elect to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution directly in accordance with Article 7, then the Plan Administrator will pay the distribution in a direct rollover to an individual retirement plan designated by the Plan Administrator. Eligible rollover distributions from a Participant's Roth Elective Deferral Account are separately taken into account in determining whether the total amount of the Participant's Account balances under the Plan exceeds \$1,000 for purposes of mandatory distributions from the Plan.
- (d) Written Explanation of Right to Direct Rollover. The Plan Administrator shall provide, within a reasonable time period before making an Eligible Rollover Distribution, a written explanation to the Participant that satisfies the requirements of Code section 402(f).

Section 7.07 MINOR OR LEGALLY INCOMPETENT PAYEE

If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments will be considered a payment to such Participant or Beneficiary and will, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

Section 7.08 MISSING PAYEE

If all or any portion of the distribution payable to a Participant or Beneficiary remains unpaid because the Plan Administrator has been unable to ascertain the whereabouts of the Participant or Beneficiary after making reasonable efforts to contact the Participant or Beneficiary (which may include, but not be limited to, sending a registered letter, return receipt requested, to the last known address of such Participant or Beneficiary; and/or a commercial locating service) the Plan Administrator may use a reasonable method to remove the assets from the Plan that is consistent with ERISA and the Code. Such methods may include, but not be limited to, (a) creating an individual retirement plan designated by the Plan Administrator; or (b) if, for a period of more than five years after such distribution becomes payable or six months after all attempts to locate the Participant or Beneficiary, the Plan Administrator is still unable to ascertain the whereabouts of the Participant or Beneficiary, the amount so distributable may be treated as a forfeiture under Article 6 hereof. Notwithstanding the foregoing, if a claim is subsequently made by the Participant or Beneficiary for the forfeited benefit pursuant to clause (b) of the preceding sentence, such benefit shall be reinstated without any credit or deduction for earnings and losses. Amounts forfeited from a Participant's Account under this Section shall be used pursuant to Section 6.03(d).

Section 7.09 JOINT AND SURVIVOR ANNUITIES

- (a) Application. Notwithstanding any provision to the contrary, this Section 7.09 will only apply (1) if the Adoption Agreement indicates this plan is subject to the Retirement Equity Act requirements, (2) to the portion of their Account Balance for which a Participant elects benefits in the form of a single life annuity; or (3) to the portion of the Participant's Transfer Account attributable to funds subject to the survivor annuity requirements of ERISA section 205 that were transferred from another plan (or to such other Accounts if the amounts were subject to such survivor annuities and were not separately accounted for). This Section will only apply if the Participant's Account exceeds \$5,000 (or such lesser amount specified in the Adoption Agreement) at the time such individual becomes entitled to a distribution hereunder (or at any subsequent time established by the Plan Administrator to the extent provided in applicable Treasury Regulations). Unless otherwise specified in the Adoption Agreement and if elected by the Plan Sponsor in the Adoption Agreement, for purposes of this Section 7.09(a), the Participant's vested Account balance will not include that portion of the Account balance that is attributable to rollover contributions (and earnings allocable thereto) within the meaning of Code sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).
- (b) Qualified Joint and Survivor Annuity. Unless otherwise elected pursuant to Subsection (d) below, a Participant's vested Account balance, to the extent provided in Subsection (a) above, will be paid to him by the purchase and delivery of an annuity in the form of a Qualified Joint and Survivor Annuity. Effective for Annuity Starting Dates in Plan Years beginning after December 31, 2007, to the extent that the Plan must offer a Qualified Joint and Survivor Annuity, the Plan shall also offer a Qualified Optional Survivor Annuity as another optional form of benefit.

A Participant may waive the Qualified Joint and Survivor Annuity during a period that begins on the first day of the 180-day period ending on the Annuity Starting Date and ends on the later of the Annuity Starting Date or the 30th day after the Plan Administrator provides the Participant with a written explanation of the Qualified Joint and Survivor Annuity. The Plan Administrator shall no less than 30 days and no more than 180 days prior to the Annuity Starting Date provide each Participant a written explanation of: (1) the terms and conditions of a Qualified Joint and Survivor Annuity; (2) the Participant's right to make and the effect of an election to waive the

Qualified Joint and Survivor Annuity form of benefit; (3) the rights of a Participant's spouse; (4) the right to make, and the effect of, a revocation of a previous election to waive the Qualified Joint and Survivor Annuity; and (5) the relative values of the various optional forms of benefits under the Plan pursuant to Treas. Reg. section 1.417(a)(3)-1(c)(2).

The Annuity Starting Date for a distribution in a form other than a Qualified Joint and Survivor Annuity may be less than 30 days after receipt of the written explanation described in the preceding paragraph provided: (1) the Participant has been provided with information that clearly indicates that the Participant has at least 30 days to consider whether to waive the Qualified Joint and Survivor Annuity and elect (with spousal consent) a form of distribution other than a Qualified Joint and Survivor Annuity; (2) the Participant is permitted to revoke any affirmative distribution election at least until the Annuity Starting Date or, if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant; and (3) the Annuity Starting Date is a date after the date that the written explanation was provided to the Participant.

- (c) **Qualified Preretirement Survivor Annuity.** Unless otherwise elected within the applicable election period and to the extent provided in Subsection (a) above, if a Participant dies before the Annuity Starting Date then at least 50% of the Participant's vested Account balance shall be applied toward the purchase of an annuity for the life of the surviving spouse which shall be distributed to the spouse. The surviving spouse may direct the commencement of payments under the qualified preretirement survivor annuity within a reasonable time after the Participant's death. The terms of such annuity contract shall comply with the provisions of this Plan and the annuity contract shall be nontransferable. The applicable election period shall be the period which begins on the first day of the Plan Year in which the Participant attains age 35 and ends on the date of the Participant's death. If a Participant separates from service prior to the first day of the Plan Year in which he attains age 35, the election period shall begin on the date of separation. A Participant who has not yet attained age 35 may waive the annuity specified in this Subsection (c) provided that (1) the Participant receives a written explanation pursuant to the following paragraph and (2) such election is not effective as of the first day of the Plan Year in which the Participant attains age 35. Any new waiver on or after such date shall be subject to the full requirements of this Subsection. Notwithstanding anything in this Section to the contrary, the surviving spouse may elect, in writing, to have the Account balance be distributed pursuant to Section 7.02(b).

The Plan Administrator shall provide each Participant within the applicable period for such Participant a written explanation of the annuity described in this Subsection (c) in such terms and in such manner as would be comparable to the explanation provided for meeting the requirements of Subsection (b) applicable to a Qualified Joint and Survivor Annuity. The applicable period for a Participant is whichever of the following periods ends last: (1) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35; (2) a reasonable period ending after the individual becomes a Participant; or (3) within a reasonable period ending after Termination of Employment in the case of a Participant who separates from service before attaining age 35.

For purposes of applying the preceding paragraph, a reasonable period ending after the enumerated events described in (2) and (3) is the end of the two-year period beginning one year prior to the date the applicable event occurs, and ending one year after that date. If a Participant who separates from service before the Plan Year in which he attains age 35 thereafter returns to employment with the Employer, the applicable period for such Participant shall be redetermined.

- (d) **Elections.** Any waiver of the annuities described in Subsections (b) and (c) above shall not be effective unless: (1) the Participant's spouse consents in writing to the election; (2) the election designates a specific Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (or the spouse expressly permits designations by the Participant without any further spousal consent); (3) the spouse's consent acknowledges the effect of the election; and (4) the spouse's consent is witnessed by a Plan representative or notary public. Additionally, a Participant's waiver of the Qualified Joint and Survivor Annuity shall not be effective unless the election designates a form of benefit payment which may not be changed without spousal consent (or the spouse expressly permits designations by the Participant without any further spousal consent). If it is established to the satisfaction of a Plan representative that there is no spouse (within the meaning of Code section 417) or that the spouse cannot be located, a waiver will be deemed a qualified election.

Any consent by a spouse obtained under this provision (or establishment that the consent of a spouse may not be obtained) shall be effective only with respect to such spouse. A consent that permits designations by the Participant without any requirement of further consent by such spouse must acknowledge that the spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit where applicable, and that the spouse voluntarily elects to relinquish either or both such rights. A revocation of a prior waiver may be made by a Participant without the consent of the spouse at any time before the commencement of benefits. The number of revocations shall not be limited. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Subsections (b) and (c).

For purposes of determining a Participant's spouse, the Plan Administrator shall apply the one-year rule in Code section 417(d), Treas. Reg.

section 1.401(a)-20 to the extent selected in the Adoption Agreement.

ARTICLE 8 IN-SERVICE DISTRIBUTIONS AND LOANS**Section 8.01** **HARDSHIP**

- (a) **Hardship.** A Participant may receive a distribution on account of hardship from the Accounts specified in the Adoption Agreement. Unless otherwise specified in the Adoption Agreement, a Participant will only be permitted to receive a hardship distribution pursuant to this Section 8.01 from Accounts that are fully vested. In addition, an employee must obtain all other currently available distributions (including a distribution of ESOP dividends under Code section 404(k)) before receiving a hardship distribution. Notwithstanding the foregoing, hardship withdrawals cannot exceed the aggregate dollar amount of the Elective Deferrals under contract, excluding income, reduced by the amount of any previous distributions previously made from the contract.
- (b) **Hardship - Safe Harbor.** If the Adoption Agreement provides that the Plan has adopted safe harbor criteria for hardship withdrawal the following will apply:
- (1) **Immediate and Heavy Financial Need.** A hardship distribution will only be made upon the finding of an immediate and heavy financial need where such Participant lacks other available resources. The following are the only financial needs considered immediate and heavy:
 - (A) Expenses for (or necessary to obtain) medical care (as defined in Code section 213(d)) for the Employee, the Employee's spouse, Beneficiary or dependents (as defined in Code section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code section 152(d)(1)(B));
 - (B) Costs directly related to the purchase of a principal residence for the Employee (excluding mortgage payments);
 - (C) Payment of tuition, related educational fees, and room and board expenses, for up to the next 12 months of post-secondary education for the Employee, or the Employee's spouse, children, Beneficiary, dependents (as defined in Code section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code section 152(b)(1), (b)(2) and (d)(1)(B));
 - (D) Payments necessary to prevent the eviction of the Employee from the Employee's principal residence or foreclosure on the mortgage on that residence;
 - (E) Payments for burial or funeral expenses for the Employee's deceased parent, spouse, children, Beneficiary or dependents (as defined in Code section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code section 152(d)(1)(B));
 - (F) Expenses for the repair of damage to the Employee's principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income); or
 - (G) Other expenses as provided by the Commissioner as specified in Treas. Reg. section 1.401(k)-1(d)(3)(v).
 - (2) **Amount Necessary to Satisfy Need.** A distribution will be considered as necessary to satisfy an immediate and heavy financial need of the Participant only if:
 - (A) The Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans under all plans maintained by the Employer;
 - (B) All plans maintained by the Employer provide that the Participant's Elective Deferrals (and after-tax contributions) will be suspended for six months after the receipt of the hardship distribution; and
 - (C) The distribution is not in excess of the amount of an immediate and heavy financial need (including amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).
- (c) **Hardship - Non Safe Harbor.** If the Adoption Agreement provides that the Plan has not adopted the safe harbor criteria for hardship the following will apply:
- (1) **Immediate and Heavy Financial Need.** A hardship distribution will only be made upon the finding of an immediate and heavy financial need where such Participant lacks other available resources. Whether a Participant has an immediate and heavy financial need is to be determined based on all relevant facts and circumstances. The need to pay the funeral expenses of a family member would constitute an immediate and heavy financial need and a distribution made to a Participant for the purchase of a boat or television would not constitute a distribution made on account of an immediate and heavy financial need. A financial need may be immediate and heavy even if it was reasonably foreseeable or voluntarily incurred by the Participant.
 - (2) **Amount Necessary to Satisfy Need.** A distribution is not treated as necessary to satisfy an immediate and heavy financial need of a Participant to the extent the amount of the distribution is in excess of the amount required to relieve the financial need or to the extent the need may be satisfied from other resources that are reasonably available to the Participant. This determination generally is to be made on the basis of all relevant facts and circumstances. For purposes of this Paragraph, the Participant's resources are deemed to include those assets of the Participant's spouse and minor children that are reasonably available to the Participant. A vacation home jointly owned (regardless of the nature of legal title) by the Participant and the Participant's spouse will be deemed a resource of the Participant. However, property held for the Participant's child under an irrevocable trust or under the Uniform Gifts to Minors Act is not treated as a resource of the Participant. The amount of an immediate and heavy financial need may include any

amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution. A distribution generally may be treated as necessary to satisfy a financial need if the Employer relies upon the Participant's written representation, unless the Employer has actual knowledge to the contrary, that the need cannot reasonably be relieved:

- (A) Through reimbursement or compensation by insurance or otherwise;
- (B) By liquidation of the Participant's assets;
- (C) By cessation of all Participant contributions under the Plan; or
- (D) By other distributions or nontaxable (at the time of the loan) loans from Plans maintained by the Employer or by any other employer, or by borrowing from commercial sources on reasonable commercial terms, in an amount sufficient to satisfy the need.

For purposes of this Paragraph, a need cannot reasonably be relieved by one of the actions listed above if the effect would be to increase the amount of the need. For example, the need for funds to purchase a principal residence cannot reasonably be relieved by a plan loan if the loan would disqualify the Employee from obtaining other necessary financing.

Section 8.02 SPECIFIED AGE

A Participant may receive a distribution on attainment of a specified age from the Accounts specified in the Adoption Agreement. Unless otherwise specified in the Adoption Agreement, a Participant will only be permitted to receive a specified age distribution pursuant to this Section 8.02 from Accounts that are fully vested.

Section 8.03 SPECIFIED AGE AND SERVICE

A Participant may receive a distribution on attainment of a specified age and specified service from the Accounts specified in the Adoption Agreement. Unless otherwise specified in the Adoption Agreement, a Participant will only be permitted to receive a specified age and specified service distribution pursuant to this Section 8.03 from Accounts that are fully vested.

Section 8.04 OTHER WITHDRAWALS

- (a) **After a Period Certain.** To the extent provided in the Adoption Agreement, a Participant may receive a distribution from his Matching Contribution to the extent that such Account has been invested in Annuity Contracts (Annuity Contract Matching Contribution Account) and his Non-Elective Contribution Account to the extent that such Account has been invested in Annuity Contracts (Annuity Contract Non-Elective Contribution Account) which has accumulated for at least twenty-four (24) months; and an individual who has been a Participant for five (5) or more Plan Years will be entitled to receive a distribution of his Annuity Contract Matching Contribution Account and Annuity Contract Non-Elective Contribution Account regardless of the length of time the funds have accumulated. Unless otherwise specified in the Adoption Agreement, a Participant will only be permitted to receive a distribution pursuant to this Section 8.04(a) from Accounts that are fully vested. Notwithstanding the foregoing, a Participant may receive a distribution from his Annuity Contract Matching Contribution Account only to the extent such account has not been used to satisfy the requirements of Code section 401(m)(11) or 401(m)(12).
- (b) **At Any Time.** To the extent provided in the Adoption Agreement, a Participant may receive a distribution from his Annuity Contract Voluntary Contribution Account and his Rollover Contribution Account at any time.
- (c) **Qualified Reservist Distributions.** To the extent Qualified Reservist Distributions are provided for in the Adoption Agreement, as provided in Code section 72(t)(2)(G)(iii), Notice 2010-15 and any superseding guidance, the following shall apply:
 - (1) For purposes of Code section 401(k)(2)(B)(i) (distributions of Elective Deferrals), a Participant who is a member of the reserves who has been ordered or called to active duty for a period of more than 179 days or for an indefinite period may receive a distribution during such active duty period.
- (d) **Deemed Severance Distributions.** To the extent Deemed Severance Distributions are provided for in the Adoption Agreement, as provided in Code section 414(u)(12)(B), Notice 2010-15 and any superseding guidance, the following shall apply:
 - (1) For purposes of Code section 401(k)(2)(B)(i)(I) (distributions of Elective Deferrals), a Participant performing service in the uniformed services while on active duty for a period of more than 30 days will be treated as having terminated from employment during any period the Participant is performing services described in Code section 3401(h)(2)(A).
 - (2) If a Participant elects to receive a distribution by reason of Subsection (d), the Participant may not make an Elective Deferral or Voluntary Contribution during the 6-month period beginning on the date of distribution.
- (e) **IRS Levy.** The Plan Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Plan Administrator finds is lawfully demanded under a levy issued by the IRS with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.
- (f) **Qualified Domestic Relations Order.** If a Qualified Domestic Relations Order is received by the Plan Administrator then the amount of the

ARTICLE 8 IN-SERVICE DISTRIBUTIONS AND LOANS

Participant's Account Balance awarded to an Alternate Payee will be paid only if such domestic relations order is determined by the Plan Administrator to be a Qualified Domestic Relations Order, or any domestic relations order entered before January 1, 1985.

Section 8.05 TRANSFER ACCOUNT

A Participant may receive a distribution from his Transfer Account as permitted under the terms of any plan from which funds in such Account were transferred to the extent that such optional forms of benefit must be preserved pursuant to ERISA section 204(g)(1).

Section 8.06 RULES REGARDING IN-SERVICE DISTRIBUTIONS

- (a) Frequency and Amount of Withdrawals. The Plan Administrator may establish uniform procedures that include, but are not limited to, prescribing limitations on the frequency and minimum amount of withdrawals; provided, that no procedures involving minimum amounts will prescribe a minimum withdrawal greater than \$1,000; provided, however that if the Plan is a FICA Church Plan or a Governmental Plan, the Plan Administrator may establish other minimum withdrawal limits.
- (b) Form of Withdrawals. Unless otherwise provided in the Adoption Agreement, all distributions of amounts withdrawn pursuant to Sections 8.01, 8.02, 8.03, and 8.04 will be made in the form of a lump sum as soon as practicable following the Valuation Date as of which such withdrawal is made. Such distributions will be paid in cash or in-kind.
- (c) Active Employment. Only Employees will be eligible to receive in-service distributions pursuant to this Article 8.
- (d) Rule for Pre-1989 Elective Deferrals and Custodial Accounts. Withdrawal restrictions on amounts held as of the close of the taxable year beginning before January 1, 1989 relating to Elective Deferrals and Custodial Accounts will be determined pursuant to the law in effect at that time.
- (e) Transfer Account. A Participant may receive a distribution from the vested portion of his Transfer Account only to the extent such account was not transferred from a qualified plan subject to ERISA section 205.
- (f) Ordering Rules. The Plan Administrator will determine the ordering rules for in-service distributions. Such ordering rules may provide that the Participant may elect to have payments made first or last from his Roth Elective Deferral Account or Voluntary Contribution Account or in any combination of such accounts and any other Account.

Section 8.07 LOANS

- (a) Eligible Participants. If allowed in the Adoption Agreement, a Participant may apply for a loan from the Plan and the provisions of Code section 72(p) and Treas. Reg. section 1.72(p)-1 shall apply to the Plan and are hereby incorporated by reference. The Plan Administrator may provide that a loan may only be granted for the purpose of enabling the Participant to meet a financial hardship or an unusual or special situation in his financial affairs. Loans shall only be granted pursuant to the terms of this Section to persons who the Plan Administrator determines have the ability to repay the loan. Loans shall not be made available to Participants who are or were Highly Compensated Employees in an amount greater than the amount available to other Participants, and loans shall be made available to all Participants on a nondiscriminatory and reasonably equivalent basis.
- (b) Maximum Loan Amount. No loan to any Participant can be made to the extent that such loan when added to the outstanding balance of all other loans to the Participant would exceed the lesser of:
 - (1) \$50,000 reduced by the excess (if any) of the highest outstanding balance of loans during the one year period ending on the day before the loan is made, over the outstanding balance of loans from the Plan on the date the loan is made; or
 - (2) one-half the present value of the vested Account balance of the Participant or, if greater and so provided by the Plan Administrator, the total vested Account balance up to \$10,000; provided that additional security is given to the extent such loan exceeds 50% of the vested Account balance.

For the purpose of the above limitation, all loans from all qualified plans of the Employer are aggregated.

- (c) Loan Term and Amortization. Any loan shall by its terms require that repayment (principal and interest) be amortized in level payments, not less frequently than quarterly, over a period not extending beyond five years from the date of the loan. If so provided by the Plan Administrator, a loan term may extend beyond five years if the loan is used to acquire a dwelling unit which within a reasonable time (determined at the time the loan is made) will be used as the principal residence of the Participant.
- (d) Minimum Loan Amount - Maximum Number of Loans. The Plan Administrator shall specify a minimum loan amount and the maximum number of loans outstanding at any one time.
- (e) Interest Rate. Interest shall be charged at a rate to be fixed by the Plan Administrator and, in determining the interest rate, the Plan Administrator shall take into consideration interest rates currently being charged on similar commercial loans by persons in the business of lending money.
- (f) Security. All loans shall be secured by no more than one-half of the vested portion of the Participant's Accounts (determined immediately

ARTICLE 8 IN-SERVICE DISTRIBUTIONS AND LOANS

after the origination of the loan) and such additional security as the Plan Administrator may deem necessary. All loans made to Participants under this Section are to be considered investments and shall be segregated as provided in Article 9 hereof unless the Plan Administrator provides otherwise.

- (g) Repayment. Loans shall be repaid in accordance with the foregoing and the Plan Administrator may require as a condition to granting such loan that it be repaid through payroll deductions. Unless the loan note provides otherwise, the principal amount of the loan and accrued interest shall become immediately due and payable upon a Termination of Employment. Repayment may be suspended pursuant to Code section 414(u).
- (h) Loan Fees. Fees properly chargeable in connection with a loan may be charged, in accordance with a uniform and nondiscriminatory policy established by the Plan Administrator, against the Account of the Participant to whom the loan is granted.
- (i) Default. In the event of default, foreclosure on the note and attachment of security shall not occur until a distributable event occurs in the Plan.
- (j) Loan Procedures. The Plan Administrator is authorized to adopt any administrative rules or procedures that it deems necessary or appropriate with respect to the granting and administering of loans under this Article 8.
- (k) Ordering Rules. The Plan Administrator shall determine from which Accounts a Participant may receive a loan and the ordering rules for loans. Such ordering rule may provide that the Participant may elect to have loans made first or last from his Roth Elective Deferral Account or Voluntary Contribution Account or in any combination of such Accounts and any other Account.
- (l) Spousal Consent. If Section 7.09 applies or if so provided by the Plan Administrator, a Participant must obtain the consent of his or her spouse, if any, to use the Account balance as security for a loan. Spousal consent shall be obtained no earlier than the beginning of the 180-day period that ends on the date on which the loan is to be so secured. The consent must be in writing, must acknowledge the effect of the loan, and must be witnessed by a Plan representative or notary public. Such consent shall thereafter be binding with respect to the consenting spouse or any subsequent spouse with respect to that loan. A new consent shall be required if the Account balance is used for renegotiation, extension, renewal, or other revision of the loan.

If Section 7.09 applies and a valid spousal consent has been obtained, then, notwithstanding any other provision of this Plan, the portion of the Participant's vested Account balance used as a security interest held by the Plan by reason of a loan outstanding to the Participant shall be taken into account for purposes of determining the amount of the Account balance payable at the time of death or distribution, but only if the reduction is used as repayment of the loan. If less than 100% of the Participant's vested Account balance (determined without regard to the preceding sentence) is payable to the surviving spouse, then the Account balance shall be adjusted by first reducing the vested Account balance by the amount of the security used as repayment of the loan, and then determining the benefit payable to the surviving spouse.

Section 8.08 TRANSFERS FROM THE PLAN

- (a) At the direction of the Employer, the Administrator may transfer all or any portion of any Account Balance to another plan that satisfies Code section 403(b) in accordance with Treas. Reg. section 1.403(b)-10(b)(3). A transfer is permitted under this Section 8.08 only if the Participants or Beneficiaries are employees or former employees of the employer (or the business of the employer) under the receiving plan and the other plan provides for the acceptance of plan-to-plan transfers with respect to the Participants and Beneficiaries. Each Participant and Beneficiary will have an amount deferred under the other plan immediately after the transfer at least equal to the amount transferred.
- (b) The other plan will, to the extent any amount transferred is subject to any distribution restrictions required under Code section 403(b), impose restrictions on distributions to the Participant or Beneficiary whose assets are transferred that are not less stringent than those imposed under the Plan by application of the Code, ERISA or other applicable law. In addition, if the transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the Plan, the other plan will treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the transferor plan (e.g., a pro rata portion of the Participant's or Beneficiary's interest in any after-tax employee contributions).
- (c) Upon the transfer of assets under this Section 8.08, the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan will be discharged to the extent of the amount so transferred for the Participant or Beneficiary. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Section 8.08 (for example, to confirm that the receiving plan satisfies Code section 403(b) and to assure that the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to section 1.403(b)-10(b)(3) of the Income Tax Regulations.

Section 8.09 PERMISSIVE SERVICE CREDIT TRANSFERS

- (a) If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code section 414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the

ARTICLE 8 IN-SERVICE DISTRIBUTIONS AND LOANS

Participant's Account Balance transferred to the defined benefit governmental plan. A transfer under this Section 8.09 may be made before the Participant has Terminated.

- (b) A transfer may be made under this Section 8.09 only if the transfer is either for the purchase of permissive service credit (as defined in Code section 415(n)(3)(A)) under the receiving defined benefit governmental plan or a repayment to which Code section 415 does not apply by reason of Code section 415(k)(3).
- (c) In addition, if a plan-to-plan transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the transferor plan, the Plan will treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the transferor plan (e.g., a pro rata portion of the Participant's or Beneficiary's interest in any after-tax employee contributions).

ARTICLE 9 INVESTMENT AND VALUATION OF FUND

Section 9.01 INVESTMENT OF ASSETS

All existing assets of the Fund and all future contributions will be invested in applicable Funds. Except to the extent that they are inconsistent with the terms of the Plan, the terms and conditions of each Fund are hereby incorporated herein by reference. In the event of any conflict between the terms of the Plan and the terms of the Funds under the Plan (or any other documents incorporated by reference), the terms of the Plan shall govern.

The Plan Administrator will maintain a list of all Funds under the Plan. Such list is hereby incorporated as part of the Plan. Each Fund and the Administrator will exchange such information as may be necessary to satisfy section 403(b) of the Code or other requirements of applicable law. In the case of a fund which is not eligible to receive contributions under the Plan, the Employer will keep the fund informed of the name and contact information of the Plan Administrator in order to coordinate information necessary to satisfy section 403(b) of the Code or other requirements of applicable law.

Section 9.02 PARTICIPANT SELF-DIRECTION

- (a) In General. To the extent provided for in the Adoption Agreement and to the extent permitted by each applicable Fund, the Plan Administrator may permit Participants to direct the investment of their Accounts pursuant to this Section 9.02. Any Participant self-direction will be made pursuant to such uniform guidelines and procedures as the Plan Administrator may establish from time to time.
- (b) Investment Elections. To the extent provided in Subsection (a), each Participant will direct in the form and manner and at the time or times prescribed by the Plan Administrator the percentage of the applicable Accounts to be invested in one or more of the available Funds, subject to such rules and limitations as the Plan Administrator may prescribe. After the death of the Participant, a Beneficiary will be entitled to make investment elections as if the Beneficiary were the Participant. Notwithstanding the foregoing, the Plan Administrator may restrict investment transfers to the extent required to comply with applicable law.
- (c) Loans. If the Adoption Agreement does not permit Participant self-direction, any assets that are held in the form of a Participant loan made pursuant to Article 8 will be treated as a segregated investment unless otherwise provided in the Adoption Agreement.

Section 9.03 INDIVIDUAL ACCOUNTS

To the extent provided in the Adoption Agreement, there will be maintained on the books of the Plan with respect to each Participant, as applicable, a Pre-Tax Elective Deferral Account, Roth Elective Deferral Account, Matching Contribution Account, Non-Elective Contribution Account, Voluntary Contribution Account, Mandatory After-Tax Contribution Account, Mandatory Pre-Tax Contribution Account, Rollover Contribution Account, Qualified Non-Elective Contribution Account, Transfer Account, and any other Account established by the Plan Administrator. Each such Account will separately reflect the Participant's interest in the Fund relating to such Account. Additionally, separate accounts will be maintained on the books for assets that are subject to different vesting schedules. Any portion of such account in which the participant is not vested shall be accounted for separately and treated as a contract to which Code section 403(c) applies. A Participant's interest in the Fund will be determined and accounted for based on his beneficial interest in such fund.

Section 9.04 ALLOCATION OF EARNINGS AND LOSSES

- (a) Reinvestment. The dividends, capital gains distributions, and other earnings received on the Fund will be allocated to such fund and reinvested.
- (b) Valuation. The assets of each Investment Fund will be valued at their current fair market value as of each Valuation Date, and Accounts of each Participant with interests in that Investment Fund will be credited with such Participant's allocable share of the earnings and losses of each Investment Fund since the immediately preceding Valuation Date. Such allocation will be done on the basis of such Participant's interest in the applicable Investment Fund. For purposes of the allocation investment earnings and losses, the Plan Administrator may adjust the value of interests of Funds in Accounts as of the preceding Valuation Date to account for any contributions, distributions, or withdrawals that occur after such preceding Valuation Date.
- (c) Allocation to Individual Accounts. The Accounts of each Participant will be adjusted as of each Valuation Date by (i) reducing such Accounts by any distributions and withdrawals made therefrom since the preceding Valuation Date, (ii) increasing or reducing such Accounts by the Participant's share of earnings and losses and reasonable fees charged against such accounts at the direction of the Plan Administrator, and (iii) crediting such Accounts with any contributions made thereto since the preceding Valuation Date.
- (d) Allocation of Expenses. The Plan Administrator may allocate all, none or any portion of the Plan's expenses to Participant Accounts. The

Plan Administrator may allocate such expenses using any reasonable method which may include, but not be limited to: (i) allocating expenses only to current or former employees (or among any other classification(s) of employees); (ii) allocating expenses directly to individual employees; (iii) allocating expenses using the per capita or pro rata method; and (iv) any combination of the foregoing. If the Adoption Agreement provides that the Plan is subject to ERISA, the Plan Administrator may allocate such expenses using any reasonable method that does not violate Title I of ERISA and, if the Adoption Agreement provides that the Plan is not a FICA Church and not a Governmental Plan, in any manner that does not discriminate in favor of Highly Compensated Employees within the meaning of applicable provisions of Code section 401(a)(4).

- (e) Valuation for Distribution. For the purposes of paying the amounts to be distributed to a Participant or Beneficiary pursuant to Articles 7 and 8, the value of the Participant's interest will be determined in accordance with the provisions of this Article as of the Valuation Date related to the date benefits are paid.
- (f) No Rights Created by Allocation. An allocation of contributions or earnings to the separate account of a Participant under this Article 9 will not cause the Participant to have any right, title or interest in any assets of the Plan except at the time and under the terms and conditions expressly provided for in the Plan.

Section 9.05 CONTRACT AND CUSTODIAL ACCOUNT EXCHANGES

- (a) If the conditions in paragraphs (b) through (d) of this Section 9.05 are satisfied, a Participant or Beneficiary is permitted to change the investment of his or her Account Balance, subject to Plan Administrator approval, to an investment with a fund that is not specifically approved by the Employer for use under the Plan.
- (b) The Participant or Beneficiary must have an Account Balance immediately after the exchange that is at least equal to the Account Balance of that Participant or Beneficiary immediately before the exchange (taking into account the Account Balance of that Participant or Beneficiary under both Annuity Contracts or Custodial Accounts immediately before the exchange).
- (c) The receiving fund has distribution restrictions with respect to the Participant that are not less stringent than those imposed on the investment being exchanged.
- (d) The Employer enters into an agreement with the receiving fund under which the Employer and the fund will from time to time in the future provide each other with the following information:
 - (1) Information necessary for the resulting contract or custodial account, or any other contract or custodial accounts to which contributions have been made by the Employer, to satisfy Code section 403(b), including the following:
 - (A) the Employer providing information as to whether the Participant's employment with the Employer is continuing, and notifying the fund when the Participant has had a Termination;
 - (B) the fund notifying the Employer of any hardship withdrawal under Section 8.01 if the withdrawal results in a 6-month suspension of the Participant's right to make Elective Deferrals under the Plan; and
 - (C) the fund providing information to the Employer or other Funds concerning the Participant's or Beneficiary's section 403(b) contracts or custodial accounts or qualified employer plan benefits (to enable a Fund to determine the amount of any plan loans and any rollover accounts that are available to the Participant under the Plan in order to satisfy the financial need under the hardship withdrawal rules of Section 8.01).
 - (2) Information necessary in order for the resulting contract or custodial account and any other contract or custodial account to which contributions have been made for the Participant by the Employer to satisfy other tax requirements, including the following:
 - (A) the amount of any plan loan that is outstanding to the Participant in order for a Fund to determine whether an additional plan loan satisfies the loan limitations of Section 8.05, so that any such additional loan is not a deemed distribution under section 72(p)(1); and
 - (B) information concerning the Participant's or Beneficiary's Voluntary Contributions or Roth Elective Deferrals in order for a Fund to determine the extent to which a distribution is includible in gross income.
- (e) If any Fund ceases to be eligible to receive contributions under the Plan, the Employer will enter into an information sharing agreement as described in Section 9.05(d) to the extent the Employer's contract with the Fund does not provide for the exchange of information described in Section 9.05(d)(1) and (2).

ARTICLE 10 FUND

Section 10.01 FUND

- (a) Exclusive Benefit. All Custodial Accounts are for the exclusive benefit of the Participants and their Beneficiaries, and such Accounts will not be used for, nor diverted to, purposes other than for the exclusive benefit of the Participants and their Beneficiaries (including the costs of maintaining and administering the Plan and Fund).
- (b) Return of Contributions. Notwithstanding any other provision of this the Plan, contributions made by the Adopting Employer based upon a good faith mistake of fact may be returned to the Adopting Employer within one year of such contribution if such distribution does not contravene any provision of applicable law.

ARTICLE 11 PLAN ADMINISTRATION**Section 11.01 PLAN ADMINISTRATOR**

- (a) Designation. The Plan Administrator will be specified in the Adoption Agreement. In the absence of a designation in the Adoption Agreement, the Plan Sponsor will be the Plan Administrator. If a Committee is designated as the Plan Administrator, the Committee will consist of one or more individuals who may be Employees appointed by the Plan Sponsor and the Committee may elect a chairman and may adopt such rules and procedures as it deems desirable. The Committee may also take action with or without formal meetings and may authorize one or more individuals, who may or may not be members of the Committee, to execute documents in its behalf.
- (b) Authority and Responsibility of the Plan Administrator. The Plan Administrator will be the Plan "administrator" as such term is defined in section 3(16) of ERISA (if the Adoption Agreement provides that the Plan is subject to ERISA), and as such will have total and complete discretionary power and authority:
- (1) to make factual determinations, to construe and interpret the provisions of the Plan, to correct defects and resolve ambiguities and inconsistencies therein and to supply omissions thereto. Any construction, interpretation, or application of the Plan by the Plan Administrator will be final, conclusive, and binding;
 - (2) to determine the amount, form or timing of benefits payable hereunder and the recipient thereof and to resolve any claim for benefits in accordance with this Article 11;
 - (3) to determine the amount and manner of any allocations hereunder;
 - (4) to maintain and preserve records relating to Participants, former Participants, and their Beneficiaries and Alternate Payees;
 - (5) to prepare and furnish to Participants, Beneficiaries and Alternate Payees all information and notices required under federal law or the provisions of this Plan;
 - (6) to prepare and file or publish with the Secretary of Labor, the Secretary of the Treasury, their delegates and all other appropriate government officials all reports and other information required under law to be so filed or published;
 - (7) to approve and enforce any loan hereunder including the repayment thereof;
 - (8) to provide directions with respect to the purchase of life insurance, methods of benefit payment, valuations at dates other than regular Valuation Dates and on all other matters where called for in the Plan;
 - (9) to hire such professional assistants and consultants as it, in its sole discretion, deems necessary or advisable;
 - (10) to determine all questions of the eligibility of Employees and of the status of rights of Participants, Beneficiaries and Alternate Payees;
 - (11) to arrange for bonding, if required by law;
 - (12) to adjust Accounts in order to correct errors or omissions;
 - (13) to determine whether any domestic relations order constitutes a Qualified Domestic Relations Order and to take such action as the Plan Administrator deems appropriate in light of such domestic relations order;
 - (14) to retain records on elections and waivers by Participants, their spouses and their Beneficiaries and Alternate Payees;
 - (15) to supply such information to any person as may be required;
 - (16) to establish, revise from time to time, and communicate to the Investment Fiduciary and Investment Manager(s), a funding policy and method for the Plan; and
 - (17) to perform such other functions and duties as are set forth in the Plan that are not specifically given to the Investment Fiduciary.
- (c) Procedures. The Plan Administrator may adopt such rules and procedures as it deems necessary, desirable, or appropriate for the administration of the Plan. When making a determination or calculation, the Plan Administrator will be entitled to rely upon information furnished to it. The Plan Administrator's decisions will be binding and conclusive as to all parties.
- (d) Allocation of Duties and Responsibilities. The Plan Administrator may designate other persons to carry out any of his duties and responsibilities under the Plan.

Section 11.02 INVESTMENT FIDUCIARY

- (a) Designation. The Plan Investment Fiduciary will be designated by the Plan Sponsor. In the absence of a designation, the Plan Administrator will be the Investment Fiduciary. The Investment Fiduciary may consist of a committee consisting of one or more individuals who may be Employees appointed by the Plan Sponsor. If a committee is appointed, the committee may elect a chairman and may adopt such rules and procedures as it deems desirable. The committee may take action with or without formal meetings and may authorize one or more individuals, who may or may not be members of the committee, to execute documents in its behalf.
- (b) Authority and Responsibility of the Investment Fiduciary. The Investment Fiduciary will have the following discretionary authority and responsibility:

- (1) to manage the investment of the Fund;
 - (2) to appoint one or more Investment Managers;
 - (3) to hire such professional assistants and consultants as it, in its sole discretion, deems necessary or advisable;
 - (4) to establish, revise from time to time, and communicate to the Investment Manager(s), an investment policy for the Plan; and
 - (5) to supply such information to any person as may be required.
- (c) Procedures. The Investment Fiduciary may adopt such rules and procedures as it deems necessary, desirable, or appropriate in furtherance of its duties hereunder. When making a determination or calculation, the Investment Fiduciary will be entitled to rely upon information furnished to it.

Section 11.03 COMPENSATION OF PLAN ADMINISTRATOR AND INVESTMENT FIDUCIARY

The Adopting Employer may provide that the Plan Administrator and Investment Fiduciary will serve with or without compensation for their services.

Section 11.04 PLAN EXPENSES

All direct expenses of the Plan, the Plan Administrator and Investment Fiduciary or any other person in furtherance of their duties hereunder will be paid or reimbursed by the Adopting Employer, and if not so paid or reimbursed, will be proper charges to the Fund and will be paid therefrom.

Section 11.05 ALLOCATION OF FIDUCIARY RESPONSIBILITY

A Plan fiduciary will have only those specific powers, duties, responsibilities, and obligations as are explicitly given him under the Plan. It is intended that each fiduciary will not be responsible for any act or failure to act of another fiduciary. A fiduciary may serve in more than one fiduciary capacity with respect to the Plan.

Section 11.06 INDEMNIFICATION

To the extent specified in the Adoption Agreement, the Adopting Employer will indemnify and hold harmless any person serving as the Investment Fiduciary and/or Plan Administrator from all claims, liabilities, losses, damages and expenses, including reasonable attorneys' fees and expenses, incurred by such persons in connection with their duties hereunder to the extent not covered by insurance, except when the same is due to such person's own gross negligence, willful misconduct, lack of good faith, breach of its fiduciary duties under this Plan or ERISA (if the Adoption Agreement provides that the Plan is subject to ERISA), or breach of other applicable law.

Section 11.07 WRITTEN COMMUNICATION

To the extent permitted by applicable Treasury and/or Department of Labor Regulations and accepted by the Plan Administrator and, as applicable, the Trustee, all provisions of the Plan and Trust that require written notices and elections shall be interpreted to mean authorized electronic and telephonic notices and elections. Any notice made under the terms of the Plan may be made in any electronic or telephonic method.

ARTICLE 12 AMENDMENT, MERGER AND TERMINATION

Section 12.01 AMENDMENT

The provisions of the Plan may be amended at any time and from time to time by the Plan Sponsor, provided, however, that:

- (a) No amendment to the Plan shall be effective to the extent that it has the effect of decreasing a Participant's accrued benefit and no amendment shall increase the duties and liabilities of the Trustee without the Trustee's consent. For purposes of this Subsection, a Plan amendment which has the effect of decreasing a Participant's Account balance, with respect to benefits attributable to service before the amendment, shall be treated as reducing an accrued benefit.

A Plan amendment may not decrease a Participant's accrued benefits, or otherwise place greater restrictions or conditions on a Participant's rights to Code section 411(d)(6) protected benefits, even if the amendment merely adds a restriction or condition that is permitted under the vesting rules in Code section 411(a)(3) through (11). Notwithstanding the foregoing, an amendment described in the previous sentence does not violate Code section 411(d)(6) to the extent: (1) it applies with respect to benefits that accrue after the applicable amendment date; (2) the Plan amendment changes the Plan's Vesting Computation Period and it satisfies the applicable requirements under 29 CFR 2530.203-2(c); or (3) permitted under Code section 412(d)(2) or Treas. Reg. sections 1.411(d)-3 and 1.411(d)-4 and any superseding guidance.

No amendment to the Plan shall be effective to eliminate or restrict an optional form of benefit. The preceding sentence shall not apply to a Plan amendment that eliminates or restricts the ability of a Participant to receive payment of his or her Account balance under a particular optional form of benefit if the amendment is permitted under applicable Treasury Regulations.

A Plan amendment may also provide exceptions from the general prohibition against the elimination or restriction of optional forms of benefit for in-kind distributions and elective transfers as specified under Treas. Reg. section 1.411(d)-4 Q&A 2 and 3.

- (b) Amendment by Volume Submitter Practitioner. The volume submitter practitioner may amend any part of the Plan on behalf of the Adopting Employer for changes in the Code, regulations, revenue rulings, other statements published by the Internal Revenue Service, including model, sample or other required good faith amendments, but only if their adoption will not cause the Plan to be individually designed, and for corrections of prior plans.

The volume submitter practitioner will no longer have the authority to amend the Plan on behalf of any Adopting Employer as of either: (1) the date the Internal Revenue Service requires the Employer to file Form 5300 as an individually designed plan as a result of an Employer amendment to the Plan to incorporate a type of plan not allowable in the Volume Submitter program, as described in Rev. Proc. 2007-44 and Rev. Proc. 2011-49 and superseding guidance, or (2) as of the date the Plan is otherwise considered an individually designed plan due to the nature and extent of the amendments.

The volume submitter practitioner will maintain a record of the Employers that have adopted the Plan, and such practitioner will make reasonable and diligent efforts to ensure that Adopting Employers have actually received and are aware of all Plan amendments and that such Employers adopt new documents when necessary. In the event that volume submitter practitioner licenses this document to a middleman who has not filed for a letter in their own name as an identical adopter, such middleman will be responsible for duties described in the preceding sentence.

- (c) The Plan Sponsor may: (1) change the choice of options in the Adoption Agreement; (2) add overriding language in the Adoption Agreement when such language is necessary to satisfy Code sections 415 or 416 because of the required aggregation of multiple plans; (3) amend administrative provisions of the Trust or custodial document in the case of a volume submitter plan or non-standardized prototype plan, and the name of any pooled trust in which the Plan's Trust will participate; (4) add certain sample or model amendments published by the Internal Revenue Service or other required good faith amendments which specifically provide that their adoption will not cause the Plan to be treated as individually designed; (5) add or change provisions permitted under the Plan and/or specify or change the effective date of a provision as permitted under the Plan; and (6) adopt other amendments permitted under Revenue Procedure 2011-49 and any superseding guidance that do not cause the Plan to become individually designed (this would include, but not be limited to, situations where a closing agreement under the Audit Closing Agreement Program or a compliance statement under the Voluntary Correction Program has been issued with respect to the Employer's Plan with regard to the amendment). An Employer that amends a plan other than a volume submitter plan for any other reason other than amendments permitted under Revenue Procedure 2011-49 and any superseding guidance, including a waiver of the minimum funding requirement under Code section 412(d), will no longer participate in this master or prototype plan and will be considered to have an individually designed plan.

ARTICLE 12 AMENDMENT, MERGER AND TERMINATION

- (d) If the Plan's vesting schedule is amended, in the case of an Employee who is a Participant as of the later of the date the amendment is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's Employer-derived accrued benefit will not be less than the percentage computed under the Plan without regard to such amendment.
- (e) If the Plan's vesting schedule is amended, or the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage or if the Plan is deemed amended by an automatic change to or from a Top-Heavy vesting schedule, each Participant with at least 3 Years of Vesting Service with the Employer may elect, within a reasonable period after the adoption of the amendment or change, to have the nonforfeitable percentage computed under the Plan without regard to such amendment or change. For Participants who do not have at least 1 Hour of Service in any Plan Year beginning after December 31, 1988, the preceding sentence shall be applied by substituting "5 Years of Vesting Service" for "3 Years of Vesting Service" where such language appears. The period during which the election may be made shall commence with the date the amendment is adopted or deemed to be made and shall end on the latest of:
 - (1) 60 days after the amendment is adopted;
 - (2) 60 days after the amendment becomes effective; or
 - (3) 60 days after the Participant is issued written notice of the amendment by the Plan Administrator.The election provided for in this Section 12.01 shall be made in writing and shall be irrevocable when made.
- (f) An amendment or restatement of the Plan may be made by any method including a formal record of action by the Board or other written document and execution of such amendment or restatement may be made by written or electronic means.
- (g) A Participant's benefit under the Plan shall not decrease do to merger, transfer of assets or liabilities, or consolidation of the Plan that is then followed by Plan termination.

Section 12.02 TERMINATION

- (a) It is the intention of the Plan Sponsor that this Plan will be permanent. However, the Plan Sponsor reserves the right to terminate the Plan at any time for any reason.
- (b) Each entity constituting the Adopting Employer reserves the right to terminate its participation in this Plan. Each such entity constituting the Adopting Employer will be deemed to terminate its participation in the Plan if it ceases in any way to carry on operations.
- (c) Any termination of the Plan will become effective as of the date designated by the Plan Sponsor. Except as expressly provided elsewhere in the Plan, prior to the satisfaction of all liabilities with respect to the benefits provided under this Plan, no termination will cause any part of the funds or assets held to provide benefits under the Plan to be used other than for the benefit of Participants or to meet the administrative expenses of the Plan. In the event of the termination or partial termination, or complete discontinuance of contributions under the Plan, the account balance of each affected Participant will be nonforfeitable to the extent required by applicable law.
- (d) Distribution upon Termination of the Plan. The Employer must provide that, in connection with a termination of the Plan, all Accounts will be distributed, provided that the Employer on the date of termination does not make contributions to an alternative Code section 403(b) plan that is not part of the Plan during the period beginning on the date of plan termination and ending 12 months after the distribution of all assets from the Plan, except as permitted by the Income Tax Regulations.

ARTICLE 13 MISCELLANEOUS

Section 13.01 NONALIENATION OF BENEFITS

- (a) In General.
 - (1) Involuntary Attachment. Except as provided in Section 13.01(b), the Fund will not be subject to any form of attachment, garnishment, sequestration or other actions of collection afforded creditors of the Adopting Employer, Participants or Beneficiaries under the Plan and all payments, benefits and rights will be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Adopting Employer, Participant or Beneficiary. Notwithstanding anything to the contrary, if the Adoption Agreement provides that the Plan is not subject to ERISA, the Fund may be subject to attachment, garnishment, sequestration or other actions of collection afforded creditors of the Adopting Employer as permitted by applicable law.
 - (2) Voluntary Attachment. Except as provided in Section 13.01(b), no Participant or Beneficiary will have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which he may expect to receive, contingently or otherwise, under the Plan, except the right to designate a Beneficiary. Any reference to a Participant or Beneficiary will include an Alternate Payee or the Beneficiary of an Alternate Payee.
- (b) Notwithstanding the foregoing, the Plan Administrator may:
 - (1) Subject to Section 13.02 below, comply with the provisions and conditions of any Qualified Domestic Relations Order pursuant to the provisions of Code section 414(p).
 - (2) Comply with any federal tax levy made pursuant to Code section 6331.
 - (3) Bring action to recover benefit overpayments.

Section 13.02 RIGHTS OF ALTERNATE PAYEES

- (a) General. An Alternate Payee will have no rights to a Participant's benefit and will have no rights under this Plan other than those rights specifically granted to the Alternate Payee pursuant to a Qualified Domestic Relations Order that are consistent with this Section 13.02.
- (b) Distribution. Notwithstanding any provision of the Plan to the contrary, the Plan Administrator may distribute all or a portion of a Participant's benefits under the Plan to an Alternate Payee in accordance with the terms and conditions of a Qualified Domestic Relations Order. The Plan hereby specifically permits and authorizes distribution of a Participant's benefits under the Plan to an Alternate Payee in accordance with a Qualified Domestic Relations Order prior to the date the Participant has a Termination of Employment, or prior to the date the Participant attains his earliest retirement age as defined in Code section 414(p).
- (c) Funds. If the Qualified Domestic Relations Order does not specify the Participant's Accounts, or Funds in which such Accounts are invested, from which amounts that are separately accounted for will be paid to an Alternate Payee, such amounts will be distributed, or segregated, from the Participant's Accounts, and the Funds in which such Accounts are invested (excluding any amounts invested as a Participant loan), on a pro rata basis. A Qualified Domestic Relations Order may not provide for the assignment to an Alternate Payee of an amount that exceeds the balance of the Participant's vested Accounts after deduction of any outstanding loan.
- (d) Default Rules. Unless a Qualified Domestic Relations Order establishing a separate account for an Alternate Payee provides to the contrary:
 - (1) Withdrawals. An Alternate Payee will not be permitted to make any withdrawals under Article 8.
 - (2) Death Benefits. An Alternate Payee will have the right to designate a Beneficiary who will receive benefits payable to an Alternate Payee which have not been distributed at the time of the Alternate Payee's death. If the Alternate Payee does not designate a Beneficiary, or if the Beneficiary predeceases the Alternate Payee, benefits payable to the Alternate Payee which have not been distributed will be paid to the Alternate Payee's estate. Any death benefit payable to the Beneficiary of an Alternate Payee will be paid in a single sum as soon as administratively practicable after the Alternate Payee's death.
 - (3) Investment Direction. An Alternate Payee will have the right to direct the investment of any portion of a Participant's Accounts payable to the Alternate Payee under such order in the same manner with respect to a Participant, which amounts will be separately accounted for in the Alternate Payee's name.
- (e) Loans. An Alternate Payee will not be permitted to make a loan from the separate account established for the Alternate Payee pursuant to the Qualified Domestic Relations Order.
- (f) Treatment as Spouse. A former spouse may be treated as the spouse or surviving spouse and a current spouse will not be treated as the spouse or surviving spouse to the extent provided under a Qualified Domestic Relations Order.
- (g) Plan Procedures. The Plan Administrator will be responsible for establishing reasonable procedures for determining whether any domestic relations order received with respect to the Plan qualifies as a Qualified Domestic Relations Order, and for administering distributions in

accordance with the terms and conditions of such procedures and any Qualified Domestic Relations Order.

Section 13.03 NO RIGHT TO EMPLOYMENT

Nothing contained in this Plan will be construed as a contract of employment between the Employer and the Participant, or as a right of any Employee to continue in the employment of the Employer, or as a limitation of the right of the Employer to discharge any of its Employees, with or without cause.

Section 13.04 NO RIGHT TO FUND ASSETS

No Employee, Participant, former Participant, Beneficiary, or Alternate Payee will have any rights to, or interest in, any assets of the Fund upon termination of employment or otherwise, except as specifically provided under the Plan. All Payments of benefits under the Plan will be made solely out of the assets of the Fund.

Section 13.05 PARTICIPANT BENEFITING

A Participant will be treated as benefiting under the Plan for any Plan Year during which the Participant received or is deemed to receive an allocation in accordance with Treas. Reg. section 1.410(b)-3(a).

Section 13.06 GOVERNING LAW

This Plan will be construed in accordance with and governed by the laws of the state or commonwealth of organization of the Plan Sponsor to the extent not preempted by Federal law, or; if the Adoption Agreement provides that the Plan is not subject to ERISA, not preempted by other applicable law.

Section 13.07 SEVERABILITY OF PROVISIONS

If any provision of the Plan will be held invalid or unenforceable, such invalidity or unenforceability will not affect any other provisions hereof, and the Plan will be construed and enforced as if such provisions had not been included.

Section 13.08 HEADINGS AND CAPTIONS

The headings and captions herein are provided for reference and convenience only, will not be considered part of the Plan, and will not be employed in the construction of the Plan.

Section 13.09 GENDER AND NUMBER

Except where otherwise clearly indicated by context, the masculine and the neuter will include the feminine and the neuter, the singular will include the plural, and vice-versa.

Section 13.10 DISASTER RELIEF

The Plan may grant temporary disaster relief in compliance with Code sections 1400M and 1400Q, and subsequent guidance and/or law, to the extent provided in a resolution by the Plan Sponsor.

403(b) PLANS' DISASTER RELIEF INTERIM AMENDMENT

The current Section 13.10 is replaced with the following:

Section 13.10 DISASTER RELIEF

Notwithstanding any provision of the Plan to the contrary, the Plan may grant temporary disaster relief in compliance with Code sections 1400M and 1400Q, section 15345 of the Food, Conservation, and Energy Act of 2008, section 702 of the Heartland Disaster Tax Relief Act of 2008, section 502 of the Disaster Tax Relief and Airport and Airway Extension Act of 2017, section 11028 of the Tax Cuts and Jobs Act of 2017, section 20102 of the Bipartisan Budget Act of 2018, and any subsequent legislation ("Applicable Law"). This Section only applies to the extent the Plan has provided some or all of the disaster relief listed below in compliance with Applicable Law. The terms "Qualified Disaster Distribution," "Qualified Individual," and "Applicable Period" are defined in the relevant sections of Applicable Law.

A. Qualified Disaster Distributions

- I. Qualified Disaster Distribution received by a Qualified Individual for Applicable Period (from all plans maintained by the Employer) may not exceed \$100,000 in aggregate.
- II. If the Plan permits rollover contributions, a Qualified Individual may at any time during the 3-year period beginning on the day after the Qualified Disaster Distribution was received contribute as a rollover to the Plan in an aggregate amount that does not exceed the amount of the Qualified Disaster Distribution.
- III. If the Plan permits rollover contributions, a Qualified Individual who received a withdrawal for the purchase of a home not due to the disaster, may contribute as a rollover to the Plan in an aggregate amount that does not exceed the amount of the Qualified Disaster Distribution.

B. Disaster Loan Provisions

- I. The maximum loan limit under Code §72(p)(2)(A) shall be applied by substituting "\$100,000" for "\$50,000" and substituting "the present value" for "one-half the present value" under the Loan Procedures for a Qualified Individual.
- II. The loan repayment for a Qualified Individual may be delayed for 1 year.
- III. Subsequent repayments will be adjusted to reflect the 1 year delay and any interest accrued during such delay.
- IV. The 1 year delay will be disregarded in determining the 5-year maximum term of loans under Code §72(p)(2)(B) and (C).

**INTERMEDIATE SCHOOL DISTRICT 917
403(B) PLAN**

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**ADOPTION AGREEMENT #001
NON-ERISA 403(b) PLAN
Without Retirement Income Account
Alternative One - Governmental Employers**

NOTE: This plan document is intended for use by a 403(b) plan that is not subject to ERISA. 501(c)(3) organizations that do not intend to meet the Department of Labor ERISA Safe Harbor Exemption under 29 C.F.R. section 2510.3-2(f) may not use this document.

The undersigned Adopting Employer hereby adopts this Plan. The Plan is intended to be tax-favored under Code sections 403(b) and 501(a), respectively. The Plan will consist of this Adoption Agreement, its related Basic Plan Document and any related appendix or addendum to the Adoption Agreement. Unless otherwise indicated, all section references are to sections in the Basic Plan Document.

ADOPTING EMPLOYER INFORMATION

NOTE: An amendment is not required to change the responses in items 1-13 below.

1. Name of adopting employer (Plan Sponsor): Intermediate School District 917
2. Address: 1300 145th Street East
3. City: Rosemount
4. State: Minnesota
5. Zip: 55068
6. Phone number: 651-423-8227
7. Fax number: _____
8. Plan Sponsor EIN: 41-0961008
9. Plan Sponsor fiscal year end: 06/30
10. Entity Type
 - a. Plan Sponsor entity type:
 1. Public education organization (Code section 170(b)(1)(A)(ii))
 2. Tax-Exempt Organization under Code section 501(c)(3)
 3. Indian tribal government public school (Code section 7871(a)(6)(B))
 4. Church or Qualified Church-Controlled Organization
 5. Other: _____
 - b. If entity type is "Other", how does the Plan Sponsor qualify to establish and maintain a 403(b) plan:
 1. Public education organization (Code section 170(b)(1)(A)(ii))
 2. Tax-Exempt Organization under Code section 501(c)(3)
 3. Indian tribal government public school (Code section 7871(a)(6)(B))
 4. Church or Qualified Church-Controlled Organization
 5. State or local Governmental Organization that is also a 501(c)(3) organization

NOTE: If the Plan Sponsor entity type is "Tax-Exempt Organization under Code section 501(c)(3)" the Plan Sponsor is indicating that they intend to meet the Department of Labor ERISA Safe Harbor Exemption under 29 C.F.R. section 2510.3-2(f). This includes limiting contributions to Employee contributions and limited involvement on the part of the Plan Sponsor including the prohibition on making discretionary determinations.

11. State of organization of Plan Sponsor: Minnesota
12. **Affiliated Service Groups**

The Plan Sponsor is a member of an affiliated service group. List all members of the group (other than the Plan Sponsor): _____

NOTE: Affiliated service group members must have the approval of the Plan Sponsor to adopt and participate in the Plan.

NOTE: Listing affiliated service group members is for information purposes only and is optional.
13. **Controlled Groups**

The Plan Sponsor is a member of a controlled group. List all members of the group (other than the Plan Sponsor): _____

NOTE: Controlled group members must have the approval of the Plan Sponsor to adopt and participate in the Plan.

NOTE: Listing controlled group members is for information purposes only and is optional.

PLAN INFORMATION

A. GENERAL INFORMATION**Plan Name/Effective Date**

1. Plan Number: 001
2. Plan name:
 - a. Intermediate School District 917
 - b. 403(b) Plan
3. **Effective Date**
 - a. Original effective date of Plan: 07/01/1976
 - b. This is a restatement of a previously-adopted plan. Effective date of Plan restatement: 07/01/2019

NOTE: The date specified in A.3a for a new plan may not be earlier than the first day of the Plan Year during which the Plan is adopted by the Plan Sponsor.

NOTE: If A.3b is not selected, the Effective Date of the Plan will be the date specified in A.3a. If A.3b is selected, the Effective Date of the restatement will be the date specified in A.3b. However if the Adoption Agreement states another specific effective date for any Plan provision, such stated specific effective date will apply to that provision. The date specified in A.3b for an amended and restated plan (including the initial PPA restatement) may not be earlier than the first day of the Plan Year during which the amended and restated Plan is adopted by the Plan Sponsor.

NOTE: The effective date of this restatement cannot be earlier than January 1, 2009.
4. **Plan Year**
 - a. Plan Year means each 12-consecutive month period ending on 06/30 (e.g. December 31)
 - b. The Plan has a short Plan Year. The short Plan Year begins _____ and ends _____
5. **Limitation Year means:**
 - a. Plan Year
 - b. calendar year
 - c. other (e.g., Employer's Fiscal Year): _____

NOTE: If A.5c is selected, the Limitation Year must be a consecutive 12-month period. This includes a year with an annual period varying from 52 to 53 weeks, as long as the year satisfies the requirements of Code section 441(f).
6. **Frozen Plan**

The Plan is frozen as to eligibility and benefits effective _____

NOTE: If A.6 is selected, no Eligible Employee will become a Participant, no Participant will be eligible to further participate in the Plan, and no contributions will accrue as of and after the date specified.

Plan Features

7. **Elective Deferrals**
 - a. Elective Deferrals are permitted.
 - i. Yes
 - ii. Formerly Allowed
 - iii. No
 - b. Roth Elective Deferrals are permitted.
 - i. Yes
 - ii. Formerly Allowed
 - iii. No

NOTE: If "No" is selected in A.7a, questions regarding Elective Deferrals are disregarded.
8. **Voluntary After-Tax Contributions**

Voluntary After-Tax Contributions are permitted.

 - a. Yes
 - b. Formerly Allowed
 - c. No

NOTE: If "No", questions regarding Voluntary After-Tax Contributions are disregarded.

9. Mandatory Contributions

- a. Mandatory After-Tax Contributions are permitted.
- i. Yes
 - ii. Formerly Allowed
 - iii. No
- b. Mandatory Pre-Tax Contributions are permitted.
- i. Yes
 - ii. Formerly Allowed
 - iii. No

NOTE: If "No", questions regarding Mandatory Contributions are disregarded.

10. Matching Contributions

Matching Contributions are permitted.

- a. Yes
- b. Formerly Allowed
- c. No

NOTE: If "No", questions regarding Matching Contributions are disregarded.

11. Non-Elective Contributions

Non-Elective Contributions are permitted.

- a. Yes
- b. Formerly Allowed
- c. No

NOTE: If "No", questions regarding Non-Elective Contributions are disregarded.

12. Plan Features Effective Dates

- a. There is a special effective date for one or more features specified in A.7 through A.11. The special effective date(s) that occur after the Effective Date specified in A.3 is/are: _____
- b. A previous Plan amendment eliminated one or more of the features specified in A.7 through A.11. Specify any provisions that apply to the eliminated Plan features: _____

NOTE: If A.12a is selected, indicate the feature (Elective Deferrals, Matching Contributions, etc.) and the effective date of the feature. The effective date must be after the Effective Date specified in A.3.

NOTE: Elective Deferrals will be effective as of the later of the date specified in A.12a or the execution of an amendment/restatement that first provides for Elective Deferrals.

Compensation

13. Compensation

- a. Compensation for purposes of allocations is defined as:
- i. W-2
 - ii. Withholding Compensation
 - iii. Section 415 Safe Harbor
- b. Compensation is determined over the period specified below ending with or within the Plan Year:
- i. Plan Year
 - ii. calendar year
 - iii. Limitation Year
 - iv. Other twelve-month period beginning on: _____ (enter month and day)

NOTE: If "Plan Year" is not selected in A.14b, for new/rehired Employees whose date of hire is less than 12 months before the end of the 12-month period designated, Compensation will be determined over the Plan Year.

14. Compensation Inclusions

- a. **Elective Deferrals**
- Elective Deferrals are included in Compensation for the following purposes:
- i. Elective Deferrals, Voluntary Contributions, and Mandatory Contributions.
 - ii. Matching Contributions
 - iii. Non-Elective Contributions

b. Deemed Code section 125 Compensation

Deemed Code section 125 Compensation is included in Compensation for the following purposes:

- i. Elective Deferrals, Voluntary Contributions, and Mandatory Contributions.
- ii. Matching Contributions
- iii. Non-Elective Contributions

c. Post Severance Compensation

Post Severance Compensation is included in Compensation for the following purposes:

- i. Elective Deferrals, Voluntary Contributions, and Mandatory Contributions.
- ii. Matching Contributions
- iii. Non-Elective Contributions

d. Post Year-End Compensation

Post Year-End Compensation is included in Compensation for the following purposes:

- i. Elective Deferrals, Voluntary Contributions, and Mandatory Contributions.
- ii. Matching Contributions
- iii. Non-Elective Contributions

NOTE: If "Yes" is selected, amounts earned during a Plan Year and paid during the first few weeks of the following Plan Year will be included in Compensation for the prior Plan Year.

e. Other Pay

Other pay is included in Compensation for the following purposes (not otherwise included in A.14)(e.g., fringe benefits for all Participants):

- i. Describe other pay included in the definition of Compensation for Elective Deferrals, Voluntary Contributions, and Mandatory Contributions.
Amounts contributed by Employees pursuant to Code sections 125, 402(h)(1)(B), and 457 and contributions picked up by the Employer under Code section 414(h)(2)
- ii. Describe other pay included in the definition of Compensation for Matching Contributions.
Amounts contributed by Employees pursuant to Code sections 125, 402(h)(1)(B), and 457 and contributions picked up by the Employer under Code section 414(h)(2)
- iii. Describe other pay included in the definition of Compensation for Non-Elective Contributions.

NOTE: If other pay (A.14e) is selected, A.14e should indicate for which class of Participants the Compensation is included, must be objectively determinable, and may not be specified in a manner that is subject to Adopting Employer discretion.

Compensation Exclusions

15. Pay Before Participation

Compensation earned before participation in the Plan is excluded from Compensation for the following purposes:

- a. Elective Deferrals, Voluntary Contributions, and Mandatory Contributions
- b. Matching Contributions
- c. Non-Elective Contributions

NOTE: If selected, Compensation will include only those amounts that are actually paid to the Participant during that part of the Plan Year the Participant is eligible to participate in the Plan. If not selected, Compensation will include those amounts that are actually paid to the Participant during the period specified in A.13b.

16. 414(s) Safe Harbor Alternative Definition

Certain fringe benefits are excluded from Compensation for the following purposes:

- a. Elective Deferrals, Voluntary Contributions, and Mandatory Contributions
- b. Matching Contributions
- c. Non-Elective Contributions

NOTE: If selected, Compensation will exclude all of the following items (even if includable in gross income): reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation, and welfare benefits (Treas. Reg. section 1.414(s)-1(c)(3)).

17. Other Pay

a. Other pay excluded from Compensation for the following purposes (e.g., bonuses, commissions):

- i. Describe other pay excluded from the definition of Compensation for Elective Deferrals, Voluntary Contributions, and Mandatory Contributions.

- ii. Describe other pay excluded from the definition of Compensation for Matching Contributions.
- iii. Describe other pay excluded from the definition of Compensation for Non-Elective Contributions.

b. Other pay is excluded from Compensation for the following Participants:

- i. Highly Compensated Employees only
- ii. All Participants
- iii. Other (e.g., owners) _____

NOTE: If All Participants (A.17b.ii) is selected, the definition of Compensation will not be a safe harbor definition within the meaning of Treas. Reg. 1.414(s)-1(c).

NOTE: The pay specified above (A.17a) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

NOTE: See Section 4.01(c) for rules regarding elections for bonuses or other special pay.

18. Disability

Definition of Disability

- a. Under Code section 22(e). The Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months. The permanence and degree of such impairment will be supported by medical evidence.
- b. Under the Social Security Act. The determination by the Social Security Administration that the Participant is eligible to receive disability benefits under the Social Security Act.
- c. Inability to engage in comparable occupation. The Participant suffers from a physical or mental impairment that results in his inability to engage in any occupation comparable to that in which the Participant was engaged at the time of his disability. The permanence and degree of such impairment will be supported by medical evidence.
- d. Pursuant to other Adopting Employer Disability Plan. The Participant is eligible to receive benefits under a disability plan sponsored by the Adopting Employer.
- e. Under uniform rules established by the Plan Administrator. The Participant is mentally or physically disabled under a written nondiscriminatory policy.
- f. Other: _____

NOTE: If A.18f is selected, provide the definition of Disability. The definition provided must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

19. Choice of Law

Name of state or commonwealth for choice of law (Section 13.06): Minnesota

B. ELIGIBILITY

Exclusions - Elective Deferrals

- 1. For purposes of Elective Deferrals, the term "Eligible Employee" will not include (select all that apply):
 - a. Employees whose maximum Elective Deferrals would not exceed \$200.
 - b. Employees who are eligible to participate in an eligible governmental plan under section 457(b) that permits contributions or deferrals at the election of the employee.
 - c. Employees who are eligible to participate in a plan of the Employer offering a qualified cash or deferred election under Code section 401(k) or a contract described in Code section 403(b).
 - d. Employees who are non-resident aliens described in Code section 410(b)(3)(C).
 - e. Employees who are students performing services described in Code section 3121(b)(10).
 - f. Employees who normally work fewer than 20 hours per week.

NOTE: An Employee normally works fewer than 20 hours per week if, for the 12-month period beginning on the date the Employee's employment commenced, the Employer reasonably expects the Employee to work fewer than 1,000 hours of service (as defined under section 410(a)(3)(C) of the Code) in such period, and, for each Plan Year ending after the close of that 12-month period, the Employee has worked fewer than 1,000 hours of service in the preceding 12-month period. Under this provision, an Employee who works 1,000 or more hours of service in the 12-month period beginning on the date the Employee's employment commenced or in a Plan Year ending after the close of that 12-month period shall then be eligible to participate in the Plan. Once an Employee becomes eligible to have Elective Deferrals made on his

or her behalf under the Plan under this standard, the Employee cannot be excluded from eligibility to have Elective Deferrals made on his or her behalf in any later year under this standard.

NOTE: If the Plan elects to exclude either Employees who are students performing services or Employees who normally work fewer than 20 hours per week and fail to exclude an Employee who falls into one of those excluded classes as of the date the Employee was incorrectly allowed to participate in the plan all other Employees who fall into the same excluded class must be permitted to participate in the Plan.

Exclusions - Other Contributions

For purposes of the contributions specified below, the term "Eligible Employee" will not include:

2. Union Employees

An Employee who is included in a unit of Employees covered by a collective bargaining agreement, if retirement benefits were the subject of good faith bargaining, and if the collective bargaining agreement does not provide for participation in this Plan will be excluded from the Plan for the following purposes:

- a. Voluntary Contributions
- b. Mandatory After-Tax Contributions
- c. Mandatory Pre-Tax Contributions
- d. Matching Contributions
- e. Non-Elective Contributions

3. Leased Employees

A Leased Employee will be excluded from the Plan for the following purposes:

- a. Voluntary Contributions
- b. Mandatory After-Tax Contributions
- c. Mandatory Pre-Tax Contributions
- d. Matching Contributions
- e. Non-Elective Contributions

4. Non-Resident Aliens

An Employee who is a non-resident alien who received no earned income (within the meaning of Code section 911(d)(2)) that constitutes income from services performed within the United States (within the meaning of Code section 861(a)(3)) will be excluded from the Plan for the following purposes:

- a. Voluntary Contributions
- b. Mandatory After-Tax Contributions
- c. Mandatory Pre-Tax Contributions
- d. Matching Contributions
- e. Non-Elective Contributions

5. Other Employees

Other Employees, as defined below, will be excluded from the Plan for the following purposes (e.g., Employees paid on a salary basis):

- a. Voluntary Contributions
- b. Mandatory After-Tax Contributions
- c. Mandatory Pre-Tax Contributions
- d. Matching Contributions
Employees who are not specifically eligible for Employer matching contributions under either a collective bargaining agreement, employment contract, or personnel policy
- e. Non-Elective Contributions

NOTE: If selected, the definition of "other Employee" provided must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

Eligibility Service Rules - Elective Deferrals

6. The frequency of entry dates for Elective Deferrals will be:

- a. immediate
- b. first day of each calendar month
- c. other: _____

NOTE: Under the universal availability rules an Eligible Employee must enter the Plan as soon as administratively feasible following their hire date (no more than 60 days following date of hire).

Eligibility - Other Contributions

Except as otherwise provided in B.10, an Eligible Employee will be eligible to make contributions other than Elective Deferrals (if permitted pursuant to A.8-A.11) at the time specified in B.9 upon meeting the requirements of B.7 and B.8.

7. Age Requirement

Minimum age requirement for Contributions other than Elective Deferrals: (leave blank or enter "0" if none)

- _____ Voluntary Contributions
- _____ Mandatory After-Tax Contributions
- _____ Mandatory Pre-Tax Contributions
- 0 Matching Contributions
- _____ Non-Elective Contributions

8. Minimum service requirement

a. Minimum service requirement:

- i. None
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
- ii. Completion of one Year of Eligibility Service
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
- iii. Completion of two Years of Eligibility Service
 - a. Matching Contributions
 - b. Non-Elective Contributions
- iv. Completion of _____ Hours of Service within a twelve-month period
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
- v. Completion of _____ months of service
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
- vii. Completion of _____ Hours of Service in a _____ month period
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
- ix. Completion of _____ consecutive months of continuous service
 - a. Voluntary Contributions

- b. Mandatory After-Tax Contributions
- c. Mandatory Pre-Tax Contributions
- d. Matching Contributions
- e. Non-Elective Contributions
- xi. Other: (e.g., 160 hours in each of three consecutive months)
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
The amount of service specified in the applicable collective bargaining agreement, employment contract, or personnel policy
 - e. Non-Elective Contributions

NOTE: Service taken into account for purposes of B.8 will be determined under the terms and conditions specified for determining a Year of Eligibility Service.

NOTE: If one or two Year of Eligibility Service (B.8a.ii or B.8a.iii) is selected, and no hours are specified, the Plan will use 1,000 Hours of Service.

NOTE: If selected, the definition of "other" provided must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

- b. Enter the number of Hours of Service necessary for Year of Eligibility Service for purposes of Contributions other than Elective Deferrals: 1,000

9. Entry Dates

- a. Frequency of entry dates for Contributions other than Elective Deferrals:
 - i. immediate
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
 - ii. first day of each calendar month
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
 - iii. first day of each Plan quarter
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
 - iv. first day of the first month and seventh month of the Plan Year
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
 - v. first day of the Plan Year
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions

- e. Non-Elective Contributions
- vi. other: (e.g., first day of each pay period)
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
on the date specified in the applicable collective bargaining agreement, employment contract, or personnel policy
 - e. Non-Elective Contributions

NOTE: The entry date specified above (B.9a.vi) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

b. Timing of Entry Dates

If B.9a.i and B.9a.vi (immediate entry/dates specified) are not selected, an Eligible Employee will become a Participant eligible to receive an allocation of Contributions other than Elective Deferrals on the entry date selected in B.9a that is _____ the date the requirements of B.7 through B.9 are met.

- i. coincident with or next following
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
- ii. next following
 - a. Voluntary Contributions
 - b. Mandatory After-Tax Contributions
 - c. Mandatory Pre-Tax Contributions
 - d. Matching Contributions
 - e. Non-Elective Contributions
- iii. coincident with or immediately preceding
 - a. Matching Contributions
 - b. Non-Elective Contributions
- iv. immediately preceding
 - a. Matching Contributions
 - b. Non-Elective Contributions
- v. nearest to
 - a. Matching Contributions
 - b. Non-Elective Contributions

10. Additional requirements, limitations, conditions, or other modifications to B.7 - B.9 (e.g., Participants part of a collectively bargained for agreement will be immediately eligible for Elective Deferrals and will enter the Plan for that purpose on their date of hire.):

- Voluntary Contributions
Other: _____
- Mandatory After-Tax Contributions
Other: _____
- Mandatory Pre-Tax Contributions
Other: _____
- Matching Contributions
Other: _____
- Non-Elective Contributions
Other: _____

NOTE: The additional requirements, limitations, conditions, or other modifications specified above (B.10) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

Eligibility Service Computation Rules

11. Other Employer Service

- Count years of service with employers other than the Adopting Employer for eligibility purposes. List other employers and indicate for what purposes (e.g., Non-Elective, Matching, etc.) the service applies along with any limitations (e.g., service with ABC Inc. will be included for determining eligibility for Matching Contributions): _____

NOTE: The other employer service specified above (B.11) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

12. Break in Service

- a. Rule of parity. Exclude eligibility service before a period of five (5) consecutive One-Year Breaks in Service/Periods of Severance if an Employee does not have any nonforfeitable right to the Account balance derived from Employer contributions.
- b. One-year holdout. If an Employee has a One-Year Break in Service/Period of Severance, exclude eligibility service before such period until the Employee has completed a Year of Eligibility Service after returning to employment with the Employer.
- c. The following modifications will be made to the requirements specified in B.12a-b: _____

NOTE: B.12 applies for purposes of eligibility to receive Matching Contributions and Non-Elective Contributions only.

NOTE: B.12c could be used, for example, to require less than 500 hours of service (but not more than 500 hours) for a One-Year Break in Service under B.12a and/or B.12b, or to specify that the break in service rule(s) only apply to certain contributions.

13. Special Participation Date

- a. Allow immediate participation for all Eligible Employees employed on a specific date. All Eligible Employees employed on _____ will become eligible to participate in the Plan as of _____
- b. The Plan provides conditions or limitations on immediate participation (e.g., Employees employed under a union contract are not subject to special participation date): _____

NOTE: If B.13b applies (B.13a is selected) and is selected, describe the conditions or limitations and indicate for what purposes (e.g., Elective Deferrals, Matching, etc.) the conditions or limitations apply. The conditions/limitations must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

Eligibility Service Method

14. Eligibility Service Method

- a. Eligibility service computation method.
- i. Hours of Service
 Eligibility Computation Period will switch to Plan Year
 Eligibility Computation Period will remain based on anniversary of date of hire
- ii. Elapsed Time
- NOTE: B.14.a.ii can only be chosen if B.8.a.ii, B.8.a.iv, B.8.a.vi, or B.8.a.vii (without an hours requirement specified) is chosen.*
- b. Select hours equivalency for eligibility purposes:
- i. None
An Employee will be credited with the following service with the Employer:
- ii. 10 Hours of Service for each day or partial day
- iii. 45 Hours of Service for each week or partial week
- iv. 95 Hours of Service for each semi-monthly payroll period or partial semi-monthly payroll period
- v. 190 Hours of Service for each month or partial month
- c. The hours equivalency will apply to:
- i. All Employees
- ii. Only Employees not paid on a per-hour basis
- d. The following modifications will be made to the requirements specified in B.14a-c: _____

NOTE: B.14c will not apply if B.14b.i is selected ("None").

NOTE: The responses to B.14 are used only to the extent that the Plan determines eligibility service by the Hour of Service method and will apply uniformly to B.8 wherever Hours of Service is elected unless otherwise provided in B.14d.

NOTE: If B.14d is selected, the modifications must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

C. CONTRIBUTIONS - ELECTIVE DEFERRALS, VOLUNTARY CONTRIBUTIONS, MANDATORY CONTRIBUTIONS

C. CONTRIBUTIONS - ELECTIVE DEFERRALS, VOLUNTARY CONTRIBUTIONS, MANDATORY CONTRIBUTIONS

Elective Deferrals

NOTE: If A.7 is "Yes" (Elective Deferrals are permitted), an Eligible Employee will be eligible to make Elective Deferrals to the Plan in the following manner:

1. Maximum Deferral Amounts

Maximum Elective Deferral contribution: 100% of Compensation

2. Modifications of Elective Deferrals

a. Participants may modify/start/stop Elective Deferrals/Voluntary Contribution elections:

- i. Each pay period
- ii. Monthly
- iii. Quarterly
- iv. Semi Annually
- v. Annually
- vi. Pursuant to Plan Administrator procedures (at least once each calendar year)

b. Participants may stop an election to contribute at any time.

3. Catch-up Contributions

- a. Participants may make Age 50 Catch-up Contributions (Section 5.01(c)).
- b. Participants with fifteen years of service may make Special Long Service Catch-up Contributions (Section 5.01(b)).

Automatic Enrollment

4. The Plan provides for traditional automatic enrollment

- a. Yes, traditional automatic contribution arrangement ("ACA")
- b. No

5. Automatic Enrollment - ACA

- a. The initial amount of the automatic enrollment (as a percentage of Compensation): _____%
- b. The amount specified in C.5a will increase in the following manner (include amount and timing of increase): _____
- c. Delayed automatic enrollment. The traditional automatic enrollment will be deemed elected _____ after the initial satisfaction of the eligibility requirements of Article 3 with respect to Elective Deferrals (and after effective date of the addition of an automatic enrollment feature for current Participants).

NOTE: For example, if the automatic enrollment amount is 3% for the first year and increases by 1% per year for five years, insert "3%" in the first blank (C.5a) and "increase by 1% on the first day of the Plan Year in the second through sixth year to a maximum of 8%" in the second blank (C.5b).

6. Automatic Enrollment - Covered Employees

- a. Indicate who will be a covered employee eligible to make automatic contributions:
 - i. Eligible Employees who have not made an Elective Deferral election
 - ii. All Eligible Employees to the extent that no election was made or their Elective Deferral elections are less than the automatic enrollment amount
 - iii. Other (e.g., Employees employed after 1/1/2016 who have not made an Elective Deferral election): _____
- b. If the Plan provides for automatic enrollment and Roth Elective Deferrals are allowed to the Plan, select whether automatic contributions will be pre- or after-tax:
 - i. Pre-Tax. All Elective Deferrals made under Section 4.01(g) will be designated as Pre-Tax Elective Deferrals.
 - ii. After-Tax. All Elective Deferrals made under Section 4.01(g) will be designated as Roth Elective Deferrals.

NOTE: C.6b only applies if A.7b is "Yes" (Roth contributions are allowed to the Plan).

Voluntary Contributions

NOTE: If A.8 is "Yes", an Eligible Employee who has met the requirements specified for Voluntary Contributions will be eligible to make Voluntary Contributions to the Plan as follows (Section 4.01):

7. Minimum and Maximum Voluntary Contributions

- a. Minimum Voluntary Contribution: _____
- b. Maximum Voluntary Contribution: _____%

C. CONTRIBUTIONS - ELECTIVE DEFERRALS, VOLUNTARY CONTRIBUTIONS, MANDATORY CONTRIBUTIONS

- c. Maximum of total combined Elective Deferral/Voluntary Contribution: _____%
- d. Other limitations: _____

NOTE: C.7b and C.7c may not be more than 100% of Compensation.

NOTE: If C.7d is selected the requirements provided must be nondiscriminatory, objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

Mandatory Contributions

NOTE: If A.9 is "Yes" (Mandatory Contributions are permitted), an Eligible Employee who has met the requirements specified for Mandatory Contributions will be eligible to make Mandatory Contributions to the Plan as follows (Section 4.01):

8. Mandatory Contribution Amount

- a. Mandatory After-Tax Contributions will be required in the following amount with the following limitations: _____
- b. Mandatory Pre-Tax Contributions will be required in the following amount with the following limitations: _____

D. CONTRIBUTIONS - MATCHING, NON-ELECTIVE, AND OTHER CONTRIBUTIONS

Matching - Allocation Service

NOTE: If A.10 is "Yes", an Eligible Employee who has met the requirements of Section B and who has satisfied the following requirements will be eligible to receive an allocation of Matching Contributions during the applicable Plan Year.

1. Allocation Service Requirements for Matching Contributions

- a. In order to share in the allocation of Matching Contributions, a Participant is required to complete the following Hours of Service in the applicable Plan Year _____
- b. In order to share in the allocation of Matching Contributions, a Participant is required to be employed by the Adopting Employer on the last day of the Plan Year
- c. In order to share in the allocation of Matching Contributions, a Participant is required to be employed by the Adopting Employer on the last day of the Plan Year or complete at least _____ Hours of Service in the applicable Plan Year
- d. None

NOTE: D.1a and D.1b are inapplicable if D.1c is selected.

NOTE: D.1a and D.1c may not be more than 1,000.

2. Matching Allocation Service Computation Rules

- a. Computation method for Matching Allocation Service.
 - i. Hours of Service
 - ii. Elapsed Time
- b. Select hours equivalency:
 - i. None

An Employee will be credited with the following service with the Employer:

- ii. 10 Hours of Service for each day or partial day
- iii. 45 Hours of Service for each week or partial week
- iv. 95 Hours of Service for each semi-monthly payroll period or partial semi-monthly payroll period
- v. 190 Hours of Service for each month or partial month

NOTE: D.2b is only applicable if D.2a.i is selected.

- c. The hours equivalency will apply to:

- i. All Employees
- ii. Only Employees not paid on a per-hour basis

NOTE: D.2c is only applicable if D.2a.i is selected.

NOTE: D.2 is only applicable if D.1a or D.1c is selected.

3. Exceptions to Allocation Service Requirements for Matching Contributions

- a. Modify Hour of Service requirement and/or last day requirement for a Participant who terminates employment with the Employer during the Plan Year due to:
 - i. death
 - ii. Disability

D. CONTRIBUTIONS - MATCHING, NON-ELECTIVE, AND OTHER CONTRIBUTIONS

- iii. attainment of Normal Retirement Age
- iv. Other: (e.g., attainment of Early Retirement Age) _____
- b. Any Hour of Service requirement and last day requirement will be modified as follows:
 - i. Waive both the Hour of Service requirement and last day requirement
 - ii. Waive the Hour of Service requirement only
 - iii. Waive last day requirement only
- c. The following other modifications will be made to the requirements specified in D.1-3b: _____

NOTE: D.3 is only applicable if D.1a, D.1b, or D.1c is selected.

NOTE: D.3c may only be used to make minor changes to the requirements specified in D.1-3b and must be specified in a manner that is objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion. For example, D.3c could be used to clarify that last day but not Hours of Service is waived for death while Hours of Service and last day are waived for Disability and attainment of Normal Retirement Age.

Matching - Formula

4. Matched Employee Contribution Inclusions

The Adopting Employer will match:

- a. Elective Deferrals
- b. Age 50 Catch-up Contributions
- c. Special Long Service Catch-up Contributions
- d. Roth Elective Deferrals
- e. Voluntary Contributions
- f. Mandatory After-Tax Contributions
- g. Mandatory Pre-Tax Contributions
- h. Other (e.g., Elective Deferrals made to Company 403(b) Plan #1): _____

NOTE: The other Matched Employee Contribution specified above (D.4h) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

5. Matching Contribution Formula

The Adopting Employer's Matching Contribution will be allocated to eligible Participants who have met the requirements of Section B and D.1 through D.3 as follows:

- a. A discretionary amount and percentage of Matched Employee Contributions
- b. Tiered Matching Formula. The Adopting Employer will contribute as a Matching Contribution an amount equal to:
Rate One
_____ % of the Participant's Matched Employee Contributions that are not in excess of
_____ % of the Participant's Compensation
- c. Years of service
 - i. The Matching contribution will be made according to the schedule below:
 - A. _____ Years of service _____ % of Matched Employee Contributions
 - ii. Only Matched Employee Contributions that are not in excess of _____ % of the Participant's Compensation will be matched.
 - iii. In determining years of service in this D.5c, the following service will be used:
 - A. Years of Eligibility Service
 - B. Years of Vesting Service
 - iv. Enter the number of Hours of Service necessary to earn a year of service described in D.5c.i: _____
- d. Special schedule. Matching Contributions shall be made according to the following fixed schedule: In accordance with the fixed schedule contained in the applicable collective bargaining agreement, employment contract, or personnel policy

NOTE: The discretionary formula in D.5a must meet the nondiscrimination requirements regarding benefits, rights, or features described in Treas. Reg. section 1.401(a)(4)-4.

6. Additional Discretionary Matching Contributions

Permit discretionary Matching Contributions to be made in addition to the contributions described in D.5b-d as a discretionary amount and percentage of Matched Employee Contributions

7. Additional Fixed Matching Contributions

Permit additional fixed Matching Contributions to be made in addition to the contributions described in D.5b-d: _____

8. Maximum Allocations for Matching Contributions

D. CONTRIBUTIONS - MATCHING, NON-ELECTIVE, AND OTHER CONTRIBUTIONS

Plan limits Matching Contributions to the following in each Plan Year:

- a. Maximum percentage of Compensation _____%
- b. Maximum dollar amount \$_____
- c. Other: a matching contribution for any participant shall not exceed the lesser of the dollar amount of the maximum matching contribution authorized under the terms of the applicable collective bargaining agreement, employment contract, or personnel policy or the maximum matching contribution allowed under Minnesota Statute Section 356.24, as amended
- d. No Maximum

NOTE: If D.8c is selected the requirements provided must be nondiscriminatory, objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

9. Allocation Times for Matching Contributions

- a. Fixed Matching Contributions are allocated to Participant Accounts at the following time(s):
 - i. End of Plan Year
 - ii. Semi-annually
 - iii. Quarterly
 - iv. Each calendar month
 - v. Each pay period
 - vi. At such times as may be determined by the Adopting Employer
- b. Apply the dollar limit in D.8:
 - i. On a Plan Year basis only
 - ii. Pro rata as of each period specified in D.9a

NOTE: D.9 will not apply if the Matching Contribution formula is discretionary (D.5a is selected).

NOTE: Any service requirements specified in D.1 through D.3 will be applied pro rata to the period selected in this D.9. Any last day rule specified in D.1 through D.3 will be applied as of the end of each period selected in this D.9.

NOTE: Discretionary Matching Contributions (if selected in D.5) may be allocated at a time other than that selected in D.9.

NOTE: D.9b will only apply if a maximum dollar amount (D.8b or D.8c) is selected and end of Plan Year (D.9a.i) is not selected.

Non-Elective Contributions - Allocation Service

NOTE: If A.11 is "Yes" an Eligible Employee who has met the requirements of Section B and who has satisfied the following requirements will be eligible to receive an allocation of Non-Elective Contributions during the applicable Plan Year.

10. Allocation Service Requirements for Non-Elective Contributions

- a. In order to share in the allocation of Non-Elective Contributions, a Participant is required to complete the following Hours of Service in the applicable Plan Year _____
- b. In order to share in the allocation of Non-Elective Contributions, a Participant is required to be employed by the Adopting Employer on the last day of Plan Year
- c. In order to share in the allocation of Non-Elective Contributions, a Participant is required to be employed by the Adopting Employer on the last day of Plan Year or complete at least _____ Hours of Service in the applicable Plan Year
- d. None

NOTE: D.10a and D.10b are inapplicable if D.10c is selected.

NOTE: D.10a and D.10c may not be more than 1,000.

11. Non-Elective Allocation Service Computation Rules

- a. Computation method for Non-Elective Allocation Service:
 - i. Hours of Service
 - ii. Elapsed Time
- b. Select hours equivalency:
 - i. NoneAn Employee will be credited with the following service with the Employer:
 - ii. 10 Hours of Service for each day or partial day
 - iii. 45 Hours of Service for each week or partial week
 - iv. 95 Hours of Service for each semi-monthly payroll period or partial semi-monthly payroll period
 - v. 190 Hours of Service for each month or partial month

NOTE: D.11b is only applicable if D.11a.i is selected.

- c. The hours equivalency will apply to:
 - i. All Employees

D. CONTRIBUTIONS - MATCHING, NON-ELECTIVE, AND OTHER CONTRIBUTIONS

- ii. Only Employees not paid on a per-hour basis

NOTE: D.11c is only applicable if D.11a.i is selected.

NOTE: D.11 is only applicable if D.10a or D.10c is selected.

12. Exceptions to Allocation Service Requirements for Non-Elective Contributions

- a. Modify Hour of Service requirement and/or last day requirement for a Participant who terminates employment with the Employer during the Plan Year due to:
- i. death.
 - ii. Disability
 - iii. attainment of Normal Retirement Age
 - iv. Other: (e.g., attainment of Early Retirement Age) _____
- b. Any Hour of Service requirement and last day requirement will be modified as follows:
- i. Waive both the Hour of Service requirement and last day requirement
 - ii. Waive the Hour of Service requirement only
 - iii. Waive last day requirement only
- c. The following other modifications will be made to the requirements specified in D.10-12b: _____

NOTE: D.12 is only applicable if D.10a, D.10b, or D.10c is selected.

NOTE: D.12c may only be used to make minor changes to the requirements specified in D.10-12b and must be specified in a manner that is objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion. For example, D.12c could be used to clarify that last day but not Hours of Service is waived for death while Hours of Service and last day are waived for Disability and attainment of Normal Retirement Age.

Non-Elective - Formula

13. Amount of Non-Elective Contributions

- a. Discretionary in an amount as determined by the Adopting Employer
- b. _____ % of total Participant Compensation for the Plan Year
- c. \$_____ for the Plan Year
- d. Other (e.g., 5% of Employer's profits): _____

NOTE: The Non-Elective Formula specified above (D.13d) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

14. Non-Elective Contribution allocation formula

The Adopting Employer's Non-Elective Contributions will be allocated to eligible Participants who have met the requirements of Section B and D.10 as follows (Section 4.03):

- a. Pro rata. In the ratio that each Participant's Compensation bears to the Compensation of all eligible Participants.
- b. Integrated. See D.15.
- c. Other: _____

NOTE: The Non-Elective Contribution allocation formula specified above (D.14c) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

15. Non-Elective - Integration

Integration level for determining Excess Compensation:

- a. Taxable wage base (as defined under Section 230 of the Social Security Act) in effect on the first day of such Plan Year
- b. 20% of the taxable wage base (as defined under Section 230 of the Social Security Act) in effect on the first day of such Plan Year; minus \$1.00
- c. 80% of the taxable wage base (as defined under Section 230 of the Social Security Act) in effect on the first day of such Plan Year; minus \$1.00
- d. 80% of the taxable wage base (as defined under Section 230 of the Social Security Act) in effect on the first day of such Plan Year; plus \$1.00
- e. _____% (no more than 100%) of taxable wage base (as defined under Section 230 of the Social Security Act) in effect on the first day of such Plan Year
- f. Fixed dollar amount: \$ _____ (not more than the taxable wage base (as defined under Section 230 of the Social Security Act) in effect on the first day of such Plan Year)

NOTE: The amount of permitted disparity will be determined in accordance with the following table:

Integration Level	Permitted
	Disparity

D. CONTRIBUTIONS - MATCHING, NON-ELECTIVE, AND OTHER CONTRIBUTIONS

More than \$0 but not more than 20% of the TWB	5.7%
More than 20% of the TWB but not greater than 80% of the TWB	4.3%
More than 80% of the TWB but less than 100% of the TWB	5.4%
100% of the TWB	5.7%

TWB = taxable wage base (as defined under Section 230 of the Social Security Act)

16. Allocation of Non-Elective Contributions

- a. Non-Elective Contributions are allocated to Participant Accounts at the following time(s):
- i. End of Plan Year
 - ii. Semi-annually
 - iii. Quarterly
 - iv. Each calendar month
 - v. Each pay period
- b. Minimum and Maximum Non-Elective Contributions
- i. Allocations of Non-Elective Contributions for a Participant will be subject to a minimum amount: _____
 - ii. Allocations of Non-Elective Contributions for a Participant will be subject to a maximum amount: _____
- c. Apply the dollar limit in D.16b:
- i. On a Plan Year basis only
 - ii. Pro rata as of each period specified in D.16a

NOTE: Any service requirements specified in D.10 through D.12 will be applied pro rata to the period selected in this D.16a. Any last day rule specified in D.10 through D.12 will be applied as of the end of each period selected in this D.16a.

17. Non-Elective - Disability

- Allocate Non-Elective Contributions to Disabled Participants who do not meet the allocation service requirements (Section 4.03(e)). Allocations to Disabled Participants end as of the earliest of: (i) the last day of the Plan Year in which occurs the _____ anniversary of the start of the Participant's Disability or (ii) such other time specified in Section 4.03(e).

NOTE: D.17 will not be more than "tenth."

NOTE: Allocations under D.17 may occur after Termination.

18. Non-Elective - Former Participants

- a. Non-Elective Contributions will be allocated to former Participants until the last day of the _____ (no more than fifth) tax year following the tax year in which the date of Termination occurs.
- b. Age and Service Requirements. Former Participants must meet the following requirements to be eligible to receive Non-Elective Contributions.
- i. Former Participants must be at least _____ years old.
 - ii. Former Participants must meet the following service requirement: _____.
 - iii. Former Participants must meet the following requirement: _____.
- c. The following modifications will apply to D.18b: _____.

19. Qualified Non-Elective Contributions ("QNEC")

The Adopting Employer's discretionary Qualified Non-Elective Contribution will be allocated in the following manner:

- a. Pro rata. In the ratio that such Participant's Compensation bears to the Compensation of all eligible Participants.
- b. Fixed Amount. In an amount equal to the total additional Qualified Non-Elective Contribution divided by the number of Participants eligible to share in such contribution.

20. Rollovers

Rollover Contributions are permitted:

- a. No
- b. Yes - All Eligible Employees may make a Rollover Contribution even if not yet a Participant in the Plan
- c. Yes - Only active Participants may make a Rollover Contribution
- d. Yes - _____ may make a Rollover Contribution

NOTE: The Plan Administrator has discretion under Section 4.05 to limit the types of rollover contributions accepted by the Plan and must use that discretion in a consistent and nondiscriminatory manner.

21. Death or Disability During Qualified Military Service

- For benefit accrual purposes, a Participant that dies or becomes Disabled while performing Qualified Military Service will be treated as if he had been employed by the Adopting Employer on the day preceding death or Disability and terminated employment on the day of death or Disability.

22. 415 Additional Language

D. CONTRIBUTIONS - MATCHING, NON-ELECTIVE, AND OTHER CONTRIBUTIONS

Additional language necessary to satisfy Code section 415 because of the required aggregation of multiple plans: _____.

E. VESTING

Vesting Service Rules

1. Vesting service computation method

- a. Hours of Service. Number of Hours of Service necessary for a Year of Vesting Service: 1,000
- b. Elapsed Time

NOTE: Unless E.1.b (Elapsed Time) is selected, the Plan will use the Hours of Service method for determining vesting service. If E.1.b is selected, questions E.2 through E.3 are disregarded.

NOTE: E.1a may not be more than 1,000. If left blank, the Plan will use 1,000 Hours of Service.

2. Vesting Service Equivalencies

- a. Select equivalency for vesting purposes:
 - i. None.
An Employee will be credited with the following service with the Employer:
 - ii. 10 Hours of Service for each day or partial day
 - iii. 45 Hours of Service for each week or partial week
 - iv. 95 Hours of Service for each semi-monthly payroll period or partial semi-monthly payroll period
 - v. 190 Hours of Service for each month or partial month
- b. The hours equivalency selected in E.2a will apply to:
 - i. All Employees
 - ii. Only Employees not paid on a per-hour basis

NOTE: E.2b does not apply if E.2a.i is selected.

3. Vesting Computation Period

- a. Calendar year
- b. Plan Year
- c. The twelve-consecutive month period commencing on the date the Employee first performs an Hour of Service; each subsequent twelve-consecutive month period will commence on the anniversary of such date
- d. Other (must be a 12 month period): _____.

NOTE: E.3d must be a twelve-consecutive month period.

4. Other Employer Service

Count years of service with employers other than the Adopting Employer for vesting purposes. List other employers and indicate for what purposes (e.g., Matching, Non-Elective, etc.) the service applies along with any limitations: (e.g., service with ABC Inc. will be included for determining vesting for Matching Contributions limited to three Years of Vesting Service) _____

NOTE: The other service specified must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

5. Vesting Exceptions

- a. Death. Provide for full vesting for a Participant who terminates employment with the Adopting Employer due to death while an Employee.
- b. Disability. Provide for full vesting for a Participant who terminates employment with the Adopting Employer due to Disability while an Employee.
- c. Early Retirement. Provide for 100% vesting upon the attainment of Early Retirement Age while an Employee.

6. Vesting Exclusions

- a. Exclude Years of Vesting Service earned before age 18
- b. Exclude Years of Vesting Service earned before the Adopting Employer maintained this Plan or a predecessor plan
- c. One-year holdout. If an Employee has a One-Year Break in Service/Period of Severance, exclude Years of Vesting Service earned before such period until the Employee has completed a Year of Vesting Service after returning to employment with the Adopting Employer.
- d. Rule of parity. If an Employee does not have a nonforfeitable right to the Account balance derived from Adopting Employer contributions, exclude Years of Vesting Service earned before a period of five (5) consecutive One-Year Breaks in Service/Periods of Severance.

7. Special Vesting Provisions

Provide for special vesting provisions (e.g., Participants who are employed under a union contract are always 100% vested in all contributions): _____

NOTE: Any special provisions must satisfy Code section 411.

Vesting Schedules**8. Matching Contribution Account**

Vesting Schedule for Matching Contributions:

- a. 100%
- b. 2-6 Year Graded
- c. 1-5 Year Graded
- d. 1-4 Year Graded
- e. 3 Year Cliff
- f. 2 Year Cliff
- g. Other:
 - i. Other Match Schedule - less than 1 year: _____%
 - ii. Other Match Schedule - 1 year but less than 2 years: _____%
 - iii. Other Match Schedule - 2 years but less than 3 years: _____%
 - iv. Other Match Schedule - 3 years but less than 4 years: _____%
 - v. Other Match Schedule - 4 years but less than 5 years: _____%
 - vi. Other Match Schedule - 5 years but less than 6 years: _____%
 - vii. Other Match Schedule - 6 or more years: 100%.

NOTE: See Section 6.02 for definitions of the applicable vesting schedules.

9. Non-Elective

Non-Elective Contribution Account Vesting Schedule:

- a. 100%
- b. 2-6 Year Graded
- c. 1-5 Year Graded
- d. 1-4 Year Graded
- e. 3 Year Cliff
- f. 2 Year Cliff
- g. Other:
 - i. Other Non-Elective Schedule - less than 1 year: _____%
 - ii. Other Non-Elective Schedule - 1 year but less than 2 years: _____%
 - iii. Other Non-Elective Schedule - 2 years but less than 3 years: _____%
 - iv. Other Non-Elective Schedule - 3 years but less than 4 years: _____%
 - v. Other Non-Elective Schedule - 4 years but less than 5 years: _____%
 - vi. Other Non-Elective Schedule - 5 years but less than 6 years: _____%
 - vii. Other Non-Elective Schedule - 6 or more years: 100%.

NOTE: See Section 6.02 for definitions of the applicable vesting schedules.

10. Other Vesting Schedule

a. The Plan has another vesting schedule (e.g., transferred Matching Contribution assets from merger are subject to a 3 year cliff vesting schedule): _____

b. Describe the Participants to which the other vesting schedule applies: _____

NOTE: The vesting schedule in E.10 is in addition to the vesting schedules in E.8 through E.9.

NOTE: E.10 must be applied in a consistent and nondiscriminatory manner. For example, E.10b could be used to describe a prior vesting schedule, vesting for a transfer account, or a vesting schedule that applies to Participants covered by a collective bargaining agreement provided retirement benefits were the subject of good faith bargaining.

11. Forfeitures

Forfeitures will be used in the following manner:

- a. Any permissible method (restore forfeitures, reduce Adopting Employer contributions (or reallocate as Adopting Employer contributions) made pursuant to Article 4 or to pay Plan expenses)
- b. Other: _____

NOTE: E.11b is limited to one or a combination of the options described in E.11a. E.11b may be used to further restrict the uses of forfeiture and must be applied in a consistent and nondiscriminatory manner.

F. DISTRIBUTIONS - SEVERANCE FROM EMPLOYMENT/DEATH

Definitions

1. Normal Retirement

- a. Normal Retirement Age means:
- i. Attainment of age 65
 - ii. Later of attainment of age _____ and the service specified in F.1b
 - iii. Other: _____
- b. Select the type and length of service used to measure Normal Retirement Age:
- i. Eligibility. _____ Years of Eligibility Service
 - ii. Vesting. _____ Years of Vesting Service
 - iii. Participation. _____ anniversary of participation (e.g. third, fourth, etc.)

NOTE: The age entered in F.1a may not be more than 65.

NOTE: F.1b may not require more than the fifth anniversary of participation as defined in Treas. Reg. section 1.411(a)-7(b)(1) and any superseding guidance.

NOTE: The Normal Retirement Age will be deemed met no later than the later of age 65 or the fifth anniversary of participation as defined in Treas. Reg. section 1.411(a)-7(b)(1) and any superseding guidance.

2. Early Retirement

- a. Early Retirement Age means:
- i. None. The Plan does not have an early retirement feature.
 - ii. Attainment of age _____
 - iii. Later of attainment of age _____ and the service specified in F.2b
 - iv. Other: _____
- b. Select the type and length of service used to measure Early Retirement Age:
- i. Eligibility. _____ Years of Eligibility Service
 - ii. Vesting. _____ Years of Vesting Service
 - iii. Participation. _____ anniversary of participation (e.g. third, fourth, etc.)

NOTE: The age entered in F.2a may not be more than 65.

NOTE: F.2b is only applicable if F.2a.iii is selected.

NOTE: See related selections E.5c (vesting upon Early Retirement Age) and G.3c (in-service distributions upon Early Retirement Age).

3. Required Beginning Date

Required Beginning Date for a Participant other than a More Than 5% Owner:

- a. Retirement. April 1 of the calendar year following the later of the calendar year in which the Participant: (x) attains age 70-1/2, or (y) retires
- b. Age 70-1/2. April 1 of the calendar year following the calendar year in which the Participant attains age 70-1/2
- c. Election. The option provided in F.3a; provided that a Participant may elect to begin distributions pursuant to either F.3a or F.3b

NOTE: A Participant's Required Beginning Date is a protected benefit under Code section 411(d)(6).

Time & Form of Payment

4. REA Requirements

- a. Certain assets in the Transfer Account are subject to the REA requirements. The default form of payment for those Transfer Account assets that are subject to the REA requirements will be a Qualified Joint and _____% Survivor Annuity (not less than 50% and not more than 100%).

5. Time of Payment

Distributions after Severance from Employment for reasons other than death will commence (Section 7.02):

- a. Immediate. As soon as administratively feasible with a final payment made consisting of any allocations occurring after such Severance from Employment
- b. End of Plan Year. As soon as administratively feasible after all contributions have been allocated relating to the Plan Year in which

F. DISTRIBUTIONS - SEVERANCE FROM EMPLOYMENT/DEATH

the Participant's Account balance becomes distributable

- c. Normal Retirement Age.
- d. Other (e.g., as soon as administratively feasible following the next Valuation Date): _____

NOTE: Any entry in F.5d must comply with Code section 401(a)(9), Section 7.02 and other requirements of Article 7.

6. Form of Payment - Severance from Employment

- a. Medium of distribution from the Plan:
 - i. Cash only
 - ii. Cash or in-kind
 - iii. Cash or in-kind rollover to an individual retirement account sponsored by the following vendor: _____
- b. Distributions from the Plan after Severance from Employment for reasons other than death may be made in the following forms (select all that apply):
 - i. Lump sum
 - ii. Substantially equal installments
 - iii. Under a continuous right of withdrawal pursuant to which a Participant may withdraw such amounts at such times as he will elect
 - iv. Other (e.g., Periodic Payment that are set at least quarterly): A partial lump sum payment of a designated amount with the balance paid in substantially equal installments and such other forms of installment payments as may be approved by the Administrator or its designee

NOTE: F.6b.iii and any entry in F.6b.iv must comply with Code section 401(a)(9), Section 7.02 and other requirements of Article 7.

- c. Participants may take distributions in the form of an annuity:
 - i. Yes - entire account
 - ii. Yes - entire account except single life annuities will not be allowed
 - iii. Yes - the following conditions and/or limitations will apply: only to the extent and in the form authorized under the Fund in which Participant's Account is invested
 - iv. No

NOTE: If F.6c.i, F.6c.ii, F.6c.iii is selected, a Participant may elect to have the Plan Administrator apply his vested Account to the extent provided above toward the purchase of an annuity contract, which will be distributed to the Participant. The terms of such annuity contract will comply with the provisions of this Plan and any annuity contract will be nontransferable.

NOTE: F.6c.iii must be applied in a consistent and nondiscriminatory manner (for example, limiting annuity distributions to accounts in excess of a certain dollar amount.)

Payments on Death

7. Payment upon Participant's Death

Distributions on account of the death of the Participant will be made in accordance with the following:

- a. Pay entire Account balance by end of fifth year for all Beneficiaries in accordance with Sections 7.05(b) and 7.05(d) only
- b. Pay entire Account balance no later than the 60th day following the end of Plan Year in which the Participant dies
- c. Allow extended payments for all Beneficiaries in accordance with Sections 7.05(b) and 7.05(d)
- d. Pay entire Account balance by end of fifth year for Beneficiaries in accordance with Sections 7.05(b) and 7.05(d) and allow extended payments in accordance with Sections 7.05(b) and 7.05(d) only if the Participant's spouse is the Participant's sole primary Beneficiary
- e. Other: _____

NOTE: Any entry in F.7e must comply with Code section 401(a)(9), Section 7.05 and other requirements of Article 7.

8. Form of Payment

- a. Medium of distribution from the Plan:
 - i. Cash only
 - ii. Cash or in-kind
 - iii. Cash or in-kind rollover to an individual retirement account sponsored by the following vendor: _____
- b. Distributions from the Plan may be made in the following forms (select all that apply):
 - i. Lump sum
 - ii. Substantially equal installments
 - iii. Under a continuous right of withdrawal pursuant to which a Participant may withdraw such amounts at such times as he will elect
 - iv. Other (e.g., Periodic Payment that are set at least quarterly): A partial lump sum payment of a designated amount with the

F. DISTRIBUTIONS - SEVERANCE FROM EMPLOYMENT/DEATH

balance paid in substantially equal installments and such other forms of installment payments as may be approved by the Administrator or its designee

NOTE: F.8b.iii and any entry in F.8b.iv must comply with Code section 401(a)(9), Section 7.02 and other requirements of Article 7.

- c. Beneficiaries may take distributions in the form of an annuity.
 - i. Yes - the entire Account
 - ii. Yes - the following conditions and/or limitations will apply: only to the extent and in the form authorized under the Fund in which Participant's Account is invested
 - iii. No

NOTE: If F.8c.i or F.8c.ii is selected, a Beneficiary may elect to have the Plan Administrator apply his Account to the extent provided above toward the purchase of an annuity contract, which will be distributed to the Beneficiary. The terms of such annuity contract will comply with the provisions of this Plan (including Section 7.05) and any annuity contract will be nontransferable.

NOTE: F.8c.ii must be applied in a consistent and nondiscriminatory manner (for example, limiting annuity distributions to accounts in excess of a certain dollar amount.)

9. Beneficiaries

- a. Death benefits when there is no designated Beneficiary:
 - i. Standard according to Section 7.04(c)
 - ii. Other (e.g., Spouse first, if no surviving Spouse then Participant's estate): Spouse first; if there is no surviving Spouse then Participant's children (including adopted children) per stirpes; if there are no surviving children, the Participant's parents in equal shares; and if there are no surviving parents, the Participant's estate.
 - b. Revocation. A Beneficiary designation to a spouse will be automatically revoked upon the following circumstances (e.g., divorce):
 - c. For purposes of determining a Participant's spouse, the one-year rule in Code section 417(d), Treas. Reg. section 1.401(a)-20 applies.
- NOTE: If F.9a.ii (Other) is selected, death benefits when there is no designated beneficiary will be provided pursuant to F.9a.ii. The death benefits described must be definitely determinable and may not be specified in a manner that is subject to discretion.*
- NOTE: If revocation is selected (F.9b) you may use this item to indicate automatic revocation upon divorce.*

Cash Out

10. Cash Out

- a. Involuntary cash-out amount for purposes of Section 7.03: \$1,000
 - b. Involuntary cash-out of a terminated Participant's Account balance when it exceeds the cash-out amount specified in F.10a is deferred under Section 7.03(b) until:
 - i. Later of age 62 or Normal Retirement Age - payment made in a lump sum only
 - ii. Required Beginning Date - Participant may elect payment in a lump sum or installments
 - iii. Required Beginning Date - payment made in a lump sum only
 - iv. Other (e.g., Required Beginning Date made in a direct rollover to an IRA):
 - c. Exclude amounts attributable to Rollover Contributions in determining the value of the Participant's vested Account balance for purposes of F.10a
- NOTE: F.10a has a \$5,000 maximum; \$5,000 will be entered unless otherwise specified.*
- NOTE: If F.10a is not selected, F.10c does not apply.*
- NOTE: Any entry in F.10b.iv must comply with Code section 411(a)(11), Section 7.03 and other requirements of Article 7.*

G. DISTRIBUTIONS IN-SERVICE WITHDRAWALS/LOANS/OTHER DISTRIBUTIONS

NOTE: See Section 8.06 for limits on in-service distributions.

NOTE: In-service withdrawal options are meant as enabling rules. If an in-service distribution is permitted under any option specified below, the in-service withdrawal is permissible.

Vesting Status

1. Vesting Status for In-service Withdrawals

Select one:

- In-service withdrawals otherwise permitted under Section G are allowed from Accounts that are partially vested
- An Account must be fully vested for a Participant to receive an in-service withdrawal

G. DISTRIBUTIONS IN-SERVICE WITHDRAWALS/LOANS/OTHER DISTRIBUTIONS

NOTE: The response to G.1 will be ignored if the Plan does not allow in-service withdrawals.

NOTE: Withdrawals under G.2-11 are only permitted from the portion of a Participant's Accounts described in G.1 unless otherwise specified in G.12.

Hardship

2. Hardship

NOTE: Matching Contributions held in a custodial account, and Non-Elective Contributions held in a custodial account are not eligible for hardship withdrawals.

Hardship withdrawals are allowed as follows:

a. Hardship withdrawals are permitted.

NOTE: G.2b through G.2g is only applicable if G.2a is checked.

b. Hardship withdrawals are permitted from the following accounts:

i. All Accounts. A Participant may receive a distribution on account of hardship from all accounts eligible for hardship withdrawal under the Code and associated Federal Regulations.

ii. Selected Accounts

- 1. Elective Deferral Account
- 2. Voluntary Contribution Account
- 3. Mandatory After-Tax Contribution Account
- 4. Mandatory Pre-Tax Contribution Account
- 5. Matching Contribution Account
- 6. Non-Elective Contribution Account
- 7. Rollover Contribution Account
- 8. Transfer Account
- 9. Other: (e.g., Merged Assets) _____

NOTE: The "Other" accounts specified above (G.2b.ii.9) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

c. The Plan will use the safe harbor criteria set forth in Section 8.01(b) in determining whether a Participant is entitled to receive a hardship withdrawal:

i. All Accounts.

ii. Selected Accounts

- 1. Elective Deferral Account
- 2. Voluntary Contribution Account
- 3. Mandatory After-Tax Contribution Account
- 4. Mandatory Pre-Tax Contribution Account
- 5. Matching Contribution Account
- 6. Non-Elective Contribution Account
- 7. Rollover Contribution Account
- 8. Transfer Account
- 9. Other: (e.g., Merged Assets) _____

NOTE: The "Other" accounts specified above (G.2c.ii.9) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

d. The Plan will use the more flexible criteria set forth in Section 8.01(c) in determining whether a Participant is entitled to receive a hardship withdrawal:

i. All Accounts.

ii. Selected Accounts

- 1. Elective Deferral Account
- 2. Voluntary Contribution Account
- 3. Mandatory After-Tax Contribution Account
- 4. Mandatory Pre-Tax Contribution Account
- 5. Matching Contribution Account
- 6. Non-Elective Contribution Account
- 7. Rollover Contribution Account
- 8. Transfer Account
- 9. Other: (e.g., Merged Assets) _____

G. DISTRIBUTIONS IN-SERVICE WITHDRAWALS/LOANS/OTHER DISTRIBUTIONS

NOTE: The "Other" accounts specified above (G.2d.ii.9) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

- e. Expand the hardship criteria to include the Beneficiary of the Participant
- f. If a Participant may receive a Hardship withdrawal from his Elective Deferral Account, permit hardship withdrawals from the Participant's Roth Elective Deferral Account subject to the same terms and conditions as apply to the Participant's Elective Deferral Account:
 - i. Yes
 - ii. Yes - only if the withdrawal from the Roth Elective Deferral Account qualifies as a "qualified distribution" within the meaning of Code section 402A(d)(2)
 - iii. No
- g. Other limitations on Hardship withdrawals (e.g., one Hardship withdrawal per Plan Year): _____

NOTE: If G.2d is selected, the requirements of Section 8.01(b)(2) will not apply, the amount of the hardship withdrawal may not exceed the Participant's vested interest under the applicable Account and the requirements of Revenue Ruling 71-224 and any superseding guidance will apply.

NOTE: G.2f only applies if A.7b is "Yes," (Roth Elective Deferrals are permitted) and hardship withdrawals are permitted from the Elective Deferral Account.

NOTE: Any limitations in G.2g (such as limits on the number of withdrawals per year or minimum amount of distributions) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion. Minimum amount of hardship withdrawals may not exceed \$1,000.

3. Normal/Early Retirement

- a. Allow in-service distributions after attainment of Normal Retirement Age (Section 7.01(b)) from the following Accounts:
 - i. None
 - ii. All Accounts
 - iii. Selected Accounts
- b. If Selected Accounts is selected, Normal Retirement Age withdrawals may be made from the following Accounts:
 - i. Elective Deferral Account
 - ii. Voluntary Contribution Account
 - iii. Mandatory After-Tax Contribution Account
 - iv. Mandatory Pre-Tax Contribution Account
 - v. Matching Contribution Account
 - vi. Non-Elective Contribution Account
 - vii. Qualified Non-Elective Contribution Account
 - viii. Rollover Contribution Account
 - ix. Transfer Account
 - x. Other: (e.g., Merged Assets) _____

NOTE: The "Other" accounts specified above (G.3b.x) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

- c. Allow in-service distributions after attainment of Early Retirement Age (Section 7.01(a)) from the following Accounts:
 - i. None
 - ii. All Accounts
 - iii. Selected Accounts
- d. If Selected Accounts is selected, Early Retirement Age withdrawals may be made from the following Accounts:
 - i. Elective Deferral Account
 - ii. Voluntary Contribution Account
 - iii. Mandatory After-Tax Contribution Account
 - iv. Mandatory Pre-Tax Contribution Account
 - v. Matching Contribution Account
 - vi. Non-Elective Contribution Account
 - vii. Qualified Non-Elective Contribution Account
 - viii. Rollover Contribution Account
 - ix. Transfer Account
 - x. Other: (e.g., Merged Assets) _____

NOTE: The "Other" accounts specified above (G.3d.x) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

NOTE: If the Normal Retirement Age and/or Early Retirement Age is less than age 59-1/2 and in-service is selected, Elective Deferrals,

G. DISTRIBUTIONS IN-SERVICE WITHDRAWALS/LOANS/OTHER DISTRIBUTIONS

Matching Contributions held in a custodial account, and Non-Elective Contributions held in a custodial account will not be eligible for withdrawal until the Participant attains age 59-1/2.

4. Specified Age and Service

- a. In-service withdrawals are allowed on attainment of age _____ and _____ service:
 - i. None
 - ii. All Accounts
 - iii. Selected Accounts
- b. If Selected Accounts is selected, specified age and service withdrawals may be made from the following Accounts:
 - i. Elective Deferral Account
 - ii. Voluntary Contribution Account
 - iii. Mandatory After-Tax Contribution Account
 - iv. Mandatory Pre-Tax Contribution Account
 - v. Matching Contribution Account
 - vi. Non-Elective Contribution Account
 - vii. Qualified Non-Elective Contribution Account
 - viii. Rollover Contribution Account
 - ix. Transfer Account
 - x. Other: (e.g., Merged Assets) _____

NOTE: The "Other" accounts specified above (G.4b.x) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

- c. If a Participant may receive a withdrawal upon the attainment of a specified age and service from his Elective Deferral Account, permit such withdrawals from the Participant's Roth Elective Deferral Account subject to the same terms and conditions as apply to the Participant's Elective Deferral Account:
 - i. Yes
 - ii. Yes - only if the withdrawal from the Roth Elective Deferral Account qualifies as a "qualified distribution" within the meaning of Code section 402A(d)(2)
 - iii. No

NOTE: If G.4a is less than age 59-1/2, Elective Deferrals, Qualified Non-Elective Contributions, Qualified Matching Contributions, Matching Contributions held in a custodial account, and Non-Elective Contributions held in a custodial account will not be eligible for withdrawal until the Participant attains age 59-1/2 and completes required service; but only to the extent withdrawals are permitted from such Accounts pursuant to G.4a and G.4b.

NOTE: G.4b only applies if G.4a.iii is selected.

NOTE: G.4c only applies if A.7b is "Yes" (Roth Elective Deferrals are permitted,) and G.4a.ii or G.4a.iii and G.4b.i is selected.

5. Specified Age

- a. In-service withdrawals are allowed on attainment of age 59.5
 - i. None
 - ii. All Accounts
 - iii. Selected Accounts
- b. If Selected Accounts is selected, specified age withdrawals may be made from the following Accounts:
 - i. Elective Deferral Account
 - ii. Voluntary Contribution Account
 - iii. Mandatory After-Tax Contribution Account
 - iv. Mandatory Pre-Tax Contribution Account
 - v. Matching Contribution Account
 - vi. Non-Elective Contribution Account
 - vii. Qualified Non-Elective Contribution Account
 - viii. Rollover Contribution Account
 - ix. Transfer Account
 - x. Other: (e.g., Merged Assets) _____

NOTE: The "Other" accounts specified above (G.5b.x) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

- c. If a Participant may receive a withdrawal upon the attainment of a specified age from his Elective Deferral Account, permit such withdrawals from the Participant's Roth Elective Deferral Account subject to the same terms and conditions as apply to the Participant's Elective Deferral Account:

G. DISTRIBUTIONS IN-SERVICE WITHDRAWALS/LOANS/OTHER DISTRIBUTIONS

- i. Yes
- ii. Yes - only if the withdrawal from the Roth Elective Deferral Account qualifies as a "qualified distribution" within the meaning of Code section 402A(d)(2)
- iii. No

NOTE: If G.5a is less than age 59-1/2, Elective Deferrals, Qualified Non-Elective Contributions, Qualified Matching, Matching Contributions held in a custodial account, and Non-Elective Contributions held in a custodial account will not be eligible for withdrawal until the Participant attains age 59-1/2; but only to the extent withdrawals are permitted from such Accounts pursuant to G.5a and G.5b.

NOTE: G.5b only applies if G.5a.iii is selected.

NOTE: G.5c only applies if A.7b is "Yes," (Roth Elective Deferrals are permitted), and G.5a.ii or G.5a.iii and G.5b.i is selected.

Other Withdrawals

6. Withdrawals After Period of Participation

- a. Matching Contributions. In-service withdrawals are allowed from a Participant's Matching Contribution Account after _____ years of Participation
- b. Non-Elective Contributions. In-service withdrawals are allowed from a Participant's Non-Elective Contribution Account after _____ years of Participation

NOTE: Withdrawals under G.6a are only permitted from the Matching Contribution Account to the extent such Account is held in annuity contracts.

NOTE: Withdrawals under G.6b are only permitted from the Non-Elective Contribution Account to the extent such Account is held in annuity contracts.

NOTE: G.6a-b may not be less than five.

7. Withdrawals After Period of Accumulation

- a. Matching Contributions. In-service withdrawals are allowed from a Participant's Matching Contribution Account on funds held for _____ years.
- b. Non-Elective Contributions. In-service withdrawals are allowed from a Participant's Non-Elective Contribution Account on funds held for _____ years.

NOTE: Withdrawals under G.7a are only permitted from the Matching Contribution Account to the extent such Account is held in annuity contracts.

NOTE: Withdrawals under G.7b are only permitted from the Non-Elective Contribution Account to the extent such Account is held in annuity contracts.

NOTE: G.7a-b may not be less than two.

8. At Any Time

In-service withdrawals are allowed from the following Accounts at any time:

- a. Voluntary Contribution Account
- b. Mandatory After-Tax Contribution Account
- c. Mandatory Pre-Tax Contribution Account
- d. Rollover Contribution Account

9. Military Distributions

- a. Qualified Reservist Distributions are permitted.
- b. Deemed Severance Distributions are permitted.

10. Transfer Account

Distributions are permitted for a Participant who has attained age 62 and who has not separated from employment from the Transfer Account.

- a. Yes - under any distribution option offered to a Participant who has incurred a Termination of Employment
- b. Yes - limited to the following terms and conditions: _____

NOTE: G.10 only applies if F.4 is selected (Plan has received a transfer of assets from a plan subject to the survivor annuity rules of Code sections 401(a)(11) and 417).

11. Disability

Allow distributions upon Disability.

NOTE: If distribution upon Disability is selected, the following Accounts may not be distributed unless a severe disability equivalent to A.21a. has occurred: (i) Elective Deferral Account, (ii) Qualified Non-Elective Contribution Account. A severe disability equivalent to A.21a is as follows: the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12

G. DISTRIBUTIONS IN-SERVICE WITHDRAWALS/LOANS/OTHER DISTRIBUTIONS

months. The permanence and degree of such impairment will be supported by medical evidence.

Conditions/Limitations

12. Other Conditions/Limitations

The following limitations, conditions, and/or special rules apply to in-service withdrawals (e.g., Participant is limited to one in-service withdrawal per calendar quarter): _____

NOTE: Unless otherwise specified, the limitations will apply to all in-service withdrawals (G.1 through G.11). G.12 must be applied in a consistent and nondiscriminatory manner. For example, G.12 could be used to specify the number of withdrawals permitted in a specified time period. See Section 8.06.

13. Form of Payment - In-Service Distribution other than Hardship Distributions

a. Medium of distribution from the Plan:

- i. Cash only
- ii. Cash or in-kind
- iii. Cash or in-kind rollover to an individual retirement account sponsored by the following vendor: _____

b. Distributions from the Plan may be made in the following forms (select all that apply):

- i. Lump sum
- ii. Substantially equal installments
- iii. Under a continuous right of withdrawal pursuant to which a Participant may withdraw such amounts at such times as he will elect
- iv. Other (e.g., Periodic Payment that are set at least quarterly): A partial lump sum payment of a designated amount with the balance paid in substantially equal installments and such other forms of installment payments as may be approved by the Administrator or its designee

NOTE: G.13b.iii and any entry in G.13b.iv must comply with Code section 401(a)(9), Section 7.02 and other requirements of Article 7.

c. Participants may take distributions in the form of an annuity.

- i. Yes - the entire Account
- ii. Yes - entire account except single life annuities will not be allowed
- iii. Yes - the following conditions and/or limitations will apply: only to the extent and in the form authorized under the Fund in which Participant's Account is invested
- iv. No

NOTE: If G.13c.i or G.13c.iii is selected, a Participant may elect to have the Plan Administrator apply his vested Account to the extent provided above toward the purchase of an annuity contract, which will be distributed to the Participant. The terms of such annuity contract will comply with the provisions of this Plan (including Section 7.05) and any annuity contract will be nontransferable.

NOTE: G.13c.iii must be applied in a consistent and nondiscriminatory manner (for example, limiting annuity distributions to accounts in excess of a certain dollar amount.)

NOTE: If G.13c.i or G.13c.iii is selected, and the Plan has elected to be exempt from the REA requirements, the annuity cannot be in the form of a single life annuity. If the participant in the Plan that has elected to be exempt from the REA requirements the distribution used to purchase the single life annuity will be subject to the REA requirements.

Roth In-Plan Rollovers

14. Roth In-Plan Rollovers

a. If the Plan allows for Roth contributions, In-Plan Roth Rollovers are permitted:

- i. No
- ii. Yes - only if the Plan otherwise allows for the distribution/in-service withdrawal
- iii. Yes - all distributions/in-service withdrawals permitted under the Code even if not otherwise provided under the Plan
- iv. Yes - at any time

NOTE: In-Plan Roth Rollovers may only be permitted for eligible distributions that are also rollover distributions (as defined in Code section 402(c)(4) except they do not have to be eligible for distribution under the Code.)

b. In-Plan Roth Rollovers are permitted from partially vested Accounts

c. Additional limitations will apply to In-Plan Roth Rollovers:

- i. Yes, _____. (Describe the limitations and/or conditions.) (e.g., one In-Plan Roth Rollover per calendar quarter)
- ii. No

NOTE: To prevent terminated Employees from taking an In-Plan Roth Rollover or to limit In-Plan Roth Rollovers to a

G. DISTRIBUTIONS IN-SERVICE WITHDRAWALS/LOANS/OTHER DISTRIBUTIONS

nondiscriminatory class, choose "limitations and/or conditions apply" and describe the circumstances under which Participants can make an In-Plan Roth Rollover.

- d. Enter the effective date of the In-Plan Roth Rollovers: 07/02/2012 (must be after Sept. 27, 2010)
- e. In-Plan Roth Rollover Accounts will be distributable:
 - i. at any time
 - ii. when the originating Account of the In-Plan Roth Rollover assets are distributable
 - iii. Other: (e.g., upon attainment of age 59.5) _____

NOTE: G.14e.ii must be chosen if G.14a.iv is chosen.

NOTE: The distribution event specified above (G.14e.iii) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

Loans

15. Loans

Loans are permitted

Exchanges

16. Exchanges

Exchanges are permitted

Transfers to Purchase Service Credit

17. Transfers to Purchase Service Credit

Transfers to Purchase Service Credit are permitted

H. PLAN OPERATIONS

Plan Operations

1. Permitted Investments

- a. Annuity Contracts
- b. Custodial Accounts

2. Participant Self-Direction

- a. Specify the extent to which the Plan permits Participant self-direction:
 - i. All Accounts
 - ii. Some Accounts
 - iii. None
- b. If Some Accounts is selected, a Participant may self-direct the following Accounts:
 - i. Elective Deferral Account
 - ii. Voluntary Contribution Account
 - iii. Mandatory After-Tax Contribution Account
 - iv. Mandatory Pre-Tax Contribution Account
 - v. Matching Contribution Account
 - vi. Non-Elective Contribution Account
 - vii. Qualified Non-Elective Contribution Account
 - viii. Rollover Contribution Account
 - ix. Transfer Account
 - x. Other: (e.g., QMAC Contribution Account) _____

NOTE: The other account specified above (H.2b.x) must be objectively determinable and may not be specified in a manner that is subject to Adopting Employer discretion.

- c. Participants may also establish individual brokerage accounts.
- d. Participants may exercise voting rights with respect to the following investments:

- i. All investments
- ii. Selected investments: Investments in a Fund that allows Participants to exercise voting rights

NOTE: If H.2a.iii (None) is selected, H.2b through H.2d do not apply.

NOTE: H.2b only applies if H.2a.ii is selected.

3. Valuation Date

Enter Valuation Date:

- a. Last day of Plan Year
- b. Last day of each Plan quarter
- c. Last day of each month
- d. Each business day
- e. Other (e.g., first and fifteenth day of each month): _____ (Must be at least annually).

4. Plan Administration

- a. Designation of Plan Administrator:
 - i. Plan Sponsor
 - ii. Committee appointed by Plan Sponsor
 - iii. Other (Complete name of designated Plan Administrator.) (e.g., TPA Service Provider Inc.): _____
- b. Establishment of procedures for the Plan Administrator and the Investment Fiduciary:
 - i. Plan Administrator and Investment Fiduciary adopt own procedures
 - ii. Governing body of the Plan Sponsor sets procedures for Plan Administrator and Investment Fiduciary
- c. Type of indemnification for the Plan Administrator and Investment Fiduciary:
 - i. None - the Adopting Employer will not indemnify the Plan Administrator or the Investment Fiduciary
 - ii. Standard according to Section 11.06
 - iii. Provided pursuant to an outside agreement
- d. The following modifications will be made to the duties of the applicable parties: _____

NOTE: H.4d may be used to reallocate duties between the Plan Sponsor and the Plan Administrator. It may also be used to designate additional parties to perform specific Plan Administrator and/or Plan Sponsor duties.

I. MISCELLANEOUS

Failure to properly fill out the Adoption Agreement may result in disqualification of the Plan.

The Plan will consist of this Adoption Agreement #001, its related Basic Plan Document #008 (Non-ERISA 403(b)) and any related appendix or addendum specifically created in response to a question within the Adoption Agreement.

The Adopting Employer may rely on an advisory letter issued by the Internal Revenue Service as evidence that the Plan is tax-favored under Code section 403 only to the extent provided in Revenue Procedure 2013-22 and any superseding guidance. The Adopting Employer may not rely on the advisory letter in certain other circumstances or with respect to certain qualification requirements, which are specified in the advisory letter issued with respect to the Plan and in Revenue Procedure 2011-49 and any superseding guidance. In order to have reliance in such circumstances or with respect to such tax-favored requirements, application for a determination letter must be made to Employee Plans Determinations of the Internal Revenue Service. The volume submitter Practitioner will inform the Adopting Employer of any amendments made to the Plan or of the discontinuance or abandonment of the Plan. The Volume Submitter Practitioner may be contacted at CCH Incorporated, DBA ftwilliam.com may be contacted at 1245 E. Washington Ave., Ste. 101 Madison, WI 53703; 414-226-2442.

J. EXECUTION PAGE

The undersigned agree to be bound by the terms of this Adoption Agreement and Basic Plan Document and acknowledge receipt of same. By signing this Adoption Agreement, the undersigned acknowledges having reviewed the Appendices and Amendments to the Basic Plan Document.

The parties have caused this Plan to be executed this _____ day of _____, 2019.

INTERMEDIATE SCHOOL DISTRICT 917 (ADOPTING EMPLOYER):

Signature: _____

Print Name: _____

Title/Position: _____

ADMINISTRATIVE AND VENDOR APPENDIX

Intermediate School District 917 403(b) Plan

An amendment is not required to make changes to this appendix. Use of this Addendum will not be considered a modification to the volume submitter document.

Approved vendors that accept ongoing contributions from the Adopting Employer and the investment types offered.

1. Ameriprise
 Mutual Funds
 Annuities
2. AXA Equitable Life Assurance
 Mutual Funds
 Annuities
3. Educators Financial Services, Inc.
 Mutual Funds
 Annuities
4. Fidelity Investments
 Mutual Funds
 Annuities
5. Horace Mann Life Insurance
 Mutual Funds
 Annuities
6. Valic
 Mutual Funds
 Annuities
7. Voya Financial
 Mutual Funds
 Annuities
8. Waddell and Reed
 Mutual Funds
 Annuities

Un-approved vendors that accept Exchanges and the investment types offered.

1. American Century Investment
 Mutual Funds
 Annuities
2. Anchor National Life
 Mutual Funds
 Annuities
3. Equitable of Iowa
 Mutual Funds
 Annuities
4. Great West Life Assurance
 Mutual Funds
 Annuities
5. Metropolitan Life Insurance Company
 Mutual Funds
 Annuities
6. Minnesota Mutual
 Mutual Funds
 Annuities
7. Nationwide Life Insurance Company
 Mutual Funds

- Annuities
- 8. Reliastar Life Insurance Company
 - Mutual Funds
 - Annuities
- 9. United Investors
 - Mutual Funds
 - Annuities

Plan Sponsor

The following administrative functions will be performed by the Plan Sponsor:
all administrative functions

CUSTOM LANGUAGE ADDENDUM

Notwithstanding anything in this Adoption Agreement to the contrary, Matching Contributions shall be made only during the 16 payrolls occurring between October 15th and May 31st.

Notwithstanding anything in this Adoption Agreement to the contrary, Participants may establish individual brokerage accounts only to the extent authorized by an Approved Vendor or Unapproved Vendor.

Notwithstanding Article 2 of Basic Plan Document, the term "Unapproved Vendors" shall mean the financial organizations that provide Funds that were previously approved by Employer for use under the Plan but have been deselected by Employer. As a result of being deselected, Funds issued by Unapproved Vendors may not receive Employer Contributions, Exchanges, or Rollover Contributions.

Notwithstanding anything in this Adoption Agreement or Basic Plan Document to the contrary, the Exchanges authorized under the Plan are limited to Exchanges from an Approved Vendor or Unapproved Vendor to an Approved Vendor.

HARDSHIP DISTRIBUTION ADDENDUM

This Addendum is intended as a good faith effort to comply with the requirements of the hardship distribution final regulations and is to be construed in accordance with same. Both the Addendum and the provisions of the hardship distribution final regulations will supersede any inconsistent Plan provisions.

For each item below, if the check boxes are empty, the *italicized* provision will apply.

1. **Safe Harbor Contributions/QNECs/QMACs**

Effective on the first day of the first plan year after 12/31/2018, if available under the Plan, Qualified Non-Elective Contributions (QNECs), Qualified Matching Contributions (QMACs) or contributions used to satisfy the safe harbor requirements of Code sections 401(k)(12) or 401(k)(13), or 401(m)(11) or 401(m)(12), not held in a Custodial Account will be available for hardship distributions.

- Effective _____, hardship distributions are permitted from Qualified Non-Elective Contributions, Qualified Matching Contributions or contributions used to satisfy the safe harbor requirements of Code sections 401(k)(12) or 401(k)(13), or 401(m)(11) or 401(m)(12), if available under the Plan and not held in a Custodial Account.
- Hardship distributions continue to be prohibited from Qualified Non-Elective Contributions, Qualified Matching Contributions or contributions used to satisfy the safe harbor requirements of Code sections 401(k)(12) or 401(k)(13), or 401(m)(11) or 401(m)(12).

2. **Amount Necessary to Satisfy Need Requirement**

Effective on the first day of the first plan year after 12/31/2018, a hardship distribution will be considered necessary to satisfy an immediate and heavy financial need of the Participant only if:

- *The distribution is not in excess of the amount required to satisfy the financial need (including any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution);*
- *The Participant has obtained all other currently available distributions, other than hardship distributions, under any deferred compensation plan, whether qualified or nonqualified, maintained by the Employer; and*
- *Effective for distributions made on or after 01/01/2020, the Participant has represented (in writing or by an electronic medium) that he has insufficient cash or other liquid assets to satisfy the financial need.*

Effective _____, a distribution will be determined to satisfy an immediate and heavy financial need only if the three criteria listed above are met.

The following provisions will be used for complying with the amount necessary to satisfy need requirement: _____

3. **Six-Month Suspension**

If the Safe Harbor criteria are used for hardship distributions, effective on the first day of the first plan year after 12/31/2018, the six-month suspension period for Elective Deferrals (and after-tax contributions) will no longer be a condition for obtaining a hardship distribution, even if the hardship distribution was made in the prior plan year.

Effective _____, the Plan will not initiate a six-month suspension period on Elective Deferrals (and after-tax contributions) following a hardship distribution (cannot be later than 01/01/2020).

The Plan will discontinue any remaining portion of the suspension period for hardship distributions made prior to the entered effective date.

The Plan will continue any remaining portion of the full six-month suspension period for hardship distributions made prior to the entered effective date.

4. **Loan Requirement**

If the Safe Harbor criteria are used for hardship distributions, effective on the first day of the first plan year after 12/31/2018, Participants are

not required to take all nontaxable loans under all plans maintained by the Employer prior to applying for a hardship distribution.

- Effective _____, Participants are not required to take all available nontaxable loans before applying for a hardship distribution.
- Participants must continue to take all nontaxable loans under all plans maintained by the Employer before applying for a hardship distribution.

5. Safe Harbor Financial Needs

If the Safe Harbor criteria are used for hardship distributions, the following immediate and heavy financial needs are considered as safe harbor criteria for hardship distributions made on or after 01/01/2018:

- *Expenses for the repair of damage to the Employee's principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to section 165(h)(5) and whether the loss exceeds 10% of adjusted gross income).*
- *Expenses and losses (including loss of income) incurred by the Employee on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, provided that the Employee's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster.*

- Effective _____, the immediate and heavy financial needs listed above are considered as safe harbor criteria for hardship distributions.
- The immediate and heavy financial needs listed above are not considered as safe harbor criteria for hardship distributions.

ADDENDA EXECUTION PAGE

The undersigned agree to be bound by the terms of the foregoing addenda to the Plan and acknowledge receipt of same. The addenda are executed this ____ day of _____, 2019.

INTERMEDIATE SCHOOL DISTRICT 917:

Signature: _____

Print Name: _____

Title/Position: _____

AGREEMENT

between

INTERMEDIATE SCHOOL DISTRICT NO. 917

and

**EDUCATION MINNESOTA
INTERMEDIATE SCHOOL DISTRICT 917
LOCAL 3904**

**representing
the
Teachers
of the School District**

~~Effective July 1, 2017, through June 30, 2019~~

Effective July 1, 2019, through June 30, 2021

Board Approved January 16, 2018

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AGREEMENT

ARTICLE I PURPOSE

Section 1. Parties: THIS AGREEMENT, entered into between the school board of Intermediate School District 917, Rosemount, Minnesota (hereinafter referred to as the school board or school district) and Education Minnesota, Intermediate School District 917, Local 3904 (hereinafter referred to as the exclusive representative or Local 3904) pursuant to and in compliance with the Public Employment Labor Relations Act of 1971, as amended, (hereinafter referred to as the PELRA) to provide the terms and conditions of employment for the employees, as defined in Article III of this Agreement, during the duration of this Agreement.

ARTICLE II RECOGNITION OF EXCLUSIVE REPRESENTATIVE

Section 1. Recognition: In accordance with the PELRA, the school district recognizes Education Minnesota, Intermediate School District 917, Local 3904 as the exclusive representative of employees employed by the school district, as defined in Article III of this Agreement, which exclusive representative shall have those rights and duties as prescribed by the PELRA and as described in the provisions of this Agreement.

Section 2. Appropriate Unit: The exclusive representative shall represent all of the employees of the school district as defined in this Agreement and in PELRA.

Section 3. Exclusive Representative Leave Time: When negotiating sessions are scheduled between the exclusive representative and the school district or with the state mediator during school hours, two members of the employees' negotiating team will be released from their regular teaching responsibilities for this purpose without any loss of salary. The remainder of the employees' negotiating team will be released without loss of pay with Local 3904 reimbursing the school district at the regular daily substitute employee rate of pay. If a substitute employee is not hired, Local 3904 will be charged for any other costs incurred by the school district up to the regular daily substitute employee rate of pay.

When an employee is being warned, reprimanded or disciplined for any infraction of rules or failure to make adequate progress on performance improvement plan, leave for employee representation will be on an as need basis at the expense of the school district. Whenever possible, such meetings will be held after student contact time but during regular duty hours.

At the beginning of each school year, Local 3904 shall be credited with forty (40) hours to be used at the discretion of the Local for the purpose of conducting its duties as exclusive representative. Local 3904 has the option of purchasing additional days at the regular daily substitute employee rate of pay as agreed between the parties. In the case that a substitute employee is not hired, Local 3904 will be charged for any costs incurred by the school district up to the regular daily substitute employee rate of pay. Local 3904's president will notify the superintendent of his/her designee at least three (3) working days prior to the date of intended leave. The superintendent may waive the three (3) day notice.

ARTICLE III DEFINITIONS

Section 1. Terms and Conditions of Employment: Terms and conditions of employment shall mean the hours of employment, the compensation therefor including fringe benefits except retirement contributions or benefits other than employer payment of, or contributions to, premiums for group insurance coverage of retired employees or severance pay, and the employer's personnel policies affecting the working conditions of the employees. In the case of professional employees, the term does not mean educational policies of a school district. The terms in both cases are subject to the provisions of Minn. Stat. § 179A.07 regarding the rights of public employers and the scope of negotiations. Also included in the terms and conditions of employment regarding resignation and contract release are the timelines described in Minn. Stat. 122A.40, subd. 7.

Section 2. Employee: All employees employed by the school district in a position for which the person must be licensed by the appropriate state licensing agency, including all employees employed by the school district in a position of teacher as defined in Minn. Stat. § 179A.03, Subd. 18, which include physical therapist, occupational therapist, art therapist, music therapist, speech language pathologist, audiologist, licensed school nurse, licensed school social worker, school psychologist, and mental health practitioner, but excluding the following: superintendent, business manager, directors, coordinators, and supervisors, who devote more than fifty percent (50%) of their time to administrative or supervisory duties, confidential employees, supervisory employees, essential employees, and such other employees excluded by law.

Section 3. Other Terms: Terms not defined in this Agreement shall have those meanings as defined by the PELRA.

ARTICLE IV EMPLOYEE RIGHTS

Section 1. Right to Views: Nothing contained in this Agreement shall be construed to limit, impair or affect the right of any employee or his/her representative to the expression or communication of a view, grievance, complaint or opinion on any matter related to the conditions or compensation of public employment or their betterment, as long as the same is not designed to and does not interfere with the full, faithful and proper performance of the duties of employment or circumvent the rights of Local 3904.

Section 2. Right to Join: Employees shall have the right to form and join labor or employee organizations, and shall have the right not to form and join such organizations. Employees in an appropriate unit shall have the right by secret ballot to designate an exclusive representative for the purpose of negotiating grievance procedures and the terms and conditions of employment for such employees with the school board of such unit.

Section 3. Use of Communications Facilities: Local 3904 shall have the right to post notices of activities and matters of exclusive representative concern on designated bulletin boards in each school building site, in areas not normally accessible to students or the public.

Section 4. Use of School Buildings, Facilities, Equipment and Inter-School Mail: Local 3904 shall have the right to usage of such school district buildings, equipment, facilities and inter-school mail as is permitted pursuant to school district policy, and under such conditions as set forth in school district policy.

Section 5. Dues Checkoff: Employees shall have the right to request and be allowed dues checkoff for the exclusive representative. The District agrees to deduct dues for membership in Local 3904 for any employee who has authorized such checkoff. Dues deductions will be made in equal amounts each regular salary check of the employee for eight (8) months, beginning in October and ending in May. One week prior to the October 15 payroll cutoff, the Local shall furnish the business office with a list of the appropriate deductions for each member. Deductions for employees employed after the commencement of the school year shall be appropriately prorated to complete payment by the following May. The dues checkoff authorization shall continue in effect until termination of the **employee or of revocation by the employee. Revocation shall be in writing to the Local and allowed only during the first week of October of any given school year. the window provided by Education Minnesota. The Local will notify the District if this window changes from the prior year by June 30. The District shall transmit the dues to Lack 3904 monthly.**

The District shall provide, in electronic form to the Local, the names, addresses, telephone numbers, District email addresses, birthdays, not including the year of birth, full-time equivalence (FTE) statuses, worksite locations, and assignments of all bargaining unit members employed. On request, The District shall provide the Local with a current bargaining unit list. Such requests shall be filled within five work days.

Section 6. Fair Share Fee: Any employee included in the bargaining unit, who is not a member of the exclusive representative, shall be required by the exclusive representative to contribute a fair share fee for services rendered by the exclusive representative. The District agrees to deduct the fee for such employees. The fair share fee for the employee shall be in an amount equal to the regular membership dues of the exclusive representative, less the cost of benefits financed through the dues and available only to members of the exclusive representative, but in no event shall the fee exceed 85% of the regular membership dues. The Local shall provide written notice of the amount of the fair share fee assessment to the District and to each employee to be assessed the fair share fee. Fair share fee deductions will be made in equal amounts from each regular salary check of the employee for 7.5 months beginning with the end of October pay period and ending in May. Deductions for employees employed after the commencement of the school year shall be appropriately prorated to complete payment by the following May. The District shall transmit the fee to Local 3904 monthly.

ARTICLE V SCHOOL BOARD RESPONSIBILITIES

Section 1. Management Responsibilities: The exclusive representative recognizes the right and obligation of the school board to efficiently manage and conduct the operation of the school district within its legal limitations and with its primary obligations to provide educational opportunities for students of the school district and the State of Minnesota.

Section 2. Effect of Laws, Rules and Regulations: The exclusive representative recognizes that all employees covered by this Agreement shall perform the teaching and nonteaching services prescribed by the school board and shall be governed by the laws of the State of Minnesota, and by school board rules, regulations, policies, directives and orders issued by properly designated officials of the school district. The exclusive representative also recognizes the right, obligation and duty of the school board and its duly designated officials to promulgate rules, regulations, policies, directives and orders from time to time as deemed necessary by the school board insofar as such rules, regulations, policies, directives and orders are not inconsistent with the terms of this Agreement and recognizes that the school board, all employees covered by this Agreement, and all provisions of this Agreement are subject to the laws of the State of Minnesota, Federal laws, rules and regulations and orders of the State and Federal governmental agencies. Any provisions of this Agreement found to be in violation of any such laws, rules, regulations, directives or orders shall be null and void and without force and effect.

Section 3. Inherent Managerial Rights: The parties recognize that the school district is not required to meet and negotiate on matters of inherent managerial policy, which include, but are not limited to, such areas of discretion or policy as the functions and programs of the employer, its overall budget, utilization of technology, the organizational structure and selection and direction and number of personnel, and that all management rights and management functions not expressly delegated in this Agreement are reserved to the school district.

ARTICLE VI
HOURS OF SERVICE - LENGTH OF SCHOOL YEAR

Section 1. Duty Week: The basic work week, inclusive of a duty-free lunch, shall be forty (40) hours for regular full-time employees as scheduled by the school district. The duty day shall consist of not more than six (6) hours of student contact time. The remainder of the workday shall be for other professional activities. No employee shall be assigned a duty day other than consecutive hours of employment, except by agreement between the individual employee and the school district. Part-time employees may be employed for a lesser number of hours as determined by the school district.

Section 2. Preparation time: Within a full-time student contact day an employee's schedule shall include 45 minutes of daily preparation time. Preparation time will be scheduled in no less than 30-minute increments except as noted in item A below. Part-time instructional staff shall be assigned preparation time on a pro rata basis. Preparation time will be accommodated in the following manner for DCALS staff:

- a. DCALS career and technical staff preparation time will be from 9:55 AM to 10:15 AM and 25 minutes before student contact and 25 minutes after student contact.
- b. DCALS alternative learning center staff will have a minimum of 45 minutes of preparation time identified within the daily schedule of student classes.

Exceptions to the scheduling of preparation time may be made by mutual agreement, in writing, between the school district and Local 3904. The loss of preparation time due to an assigned duty shall be compensated at the employee's salary schedule hourly rate.

Section 3. Duty Free Lunch: In the event, because of scheduling complications, an employee is assigned by the school district to duties during their 30-minute duty-free lunch period, the employee shall be reimbursed at the employee's salary schedule hourly rate for the time assigned.

Section 4. Additional Duties: In addition to the basic school day, employees shall be required to reasonably participate in school activities beyond the employee's basic day as is required by the school district or its designated representative. The normal duties for employees include a reasonable share of co-curricular and supervisory activities, as determined by the school district.

Section 5. Employee Duty Days: The school board shall, prior to April 15 of each year, establish the number of school days and employee duty days for the next school year, and the employee shall perform services on those days as determined by the school board, including those legal holidays on which the school board is authorized to conduct school, and pursuant to

such authority has determined to conduct school. The calendar shall include no less than 173 and no more than 175 student contact days for both secondary and special education employees.

Section 6. Duty Year - Regular Employees: Except for employees as described in Section 7 hereof, the basic duty year for regularly contracted full-time employees, upon which the employee's annual salary is based shall be 187 duty days for employees who are in their first year of employment with 917, 186 duty days for employees who are in their second year of employment with 917 and 185 duty days for remaining employees.

Section 7. Extended Duty Days: Certain positions require varying extended time assignments for full-time employees, from year to year, beyond the regular 185- to 187-day duty year defined in the contract agreed to by the school board and Local 3904. Such extended time may be required by the school district for certain positions as follows:

POSITION DUTY YEAR

- a. Dakota County Juvenile Services Center Employee (up to 222 days).

The above-mentioned teaching staff shall have the option of taking five consecutive teaching days as unpaid non-duty days during any school year. The administration will establish the procedures for requesting these days and the parameters to be used for approval.

Section 8. Noninstructional and Nonsupervisory Duty: The district will at times need to ask a teacher to complete a task that is not directly related to classroom instruction, student supervision, or professional development. A good example of this type of a task is moving their instructional supplies and their professional equipment from one space to another. When an employee is directed to move from one space to another the following expectations will be followed:

Subd. 1. If an employee volunteers to move from one space to another, then there is no additional compensation for them to complete their move.

Subd. 2. Compensation Options: If an employee is directed to move from one space to another, the program administrator will determine the most appropriate compensation option. Below are the two possible options:

- a. The affected teacher will be provided time without student contact during their already contracted time to complete the packing, unpacking, and light duty moving tasks. The teacher will be paid their hourly rate as they are already contracted to be working at that time. There will be no additional compensation beyond their hourly rate if the teacher performs the transfer related work during their contracted time.

b. The affected teacher will be contracted to do the transfer-related moving work outside of their existing contracted time. In this circumstance, the teacher will be compensated for additional time at a rate of \$20.00 per hour.

Subd. 3. The time provided must be preapproved **by a program administrator** on a temporary work agreement by the employee's supervisor. The supervisor may approve up to four (4) hours for a move between two spaces in the same building, or up eight (8) for a move between spaces in two different buildings.

Section 8. 9. Application: The parties further agree that extended duty day assignments beyond the regular duty year assignments, as provided in Section 7 hereof, shall be by Letter of Assignment. Such assignment shall not be subject to the continuing contract law (Minn. Stat. § 122A.40) nor unrequested leave of absence provisions as contained in Article X hereof. However, the provisions of Minn. Stat. § 122A.40 and Article X hereof shall be applicable to the employee's basic assignment during the traditional duty year.

Section 9. 10. Part-time Employees: The school district reserves the right to contract employees for a lesser number of duty days or duty hours than provided in this Article, with a pro rata salary adjustment reflecting the particular lesser number of duty days or duty hours for such employee.

Section 10. 11. Calendar Development: Prior to establishing the calendar as provided in Section 5 hereof, the school district will convene a Calendar Development Committee. The school board will appoint three (3) administrators representing secondary and special education and one (1) school board member to the committee. Local 3904 will appoint four (4) members representing secondary and special education to the committee. The committee will develop calendar options for a common calendar for secondary and special education programs. The Calendar Development Committee's recommended options, including designated preparation time, will be presented for school board consideration at the April board meeting.

Section 11. 12. Modifications in Calendar, Length of School Day:

Subd. 1. In the event of energy shortage, severe weather, or other exigency, the school district reserves the right to modify the school calendar, and, if school is closed on a normal duty day(s), the employee shall perform duties on such other day(s) in lieu thereof as the school board or its designated representative shall determine, if any.

Subd. 2. In the event of energy shortage, severe weather, or other exigency, the school district further reserves the right to modify the length of the school day, as the school district shall determine, but with the understanding that the total number of hours shall not be increased, i.e., a four (4) day week with increased hours per day but the total weekly hours not more than the regular five (5) day week.

Subd. 3. Prior to modifying the scheduled length of the school day pursuant to Subd. 2 hereof, or scheduling more than two (2) makeup days pursuant to Subd. 1 hereof, the school district shall afford to the exclusive representative the opportunity to meet and confer on such matters.

ARTICLE VII
BASIC SALARIES

Section 1. Rates of Pay for Regular Duty Year: 187 Duty Days for employees who are in their first year of employment with 917; 186 Duty Days for employees who are in their second year of employment with 917; 185 Duty Days for remaining employees:

Subd. 1. ~~2017-2018~~ **2019-2020** Rates of Pay: The wages and salaries reflected in Salary Schedule A, attached hereto, shall be effective for the ~~2017-2018~~ **2019-2020** school year, subject to the provisions of Subd. 3 hereof, and eligible employees shall be placed on the 15-step conversion schedule as agreed upon between the bargaining unit and the District, at a salary greater than the employee's current salary, for the ~~2017-2018~~ **2018-2019** school year. New non-degreed hires shall have initial placement based upon training and experience.

Subd. 2. ~~2018-2019~~ **2020-2021** Rates of Pay: The wages and salaries reflected in Salary Schedule B, attached hereto, shall be effective for the ~~2018-2019~~ **2020-2021** school year, subject to the provisions of Subd. 3 hereof, and eligible employees shall advance one step on the salary schedule for the ~~2018-2019~~ **2020-2021** school year over their prior year's placement.

Subd. 3. Status of Salary Schedules: The salary schedules shall not be construed as a part of an employee's continuing contract. In the event a successor agreement is not entered into prior to July 1, ~~2019~~ **2021**, an employee shall be compensated according to the ~~2018-2019~~ **2020-2021** salary until such time that a successor agreement is executed.

Subd. 4. Longevity: Employees shall receive a longevity stipend beyond the salaries delineated in Schedules A and B as follows:

	17/18 19/20	18/19 20/21
Beginning in the 16-17 years of employment in the district	\$1,000	\$1,000
Beginning in the 18-20 years of employment in the district	\$1,500	\$1,500
After 20 Beginning in the 21-25 years of employment in the district	\$3,000	\$3,000
After 25 Beginning at 26+ years of employment in the district	\$3,500	\$3,500
	\$4,000	\$4,000

The first year of employment shall be defined as any days of employment prior to the last student day of the regular school calendar in the first employment

agreement. The next regular school calendar becomes the second year of employment.

Subd. 5. Withholding of Salary Increases: An individual employee's advancement on the salary schedule is subject to the right of the school district to withhold increments, lane changes, or other salary increases for grounds as described in Minn. Stat. § 122A.40, Subd. 9 (a) through (d) or Minn. Stat. § 122A.40, Subd. 13 (1) through (6). An action withholding a salary increase shall be subject to the grievance procedure.

Subd. 6. Step Advancement: Employees must be employed in an assignment with a minimum of 740 hours in order to be eligible to receive a year of credit for purposes of step advancement.

Subd. 7. Lane Advancement: Employees shall advance on the salary schedule as follows:

- a. Grade and Credits: To apply on the salary schedule, all credits beyond the bachelor's degree must be graduate credits and carry a grade equivalent of B or higher. If a course is offered only with a pass or no pass grade, such pass grade shall be deemed equivalent to a "B". Courses must include methods of direct contact between a college or university faculty person and the employee. Such methods can include e-mail, telepresence, blogs, etc.
- b. Prior Approval: All credit hours, in order to be considered for application on the salary schedule, must be approved by the superintendent or his/her designee in writing prior to the taking of the course.
- c. Advanced Degree Program: An employee shall be paid on the master's degree lane or specialist's degree lane only if the degree program is germane to the teaching assignment as approved by the superintendent or his/her designee and the degree program is approved in writing by the superintendent or his/her designee in advance.
- d. Application: Credits to apply to lanes beyond a particular degree lane, must be earned subsequent to the earning of the degree, and must be taken at an accredited college or university.
- e. Exception. An employee must have a master's degree to

advance to the MA or higher lane. However, in special circumstances where a traditional master's degree is not available or not applicable to the employee's assignment, the superintendent may, at his sole discretion, recognize supplemental credits amounting to a BA 40 to qualify for placement on the master's degree lane. Such exception shall not apply beyond the MA lane. The exercise of the superintendent's discretion as provided herein is not subject to the arbitration step of the grievance procedure.

- f. Definition: Reference to credits in this section shall mean semester credits.
- g. Superintendent Review: In the event of a negative ruling by a designee on credit or degree request, upon request of the employee, the superintendent shall review such decision. The decision of the superintendent shall be final and shall not be subject to the grievance procedure.
- h. Effective Date: Individual contracts will be modified to reflect qualified lane changes at the beginning of the school year or January 1 providing a transcript of qualified credits is submitted to the personnel office no later than September 15th or January 15th of each year. Credits submitted by transcript after September 15th or January 15th even though otherwise qualifying shall not be considered until the following period. If a transcript is not available by September 15th or January 15th, other satisfactory evidence of successful completion of the course will be accepted pending receipt of the official transcript; however, any pay adjustment shall not be made until the official transcript is received. No more than two lanes changed will be permitted in one fiscal year (July 1 to June 30).

Subd. 8. Non-BA degreed Tier 2 License Lane Advancement: Employees' advancement on the salary schedule (referenced currently in Article VII, subd. 1) shall be achieved utilizing item a., item d., or a combination of a. and d., which follows:

- a. Article VII, Section 1, Subd. 7.b – (Credit hours for non-BA degreed employees may include undergraduate credits to a maximum of the BA+30 lane.)
- b. Article VII, Section 1, Subd. 7.g

- c. Article VII, Section 1, Subd. 7.h
- d. Lane changes for non-BA degreed employees will require 180 contact hours per lane change to BA+30 and 270 contact hours to move to or beyond the MA lane, with 120 hours as the maximum number of paid employment hours that may be used. The contact hours may be accomplished utilizing any of the following means:
 - (1) Industry Based Seminars and Training. Clock hours and contact hours granted on an hour per hour basis.
 - (2) Industry Skill-Based Certification: When an Industry Skill-Based Certification does not quantify number of contact clock hours, the employee requesting the lane change must submit a detailed explanation of the preparation necessary to receive this certification. The superintendent shall review the certification criteria and shall make the decision for approval, which shall not be subject to the grievance procedure.
 - (3) Paid Employment After Initial Placement: Employment outside of ISD 917 in either an instructional role or work environment which is representative of the trade being taught. In all cases, the outside experience must be related to the program in which the employee is teaching. This must be outside of the employee's normal teaching work hours or day, or through an industry leave. One week (40 hours) of preapproved work experience for purposes of improving instructional capabilities equals ten clock hours. To move to or beyond the MA lane, 120 hours is the maximum number of paid employment hours that may be used.
- e. Procedure when non-degreed employee receives degree.
 - (1) In the event that a non-degreed employee who has advanced in salary lanes in accordance with the provisions of Subd. 8 receives a baccalaureate degree, such employee shall, upon submission to the School District personnel office of a certified transcript indicating the awarding of a baccalaureate degree from an accredited college or university, advance one "step" in addition to any step increase that would normally accrue at the start of a

new school year. Such change in lane shall occur in accordance with Article VII, Section 1, Subd. 7.h.

- (2) The current "lane" in which the newly degreed employee had previously been assigned shall remain the same. Any additional lane changes must be achieved through the earning of graduate level credits as described in Subd. 7 above and must total the current lane placement before the employee becomes eligible for a lane change. The provisions of Subd. 8, shall continue to apply to an employee as described in a. above.

Section 2. Additional Duty Assignments: Instructors who accept assignments to sponsor and supervise a student club or organization or the Chair of the Relicensure Committee shall receive an annual stipend in addition to expenses incurred for travel, lodging, registration, and meals while attending the club or organization's activity related events. The following is the stipend formula:

~~2017-2018 and 2017-2018~~
2019-2020 and 2020-2021

Sponsor/Supervise (students attend in-state events) Base Stipend = \$450
Sponsor/Supervise (students qualify and attend National Events)
additional stipend = \$900
Chair of the Relicensure Committee - \$450

Section 3. Trainer/Inservice Presenter: An employee who is assigned to train, teach, or otherwise inservice other staff members in addition to their regular job responsibilities shall be compensated at the hourly rate ~~pro-rata~~ of the employee's contract. **For each hour of training or teaching, one hour of preparation shall also be compensated. (Example: teaching a three-hour in-service session will be compensated at six hours.)** Subsequent training of the same content within three (3) months shall be compensated for the actual hours of training with no additional time allowed for preparation. **If the training occurs during a time that the employee would otherwise be scheduled for their contracted duties, then this hourly compensation is in addition to their contracted pay.** All such training assignments must be made in writing by the appropriate **director, assistant director, principal, or by the superintendent.**

The employee will be compensated at the hourly rate of the employee's contract for preparation for the initial training only. For each professional development training presented, a teacher may be compensated up to one (1) hour of prep time for each one (1) hour of the length of the training session per fiscal year. The employee must provide documentation for time spent in preparation outside of the employee's duty day.

Section 4. Extra Duty Hours: An employee who is assigned, required or has prior approval to continue working beyond the basic work week, outside the regular duty day or on non-duty days shall be considered as working extra duty hours. Extra duty hours could include, but are not limited to, training sessions, in-service attendance or student intake meetings. Extra duty hours will be compensated at the hourly rate pro rata of the employee's contract. One hour of extra duty will be equal to one hour of pay.

Section 5. Special Assignments: An employee who is assigned additional work or a project of benefit to the district or who represents the district shall be considered on special assignment. Special assignments could include, but are not limited to, curriculum planning, standards development, program planning/ development, industry committee membership, or outside agency committee membership. Normal classroom preparation and other regular duties assigned to employees will not be considered special assignments. Special assignments will take place after the regular duty day and require pre-approval or assignment by a director. Compensation for special assignments will be at the hourly rate pro rata of the employee's contract. In the event that the district has secured a grant for some service or activity that provides for payment different from the special assignment rate specified herein, the rate specified by the grant shall control.

Section 6. Placement of New Employees:

Subd. 1. General Process: A new employee shall be placed on the lane of the salary schedule as covered by the rules as provided in Section 1 hereof and on such step as agreed between the new employee and the school district.

Subd. 2. Employee who has been a teacher in 917, returning to a teaching position: A person who has been employed as a teacher in ISD 917, who was previously employed for a number of years in a position that is not a teaching position, (a.) does not forfeit their previously earned **seniority** as a teacher, nor do they (b.) earn **seniority** in the teacher group while they are not in a teaching position. This process is used in determining teacher **seniority** used for seniority-based decisions such as unrequested leave.

Example A: Teacher A has five years of teaching **seniority** established in ISD 917, they move to a dean position for four years. If they return to a teaching position in ISD 917, they will be credited with five years of their previous **seniority** as a teacher.

Example B: Teacher B has five years of teaching experience in a different school district, and they are hired as a dean in ISD 917 and work **as a dean** for four years. If they move to a teaching position in ISD 917, their previous experience as a teacher in another district will not be counted as teaching **seniority** in ISD 917. They will be credited with zero years of teaching **seniority** in ISD 917.

Section 7. Travel Expense: Employees required by the school district to use their own vehicles in the performance of their duties shall be reimbursed for such travel pursuant to school district policy, which rate shall be not less than the State of Minnesota provides for state employees.

Section 8. Substitute Employees: A person employed during the school year as a replacement long-term substitute shall be paid a salary as agreed between that person and the school district, prorated to reflect the portion of the year for which hired. Additional information is included in Board Policy 456.

~~Section 9. District Contribution to Minnesota State Retirement System (MSRS) Post-Retirement Health Care Savings Plan in lieu of former tuition reimbursement benefit.~~

~~Subd. 1. The school district distribution of the funds that would have otherwise been available for tuition reimbursement in the amount of thirty-one thousand dollars (\$31,000), to the bargaining unit members in each members' MSRS Post-Retirement Health Care Savings Plan has been suspended for the 2017-2019 contract.~~

~~Subd. 2. Distribution of the funds referenced in subd. 1 above shall be based on equal shares to each bargaining unit member whose assignment is at least 1110 hours per year. Employees whose assignment is at least 550 hours but less than 1110 hours shall receive a disbursement equal to 50% of the amount allocated to a full-time unit member. To be eligible for a contribution under this Article, an employee must have completed one (1) year of employment. The first year of employment shall be defined as any days of employment prior to the last student day of the regular school calendar in the first employment agreement. The next regular school calendar becomes the second year of employment. To be eligible for fund distribution, bargaining unit members must have started their second continuous school year contract before the annual distribution in February.~~

Section 10. 9. Summer School Assignment: Notification shall be sent to instructors informing them of summer school or extended time dates and hours not later than May 1 of the current contract year. Notification of selection to teach summer school or extended time assignments shall be sent to instructors by June 1 of the current contract year.

Section 11. 10. Summer Assignment Compensation: Employees with summer assignments, except for extended employees as described in Article VI, Section 7 hereof, shall be compensated for such duties as assigned by the school district at the hourly rate pro rata the employee's contract.

Section 12. 11. School District Right: Nothing in this Article shall be construed to prohibit the school district from compensating an employee at a rate higher than that required by Section 1 of this Agreement.

Section 43. 12. Part-time Employees: Part-time employees employed less than an average of fourteen (14) hours per week and 65 days per year shall be compensated at a rate not less than current school district policy.

Section 44. 13. Substitute Employees: Substitute employees employed less than an average of fourteen (14) hours per week and 100 days per year shall be compensated at a rate not less than current school district policy.

Section 45. 14. Lead Employees: In its discretion the school district may appoint one or more lead employees. In such event, the appointment shall be made for a one (1) year term only, and the school district may or may not renew such appointment in its discretion. In the event of such an appointment, the employee shall receive a stipend of \$3,000 per annum. A job description shall be promulgated by the school district and the school district shall meet and confer with Local 3904 prior to implementation of the job description.

Section 46. 15. Reimbursement for Additional Certification: Assignments requiring licensure beyond or outside that required of teachers/PELSB will be awarded an annual stipend of \$250 to help offset their additional expenses for CEU's and/or certification and licensing fees. These assignments may include: audiologist; nurse; occupational therapist, orientation and mobility specialist; physical therapist; school psychologist; speech/language pathologist; mental health practitioner, and social worker.

ARTICLE VIII 403B MATCHING CONTRIBUTION

Section. 1. Eligibility. To be eligible for the full contribution, an employee must be regularly employed in an assignment of at least 1110 hours during the contract year, and such benefits shall not apply to substitute employees. For employees employed in an assignment of less than 1110 hours, but at least 550 hours per year, the school district will make a contribution according to Section 2 below. To be eligible for a contribution under this Article, an employee must have completed one (1) year of employment. The first year of employment shall be defined as any days of employment prior to the last student day of the regular school calendar in the first employment agreement. The next regular school calendar becomes the second year of employment with each successive school year adding to the years of employment. To be eligible for the district match, an employee must have started their second continuous school year contract before the annual 403(b) open enrollment period.

Section. 2. Contribution. The school district will match the employee contribution up to a maximum as listed in the following schedule for full time employees, according to years of employment in the district. For eligible employees as defined in Section 1, employed less than full-time, the school district will make a 50% matching contribution, as listed in the following schedule.

Year of Employment in the district	17/18 & 18/19	17/18 & 18/19
2-4	\$200	\$100
5	400	200
6-9	700	350
10-15	900	450
16-20	1100	550
21+	1300	650

Year of Employment in the district	19/20 & 20/21	19/20 & 20/21
2-4	\$360	\$180
5	\$560	\$280
6-9	\$860	\$430
10-15	\$1060	\$530
16-20	\$1260	\$630
21+	\$1460	\$730

Section 3. Authorization Agreement. A salary reduction authorization agreement must be completed by the eligible employee by October 1 of the current year for the employee to participate in the 403(b) matching contribution plan.

Section 4. Unpaid Leaves. Employees on unpaid leaves may not participate in the matching program while on leave.

Section 5. Matching Requirement. The school district's contribution, in any event, shall not exceed the employee's matching contribution within the limitations of this Article.

Section 6: Approved Vendors:

VALIC (formerly AIG Retirement)
403(b) and Roth 403(b) only

Ameriprise Financial Services, Inc.
403(b) only

Educators Financial Services, Ins (ESI)
403(b) and Roth 403(b) only

AXA Equitable Life Assurance
403(b) and Roth 403(b) only

Fidelity Investments
403(b) only for Plan Nbr 67451

Voya Financial (formerly ING – Aetna Life Insurance)
403(b) only

Minnesota Deferred Comp. Plan
457 only

Horace Mann Life Insurance
403(b) only

Waddel & Reed
403(b) and Roth 403(b) only

ARTICLE IX GROUP INSURANCE

Section 1. Selection of Carrier: The selection of the insurance carrier and policy shall be made by the school district.

Section 2. Health and Hospitalization Insurance:

Subd. 1. Individual Coverage: The school district, effective ~~March 1, 2018~~, **January 1, 2020**, shall contribute a sum not to exceed ~~\$590~~ **\$595** per month toward the cost of the premium for individual coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's health and hospitalization plan. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction. This subdivision shall not apply to those eligible employees who select coverage under the high deductible health plan described in Subdivision 3. Effective January 1, ~~2019~~, **2021**, the school district shall contribute a sum not to exceed ~~\$595~~ **\$595** per month toward the cost of the premium for individual coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's health and hospitalization plan. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction. This subdivision shall not apply to those eligible employees who select coverage under the high deductible health plan described in Subdivision 3.

Subd. 2. Family Coverage: The school district, effective ~~January 1, 2020~~, ~~March 1, 2018~~, shall contribute a sum not to exceed ~~\$1420~~ **\$1435** per month toward the cost of the premium for family coverage for each eligible employee employed by the

school district who qualifies for and is enrolled in the school district's health and hospitalization plan and who qualifies for family coverage. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction. This subdivision shall not apply to those eligible employees who select coverage under the high deductible health plan described in Subdivision 4. Effective January 1, 2019, **2021**, the school district shall contribute a sum not to exceed \$1435 per month toward the cost of the premium for family coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's health and hospitalization plan and who qualifies for family coverage. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction. This subdivision shall not apply to those eligible employees who select coverage under the high deductible health plan described in Subdivision 4.

Subd. 3 Individual High Deductible Coverage:

(a) Eligible employees shall have the option of enrolling in a high deductible coverage option of the school district's health and hospitalization plan. The high deductible coverage shall be a qualified high deductible health plan within the meaning of Section 223 of the Internal Revenue Code of 1986, as amended from time to time. Each eligible employee enrolled in the high deductible coverage shall be eligible for a contribution to a health savings account ("HSA") of such employee in accordance with the Intermediate School District No. 917 Flex Choice Plan (the "Flex Choice Plan"). Effective **January 1, 2020**, ~~March 1, 2018~~, the total monthly contribution by the school district toward the cost of the premium of the high deductible coverage, the HSA contribution, and the HSA administrative fees attributable to such eligible employee shall not exceed ~~\$720~~. **\$745**. Effective, January 1, ~~2019~~, **2021**, the total monthly contribution by the school district toward the cost of the premium of the high deductible coverage, the HSA contribution, and the HSA administrative fees attributable to such eligible employee shall not exceed ~~\$730~~. **\$755**.

(b) The school district shall contribute toward the cost of the premium for each eligible employee employed by the school district who qualifies for and is enrolled in individual coverage under the high deductible coverage option of the school district's health and hospitalization plan a monthly amount equal to the total monthly contribution identified in subsection (a) minus the monthly HSA contribution identified in subsection (c) and the monthly HSA administrative fees.

(c) The school district shall contribute an amount equal to one-half of the applicable deductible to the HSA of each eligible employee employed by the school district who qualifies for and is enrolled in individual coverage under the high deductible coverage option of the school district's health and

hospitalization plan. Such contributions shall be made monthly on a pro rata basis. Such employees shall also be eligible, through the Flex Choice Plan, to make pre-tax contributions to the HSA via salary reduction. The school district shall select the vendor of the HSA to which such contributions shall be made. Once deposited in an employee's HSA, such contributions, whether made by the school district or via salary reduction, shall not be subject to restriction by the school district and the employee may access and/or transfer such funds to a different HSA to the fullest extent permitted by law. Such employees also shall be eligible to participate in a Limited Scope Health Care Reimbursement Plan through the Flex Choice Plan, which shall allow reimbursement of medical expenses to the fullest extent permitted by law for an individual receiving contributions to an HSA.

Subd. 4 Family High Deductible Coverage:

(a) Eligible employees shall have the option of enrolling in a high deductible coverage option of the school district's health and hospitalization plan. The high deductible coverage shall be a qualified high deductible health plan within the meaning of Section 223 of the Internal Revenue Code of 1986, as amended from time to time. Each eligible employee enrolled in the high deductible coverage shall be eligible for a contribution to a health savings account ("HSA") of such employee in accordance with the Intermediate School District No. 917 Flex Choice Plan (the "Flex Choice Plan"). Effective **January 1, 2020**, ~~March 1, 2018~~, the total monthly contribution by the school district toward the cost of the premium of the high deductible coverage, the HSA contribution, and the HSA administrative fees attributable to such eligible employee shall not exceed ~~\$1550~~. **\$1600**. Effective, ~~January 1, 2019~~, **2021**, the total monthly contribution by the school district toward the cost of the premium of the high deductible coverage, the HSA contribution, and the HSA administrative fees attributable to such eligible employee shall not exceed ~~\$1570~~. **\$1600**.

(b) The school district shall contribute toward the cost of the premium for each eligible employee employed by the school district who qualifies for and is enrolled in family coverage under the high deductible coverage option of the school district's health and hospitalization plan amount equal to the total contribution identified in subsection (a) minus the HSA contribution identified in subsection (c) and the HSA administrative fees.

(c) The school district shall contribute an amount equal to one-half of the applicable deductible to the HSA of each eligible employee enrolled in the family high deductible coverage. Such contributions shall be made monthly on a pro rata basis. Such employees shall also be eligible, through the Flex Choice Plan, to make pre-tax contributions to the HSA via salary reduction.

The school district shall select the vendor of the HSA to which such contributions shall be made. Once deposited in an employee's HSA, such contributions, whether made by the school district or via salary reduction, shall not be subject to restriction by the school district and the employee may access and/or transfer such funds to a different HSA to the fullest extent permitted by law. Such employees also shall be eligible to participate in a Limited Scope Health Care Reimbursement Plan through the Flex Choice Plan, which shall allow reimbursement of medical expenses to the fullest extent permitted by law for an individual receiving contributions to an HSA.

Subd. 5 Changes in Coverage under High Deductible Coverage: If an eligible employee who qualifies for and is enrolled in coverage under the high deductible coverage option of the school district's health and hospitalization plan changes the type of coverage during a calendar year (e.g., from individual coverage under the high deductible coverage option to family coverage under the high deductible coverage option; from family coverage under the high deductible coverage option to individual coverage under the high deductible coverage option; from family or individual coverage under the high deductible coverage option to no coverage under the high deductible coverage option), the school district's contribution to the employee's HSA shall change accordingly. The change in the amount of HSA contributions shall be effective coincident with the change in the type of coverage under the high deductible coverage option.

Section 3. Dental Insurance:

Subd. 1. Individual Coverage: The school district, effective, **January 1, 2014**, shall contribute a sum not to exceed \$56 per month toward the cost of the premium for such individual coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's dental insurance plan. Any additional cost of the premium, shall be borne by the employee and paid by payroll deduction.

Subd. 2. Family Coverage: The school district, effective **January 1, 2014**, shall contribute a sum not to exceed \$124 per month toward the cost of the premium for family coverage for each eligible employee employed by the school district who qualifies for and is enrolled in the school district's dental insurance plan and who qualifies for family coverage. Any additional cost of the premium shall be borne by the employee and paid by payroll deduction.

Section 4. Group Income Protection: The school district will pay each month the premium for income protection insurance for each eligible employee. The income protection plan shall include the following:

- a. Benefits begin after ninety (90) calendar days of total disability.

- b. The monthly income benefit shall be 66-2/3 percent of basic monthly earnings (exclusive of any additional compensation from this district or any other source).

Section 5. Life Insurance: The school district will pay the life insurance premium for a \$100,000 term life insurance policy for each eligible employee. The value of this benefit will be included in the employee's taxable income as required by the Internal Revenue Code Section 79.

Section 6. Claims Against the School District: The parties agree that any description of insurance benefits contained in this Article is intended to be informational only and the eligibility of any employee for benefits shall be governed by the terms of the insurance policy purchased by the school district pursuant to this Article. It is further understood that the school district's only obligation is to purchase an insurance policy and pay such amounts as agreed to herein and no claim shall be made against the school district as a result of a denial of insurance benefits by an insurance carrier, provided the employee has requested such insurance in writing and the superintendent has acknowledged receipt of such request in writing.

Section 7. Duration of Insurance Contribution: An employee is eligible for school district contributions as provided in this Article as long as the employee is employed by the school district. Upon termination of employment, all district participation and contribution shall cease, except as otherwise provided by law. Employees who work the full school year and resign effective at the end of the school year, or are placed on unrequested leave of absence effective at the end of the school year, shall be eligible for school district contribution as provided in this article through the following August 31st.

Section 8. Eligibility: Insurance benefits as outlined in this Article shall apply only to employees regularly employed at least 1,110 hours per year and such benefits shall not apply to substitute employees. For employees employed less than 1,110 hours, but at least 550 hours per year, the school district will make a pro rata contribution.

ARTICLE X LEAVES OF ABSENCE

Section 1. PTO Leave: Personal Time Off (PTO) is defined as absence used for illness, bereavement, adoption, religious holidays, personal use and paid child care leave. Personal Time Off does not include such absences as jury duty (Section 3), FMLA and unpaid child care leave.

Subd. 1. All full-time employees as defined in Article III, Section 2, shall be credited with thirteen (13) days of Personal Time Off (PTO) per contract year. The credit shall be made at the beginning of each school year. Part-time and job share employees shall accrue PTO days on a pro-rata basis. If an employee leaves the district having

used more PTO days than he/she earned, the District shall reduce the employee's final paycheck for any unearned PTO days on a pro-rata basis.

Subd. 2. At the end of each contract year, unused PTO days will be processed as follows:

- a. **If an employee's accrued sick leave balance equals forty-five (45) unused sick leave days or more as of the end of the contract year, then five (5) unused PTO days will be sold back at the rate of one hundred forty (\$140) two hundred (\$200) per day (part-time employees will be prorated based on hours worked per week with 40 hours as the basis for full time), if an employee's accrued sick leave balance equals forty-five (45) unused sick leave days or more as of the end of the contract year. Any remaining PTO days beyond the 5 days sold back will be added to each employee's previously accrued sick leave balance, except as provided below. In the event a PTO sell back is required under this paragraph and the employee's unused PTO balance at the end of the contract year is less than five (5) days, the amount of PTO sold will be equal to the employee's accrued PTO balance.**
- b. Employees who have used five (5) or less PTO days at the end of each contract year shall receive a District contribution of two hundred (\$200) in their name to the Minnesota State Retirement System (MSRS) Health Care Savings Plan.
- c. Employees who use six (6) or less PTO days at the end of each contract year are eligible to be granted up to five (5) consecutive days of PTO leave in the next school year. This option may not be granted in consecutive school years.

Subd. 3. The first three (3) days used for illness each contract year will be deducted from that year's PTO days. Subsequent days used for illness will be deducted from an employee's accrued sick leave balance unless the employee wishes to have them taken from the current year's PTO days. An employee may use PTO days and accumulated sick leave for illness of the employee, and the employee's child under 18. For purposes of this subdivision, "child" includes stepchild, **grandchild**, biological, adopted and foster child. The employee may also use PTO days and accumulated sick leave not to exceed twenty (20) days per 12-month period for illness of or injury to the employee's adult child, spouse, sibling, parent, grandparent, **parent-in-law**, or stepparent. In extenuating circumstances, an employee may make an additional request for use of Accumulated Sick Leave to the Superintendent/designee. **Should the employee and their circumstance qualify for Family Medical Leave Act protection, the employee may be eligible for**

time-off beyond the twenty (20) days noted herein.

Subd. 4. After three (3) consecutive days of absence due to illness, or when there is probable cause to support the belief that an employee is misrepresenting the use of leave for illness, the District may require an employee to furnish a medical certificate from the attending physician indicating such absence was due to illness or disability.

The district may require certification by the attending physician stating that the employee is in good health and able to resume the employee's duties upon return. In the event that a medical certification will be required, the employee will be so advised.

Subd. 5. ~~When current PTO days and any accrued sick leave days have been exhausted, the Superintendent/designee shall be authorized to grant an extended leave of absence without pay as per Policy 410 – Family and Medical Leave (FMLA).~~

In addition to other leaves and benefits provided for in this Continuing Bargaining Agreement, employees may take leaves under the provisions of all applicable state and federal laws, including the Family and Medical Leave Act. FMLA leaves shall run concurrently with any of the other leaves provided for in this Continuing Bargaining Agreement. Nothing in this contract shall be interpreted to diminish any benefit provided for in law, including those provided in the FMLA.

Subd. 6. To use PTO days without giving a reason for the absence, the employee must give at least a three (3) day notice and receive preapproval from their program administrator. For reasons of illness or bereavement, a three-day notice is not required. In the situation of a request for use of PTO with less than a three (3) day notice, an explanation of why a three (3) day notice was not possible and the reason for the absence is required. For reasons other than illness or bereavement, employees must receive pre-approval from their program administrator **and such requests may not exceed more than 5% of the employees included in the bargaining unit for this contract. the approving administrator will consider the safety and operational continuity of the program. In circumstances when the program cannot be safely and effectively operated without the teacher, the program administrator may deny the request for use of PTO.**

Subd. 7. PTO shall be granted in one-hour increments when no substitute is needed. If a substitute is needed, PTO shall be granted in ½ day or four-hour increments. PTO days typically shall not be granted for the day preceding or the day following holidays, vacation periods and the first ten (10) ~~duty days~~ and the last ten (10) ~~duty days~~ **student contact days** of the school year except for reasons of illness or bereavement. PTO days shall not be granted during parent conference days or inservice days except for reasons of illness or bereavement. PTO requests may be denied on a particular day if other employees in the same unit or educational site have already been granted PTO leave which would be disruptive to the functioning of the particular program. In addition, PTO will not be approved on any

day for which ~~would exceed 5% of the total bargaining unit.~~ **the number of teachers at a building site requesting the use of PTO exceeds the number needed to safely and effectively operate the program.**

Any exceptions to the expectations herein require the approval of the superintendent or their designee.

Subd. 8. No more than three (3) consecutive PTO days may be granted except for childbirth, adoption, absence due to extended illness, bereavement and as described in Section 1, subd. 2.c.

Subd. 9. An employee who is entitled to PTO leave pay, or has accumulated sick leave, who is then receiving Worker's Compensation, may not be paid PTO leave pay in an amount greater than the difference between such Worker's Compensation and the employee's basic salary. Under such circumstances, only that fraction of a PTO leave day not covered by Worker's Compensation insurance shall be deducted from accrued leave.

Subd. 10. Each school year, it shall be the option of each bargaining unit member to contribute one (1) accumulated PTO leave day to establish and maintain a paid sick leave bank up to 150 days. On or before June 1, the business office will electronically prompt bargaining unit members to indicate whether or not they wish to contribute to the sick leave bank. The paid sick leave bank shall be administered by the President of the Association and the Superintendent. Paid sick leave days shall be available only for serious illness or injury of bargaining unit members who have exhausted all of their paid leave options. No bargaining unit member may be granted from the pool of sick leave days more than is needed to become eligible for long-term disability. Eligibility decisions are not subject to the grievance procedures.

Subd. 11. A student related injury workers' compensation paid leave bank ~~shall be~~ **has been** established by the district. The leave bank shall be administered by the President of the Association and the Superintendent. The student related injury workers' compensation paid leave bank shall be used for requests from unit members for up to three (3) days of pay if the injury is of such duration that it does not provide for a Minnesota Workers' compensation wage loss benefit. Requests for use of paid leave from the bank will not be done on AESOP but will be made on the Employee Absence Report Form on the ISD 917 website in the section: For 917 Staff; District Forms; District, Business, and Employee Forms. **The school district will contribute 70 hours to the student related injury worker compensation paid leave bank for the 2015-2016 school year and 35 hours in the 2016-2017 school year to establish the bank.** Eligibility decisions are not subject to the grievance procedures.

Subd. 12. Employees who are assigned to an extended contract under Article VI,

Section 7, Extended Duty Days, shall earn additional PTO leave days on a pro rata basis consistent with the number of additional days of assignment. The calculation of additional days will be based upon the actual days worked in the preceding school year (July 1 through June 30). The additional PTO leave days earned will accrue to the employee in the following year. Additional time will be calculated to the closest ½ day, rounded up.

Subd.13. Upon termination of an employee's employment for any reason, all PTO days and accumulated sick leave shall be immediately and automatically cancelled. If the employee is rehired within one year, the previously accumulated PTO days and accumulated sick leave shall be reinstated.

Section 2. Parental Leave

Subd. 1. An employee shall be afforded a parental leave of absence of no more than twelve (12) months in duration, according to the procedures as outlined in this section, to one parent of a newborn child or an adopted child, provided such parent is caring for the child on a full-time basis.

Subd. 2. The superintendent, after consultation with the employee, shall notify the employee in writing of the effective beginning date of such leave and its duration.

Subd. 3. The beginning date and duration of such leaves may be adjusted by mutual agreement between the superintendent and the employee.

Subd. 4. An employee returning from a parental leave shall be reemployed in a position for which the employee is qualified provided that the employee returns on the date as provided in the leave of absence.

Subd. 5. Failure of the employee to return pursuant to the date determined in this section shall constitute grounds for termination in the school district.

Subd. 6. The parties agree that periods of time for which the employee is on parental leave shall not be counted in determining the completion of the probationary period.

Subd. 7. A parental leave of absence granted pursuant to this section shall be a leave without pay.

Section 3. Maternity/Adoption Leave

Subd. 1. The start of a physical disability absence for pregnancy, delivery, and recovery from childbirth shall be determined by the employee's physician. The end of the physical disability absence for childbirth shall be determined by the employee's physician at the time of the child's birth.

~~Subd. 2. A pregnant employee shall notify the superintendent in writing, not later than the end of the sixth month of pregnancy, and, also at such time provide a physician's statement indicating the estimated date of delivery of the child. The employee shall submit a written request to the superintendent for the use of PTO and/or accumulated paid sick leave, including commencement date and return date. The time periods provided herein can be modified by the employee's physician.~~

~~Subd. 3. An employee's maternity absence may encompass school holidays and/or school vacations. Holidays and/or vacations that fall during the period of disability do not cause the disability period to be extended. These days would not be deducted from the PTO or sick leave.~~

~~Subd. 4. Subd. 2 and 3 of this section (Section 3) shall also apply to one parent for the adoption of a child in compliance with the Family Medical Leave Act.~~

~~Section 4. Jury Duty Leave: An employee summoned for jury duty shall receive the employee's regular salary but shall remit to the school district any jury duty fees received. The employee shall retain any expenses or mileage allowances paid by the court.~~

~~Section 5. General Leave:~~

~~Subd. 1. Employees in the school district may apply for an unpaid leave of absence, subject to the provisions of this section. The granting of such leave shall be at the sole discretion of the school board.~~

~~Subd. 2. Such leave may be granted by the school board for extended illness of the employee, extended illness of the employee's family, additional education, or other reasons acceptable to the school board.~~

~~Subd. 3. An employee on general leave of absence shall provide notice to the school district in writing no later than April 1 of the employee's intention concerning return to employment at the end of the general leave.~~

~~See also Board Policy 464 for additional unpaid leave provisions.~~

~~Section 6. Insurance Application: An employee on unpaid leave under this Article is eligible to continue to participate in group insurance programs if permitted under the insurance policy provisions, but shall pay the entire premium for leave not covered under the Family Medical Leave Act for such programs as the employee wishes to retain. It is the responsibility of the employee to make arrangements with the school business office to pay to the school district the monthly premium amounts in advance and on such date as determined by the school district. The right to continue participation in such group insurance programs, however, shall discontinue upon termination of employment, except as otherwise provided by law.~~

Section 7. Accrued Benefits: An employee on unpaid leave under this Article shall retain such number of leave days, experience credit for pay purposes, and other accrued benefits, if any, at the time the employee went on leave for use upon said employee's return. No additional leave, experience credit for pay purposes, or other benefits shall accrue for the period of time that an employee is on leave.

Section 2. Medical Leave

Subd. 1. Personal Medical Leave of Absence: An employee who is unable to work because of a personal illness or disability may, upon written request to human resources per procedure outlined on the School District's website, be granted a medical leave of absence. Such leave shall run concurrently, that is at the same time, with Family Medical Leave Act (FMLA) provisions, if the employee is eligible under FMLA as noted in subdivision two (2) of this section. The employee's accrued paid leave must be exhausted before the employee transitions to an unpaid personal medical leave of absence.

Maternity Leave: The start of a personal physical disability absence for prenatal care, pregnancy, delivery, and recovery from childbirth shall be determined by the employee's physician. The end of a personal physical disability absence for childbirth shall also be determined by the employee's physician. This must be communicated to the School District in writing. Leaves extending beyond the physician's documentation shall fall under parental leave and may be eligible under the Family Medical Leave Act as noted in subdivision two (2) of this section.

Subd. 2. Family Medical Leave of Absence: In accordance with the Family Medical Leave Act (FMLA), eligible employees are entitled to twelve (12) workweeks of unpaid leave within a rolling twelve (12)-month period. Non-contract days, such as winter and spring breaks, summer, and weekends shall not count toward the twelve (12) workweeks and accrued paid leave shall not be deducted.

- a) **FMLA Eligibility:** Over the twelve (12) months prior to leave, employees must have been employed with the School District for at least twelve (12) months and worked 1,250 hours within the twelve (12)-month period preceding the leave. Any use of PTO, sick leave, or unpaid time off are not be counted toward the 1,250-hour benchmark.
- b) **Pursuant to law, FMLA Leave shall be granted for any of the following reasons:**
 - i. **The employee's own serious health condition, as defined by the FMLA.**

- ii. The employee's need to care for an immediate family member (spouse, child, parent) with a serious health condition, as defined by the FMLA.
 - iii. The placement (adoption or foster care) or birth of a child up to one year after the child's birth or placement.
- c) FMLA Leave will run concurrently, that is at the same time, with any paid leave and any and all of the employee's accrued paid leave must be exhausted before the employee transitions to an unpaid leave of absence.
- d) Spouses who work for the School District shall be allowed a combined total of twelve (12) weeks unpaid FMLA leave during any twelve (12)-month period for the birth or adoption of a child, or to care for a parent's serious health condition. However, the combined limitation does not apply to FMLA leave taken by one spouse in the School District to care for the other spouse in the School District.

Subd. 3. Notification and Request for Medical Leave: An employee must give written notice to human resources requesting a medical leave of absence at least three (3) calendar months before the beginning of the requested medical leave or within 24 hours of receipt of notice of arrival of an adopted child, if notice is received less than three (3) calendar months before the leave start date, or as soon as possible following the onset of a serious health condition. The request for medical leave shall adhere to procedure outlined on the School District's website.

Subd. 4. Medical Verification: The employee shall be required to provide the School District with medical verification from a qualified healthcare provider for their own or the family member's serious health condition when requesting the leave of absence.

Subd. 5. Returning from Medical Leave: An employee on a medical leave of absence under this Section must notify human resources or his/her administrative designee in writing, at least one (1) week prior to his/her intention to return from leave.

- a) If the employee is returning from a personal medical leave of absence, the employee must also provide medical verification from a qualified healthcare provider of the employee's release from medical restrictions allowing them to return to full capacity at work.

The employee may provide medical verification from a qualified healthcare provider of the employee's work restrictions due to the employee's serious medical condition, and the School District will

attempt to accommodate those restrictions if possible.

- b) Upon return from a medical leave, the employee shall be returned to the former position held from which the employee was granted the leave, or an equivalent position should that position no longer be available or the School District determines the timing of the employee's return would interfere with student achievement.

Subd. 6. Probationary Period: Periods of time for which the employee is on medical leave may extend the employee's probationary period pursuant to Minnesota Statute (122A.41, Subdivision 1).

Section 3. Parental Leave

Subd. 1. An employee shall be afforded a parental leave of absence of no more than twelve (12) months in duration for the care of a newborn child or an adopted child, provided that the employee is caring for the child on a full-time basis. The parental leave will run concurrently, that is at the same time, as family medical leave should the leave be an FMLA-qualified leave of absence.

Subd. 2. Notification and Request for Parental Leave: An employee shall give written notice to human resources, per procedure outlined on the School District's website, requesting a parental leave of absence at least three (3) calendar months before the beginning of the requested leave or within 24 hours of receipt of notice of the arrival of an adopted child, if notice is received less than three (3) calendar months before the leave start date.

Subd. 3. Returning from Parental Leave: For partial school year leaves, an employee on a parental leave of absence under this Section must confirm with human resources his/her intention to return from parental leave at least two (2) weeks prior to his/her approved leave end date. For full school-year leaves, an employee on a parental leave of absence under this Section must confirm with human resources or his/her administrative designee in writing, his/her intention to return from parental leave in August of the next school year by April 1 of the leave school year.

Upon return from a parental leave, the employee shall be returned to the former position held from which the employee was granted the leave, or an equivalent position should that position no longer be available or the School District determines the timing of the employee's return would interfere with student achievement.

Subd. 4. Failure of the employee to return from a parental leave pursuant to

the agreed upon return date with the School District, may constitute job abandonment and be grounds for termination.

Subd. 5. The School District may adjust the proposed beginning or end date of a parental leave to coincide with a natural break in the school year.

Subd. 6. Probationary Period: Periods of time for which the employee is on parental leave may extend the employee's probationary period pursuant to Minnesota Statute (122A.41, Subdivision 1).

Section 4. Civic Duty/Military Leave

Subd. 1. Jury Duty: An employee summoned to serve on a jury shall request to be excused from such jury service. Employees who are not excused will be permitted time off without the loss of pay contingent upon the employee reimbursing the School District any fees / per diem received from the court for said jury duty. Any allowable expenses reimbursed by the court, such as mileage, parking, and meals, may be retained and are the sole responsibility of the teacher to seek through the court. The District shall assume no responsibility to seek reimbursement, nor pay reimbursement for said expenses.

Subd. 2. Subpoenaed Witness: An employee subpoenaed in cases involving the School District or students (e.g., a parent custody case) served within the School District, will be permitted time off without the loss of pay and will be allowed to retain any allowable expenses reimbursed by the court. An employee subpoenaed in cases unrelated to the School District, will be permitted time off and use of paid or unpaid leave will be at the discretion of the Superintendent. Any allowable expenses reimbursed by the court, such as mileage, parking, and meals, may be retained and are the sole responsibility of the teacher to seek through the court. The District shall assume no responsibility to seek reimbursement, nor pay reimbursement for said expenses.

Subd. 3. Military: Military leave shall be granted pursuant to State and Federal laws.

Section 5. General Unpaid Personal Leave

Subd. 1. An employee shall be afforded a general unpaid personal leave of absence, subject to the provisions in this section and District policy 464, through written request from the employee to the Superintendent. Any leave within this section must also be approved by the School Board if it extends

beyond five (5) days. The granting of such leave shall be at the sole discretion of the School Board.

A general leave may be granted by the School Board for extended personal illness, extended illness of the employee's immediate family member, additional educational requirements, or other reasons acceptable to the School Board.

Subd. 2. A general leave of absence pursuant to this section shall be leave without pay and the employee will not be permitted to use accrued leave to subsidize his/her general leave of absence.

Subd. 3. An employee on an approved general leave of absence for a full school year or the spring semester of the school year, shall notify the Superintendent in writing of his/her intention to return for the upcoming school year no later than April 1 of the leave school year. For leaves that do not end at the conclusion of a school year, an employee on a general leave of absence under this Section must notify the Superintendent in writing, of his/her intention to return from general leave at least one (1) month prior to his/her approved leave end date.

Section 6. Insurance Implications

Subd. 1. Qualified FMLA Leaves: An employee on a leave under this article that qualifies per the Family Medical Leave Act (FMLA) is eligible to continue to participate in group insurance programs, if permitted under the insurance policy provisions, and shall continue to pay the employee contribution to the insurance premium for any month during which the FMLA-qualified leave falls.

Subd. 2. Other Leaves: For leaves under this article that do not qualify per the FMLA, the employee shall pay the full insurance premium (School District and employee contributions) for any month in which the employee does not work at least one (1) day.

Subd. 3. Payment: The employee is responsible for paying the School District business office the monthly amounts due for any insurance programs the employee wishes to retain in advance of the end of the corresponding month on such a date determined by the School District. However, the employee may elect to discontinue insurance programs. The right to continue participation in such group insurance programs shall automatically discontinue upon termination of employment, except as otherwise provided by law.

Section 7. Accrued Benefits:

Subd. 1. Employees on Medical or Parental Leaves: An employee on a medical or parental leave under this article shall retain his/her number of PTO and sick leave days, experience credit for pay purposes, and other accrued benefits, if any, up to the date that the employee went on leave for use during the employee's leave of absence, as noted in sections two (2) and three (3) of this article, and accrual will continue so long as the employee is using paid leave. No additional PTO days, experience credit for pay purposes, or other benefits shall accrue for the period of time that the employee is on unpaid leave.

Subd. 2. Employees on General Leaves: An employee on a general leave under this article shall retain his/her number of PTO and sick leave days, experience credit for pay purposes, and other accrued benefits, if any, up to the date that the employee went on leave for use upon the employee's return from leave. No additional PTO days, experience credit for pay purposes, or other benefits shall accrue for the period that the employee is on unpaid leave.

Section 8. Seniority: For purposes of seniority standing, an employee on leave, pursuant to this Article, shall retain the employee's original seniority date during such leave of absence.

Section 9. Eligibility: Leave benefits as outlined in this Article shall apply only to employees regularly employed at least 185 days per year and at least forty (40) hours per week. Employees regularly employed for a lesser period of time, but at least an average of fourteen (14) hours per week and 65 days per year, shall be entitled to leave benefits on a pro rata basis. Employees employed less than an average of fourteen (14) hours per week and 65 days per year, shall not be eligible for the benefits of this Article.

ARTICLE XI UNREQUESTED LEAVE OF ABSENCE

Section 1. Purpose: The purpose of this Article is to implement the provisions of Minn. Stat. § 122A.40, Subd. 10, which Article, when adopted, shall constitute a plan for unrequested leave because of discontinuance of position, lack of pupils, financial limitations or merger of classes caused by consolidation of districts.

Subd. 1. "Employee" means a continuing contract employee who is regularly employed at least an average of fourteen (14) hours per week and 65 days per year. An employee employed less than an average of fourteen (14) hours per week and 65 days per year and substitute employees shall not acquire seniority.

Section 2. Definitions:

Subd. 1. For purposes of this Article the terms defined shall have the meanings respectively ascribed to them.

Subd. 2. "Seniority or Seniority Date": For purposes of this Article, seniority means length of continuous service by a continuing contract employee commencing with the first day of employment in the school district. Probationary employees and substitute employees as defined in Minn. Stat. § 125.35, Subd. 5, are excluded. However, upon completion of the probationary period, an employee's seniority date shall relate back to the first day of employment. Leaves of absence approved by the school district shall not modify an employee's seniority date as defined herein.

Subd. 3. "Qualified – Employee”: For purposes of this Article, to be qualified for a position shall mean as follows:

- a. The employee holds a current license(s) for the position.
- b. The employee has taught within the particular licensure area, on regular assignment in School District 917, within the immediate past five (5) years.

Section 3. Application:

Subd. 1. Seniority List: An updated seniority list shall be published no later than February 15 of each year. The list shall indicate the beginning employment date, licensure and current position(s). ~~The list shall be posted at each school facility and Local 3904 shall be provided with three (3) copies of each list.~~ **The list will be digitally posted and linked to the staff only access portion of the ISD 917 website under “For 917 Staff.” An email will be sent by the superintendent’s designee indicating to staff that the seniority list has been posted and Local 3904 shall be provided with a copy of the list.**

Subd. 2. Ties in Seniority: In the event of a tie in seniority date, the tie shall be broken by lot.

Subd. 3. Grievability: A challenge to placement on the seniority list may be made in accordance with the grievance procedure in this contract.

Subd. 4. Removal from Seniority List: Employees resigning or terminated for cause shall be removed from the seniority list.

Subd. 5. No Break in Service: In determining the length of seniority, an employee whose employment has been legally terminated by resignation, or termination pursuant to Minn. Stat. § 122A.40 but whose employment was subsequently reinstated, by action of the school district and the employee, without interruption of regular service, shall retain his/her original seniority date.

Section 4. Unrequested Leave of Absence:

Subd. 1. The school district may place on unrequested leave of absence, without pay or fringe benefits, such employees as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes. Such leave shall be effective no later than the close of the school year or at such earlier time as mutually agreed between the employee and the school district.

Subd. 2. Employees proposed to be placed on unrequested leave shall receive notice pursuant to Minn. Stat. § 122A.40:

Following School Board action on discontinued positions and School Board action proposing placement of teachers in unrequested leave of absence, each teacher proposed for placement on unrequested leave of absence shall receive notice of the proposed placement that:

- a. States the applicable grounds as provided in Minn. Stat. § 122A.40, Subd. 11 for the proposed placement;
- b. Provides notice to the teacher of their right to request a hearing on the proposed placement within 14 days from the receipt of the notice; and
- c. Provides notice to the teacher that failure to request a hearing will be deemed as acquiescence to the School Board's proposed placement action.

Subd. 3. An employee who has acquired continuing contract rights must not be placed on unrequested leave while Tier 1-licensed, Tier 2-licensed, or probationary teachers are retained in positions for which the teacher who has acquired continuing contract rights is licensed. Tier 3 and 4 continuing contract teachers shall be placed on unrequested leave of absence in inverse order of seniority. ~~Employees shall be placed on unrequested leave in order of inverse seniority,~~ providing the operation of inverse seniority order leaves remaining employees licensed and qualified as provided in Section 2 hereof to be assigned to the programs and course offerings of the school district. In the event of a staff reduction where the inverse operation of seniority would result in the remaining employees not being licensed or qualified as provided in Section 2 hereof for assignment to school district programs, the school district may deviate from inverse seniority and retain either junior or probationary employees in such number as necessary to staff said programs with licensed and qualified employees as defined in Section 2 hereof.

Subd. 4. Employees placed on such leave shall receive notice by June 1 of the school year prior to the commencement of such leave with reasons therefor. A hearing will be provided as set forth in Minn. Stat. § 122A.40 Subd. 14, if a written request for a hearing is received by the school board within fourteen (14) days after

the employee received notice of proposed placement on unrequested leave of absence.

Subd. 5. Any employee placed on such leave may engage in teaching or any other occupation during such period and may be eligible for unemployment compensation if otherwise eligible under the law for such compensation and such leave will not result in a loss of credit for years of service in the district earned prior to the commencement of such leave.

Subd. 6. An employee placed on unrequested leave of absence may engage in teaching or any other occupation during the period of this leave. The unrequested leave of absence must not impair the continuing contract rights of the employee or result in a loss of credit for previous years of service. Nothing in the subdivision shall be construed to impair the rights of employees placed on the unrequested leave of absence to receive unemployment benefits, if otherwise eligible.

Subd. 7. Seniority rights as provided in this Agreement shall apply only to positions covered by this Agreement and shall not apply to positions outside this appropriate unit.

Section 5. Reinstatement:

Subd. 1. No new employee shall be employed by the school district while any employee licensed and qualified for the position as defined in Section 2 hereof is on unrequested leave of absence. The order of reinstatement shall be in seniority order, except the school district may deviate from seniority or recall if the senior employee(s) is not licensed and qualified as provided in Section 2 hereof.

Subd. 2. When placed on unrequested leave, an employee shall file with the school district personnel office his/her name and address to which any notice of reinstatement or availability of position shall be mailed by certified mail. Proof of service by the person in the school district depositing in the mail such notice to the employee at the last known address shall be sufficient and it shall be the responsibility of any employee on unrequested leave to provide for forwarding of mail or for address changes. Failure of a notice to reach an employee shall not be the responsibility of the school district if any notice has been mailed as provided herein.

Subd. 3. Except as otherwise provided in Subdivision 4 hereof, if a position as provided in Subd. 1 above becomes available for a qualified employee on unrequested leave, the school district shall mail the notice by certified mail to such employee, who shall have fifteen (15) calendar days from the date of mailing of such notice to accept the reemployment. If written acceptance is not received by the school board within such fifteen (15) calendar day period, it shall constitute a waiver

on the part of any employee to any further rights of employment or reinstatement and shall forfeit any future reinstatement or employment rights.

Subd. 4. The school district may, but is not required to, offer a temporary position of less than sixty (60) working days to employees on the recall list. An employee shall have the right to refuse a temporary position of less than a full school year without any forfeiture of future reinstatement rights. Notwithstanding the provisions of Subdivision 3 hereof, temporary positions occurring within the school year shall require the employee to respond within three (3) calendar days indicating acceptance or rejection of reinstatement rights to a temporary position. For purposes of this subdivision, a temporary position shall mean a substitute position or other temporary position anticipated to last less than a full school year.

Subd. 5. Any employee placed on unrequested leave of absence shall remain on the unrequested leave of absence list for a period of five (5) years from the date unrequested leave was commenced, unless the employee forfeits such right by failure to accept a position for which licensed and qualified as provided in Subd. 3 hereof, and thereafter no further rights to reinstatement shall exist.

Section 6. Filing of Licenses: In any year in which a reduction of teaching staff is occurring, and the school district is placing employees on unrequested leave of absence, only those licenses actually received by the superintendent's office for filing as of January 15 of such year shall be considered for purposes of determining lay off within areas of license for the following school year. A license filed after January 15 shall be considered for purposes of recall, but not for the current reduction.

Section 7. Effect: This Article shall govern all employees as defined herein and shall not be construed to limit the rights of any other licensed employee not covered by the Master Agreement or other Master Agreement affecting such licensed personnel.

ARTICLE XII EMPLOYEE SUPERVISION

Section 1. Employee Improvement Plans

Subd. 1. Prior to formal or informal disciplinary procedures being employed in cases of minor misconduct or in cases where the behavior or poor performance does not constitute a serious infraction of the contract, code of conduct, district policies, rules or directives of superiors, the school district may, in its discretion, attempt to improve an employee's performance and/or correct an employee's behavior by implementing an "employee improvement plan."

Subd. 2. The purpose of an employee improvement plan is to improve the employee's performance up to the standards and expectations of the school district. Should the employee fail to raise his/her level of performance to the school district's

expectations, or the behavior issues continue, the school district may resort to the disciplinary measures delineated in Section 2 of this Article.

Subd. 3. All employee improvement plans will be placed in the employee's personnel file along with any notations as to the employee's progress in improving performance.

Section 2. Employee Discipline

Subd. 1. Employee discipline is the school district's process for assuring compliance with the terms and conditions of the collective bargaining agreement, the Employee's Code of Ethics, Board policies and rules, directives issued by the employee's supervisors or other administrators, and generally accepted norms of behavior. Discipline is intended to correct unacceptable behavior and improve performance. The school district shall render disciplinary measures only for just cause and shall ensure that employee rights to "due process" are protected.

Subd. 2. Oral or Written Reprimands. The school district shall typically follow a progressive discipline approach as outlined in this Article depending upon the gravity of the misconduct or the level of performance issues. The school district may, at its sole discretion, move immediately to a higher level of discipline, depending upon the severity of the misconduct or lack of performance.

- (a) Oral Reprimand. Oral reprimands may be issued to employees in the event of relatively minor infractions. Oral reprimands shall not be grievable under Article XIII of this Agreement.
- (b) Written Reprimand. Written reprimands (Notices of Deficiency) may be issued by the school district for more serious misconduct or when oral warnings have not corrected the employee's behavior or performance. Written reprimands will be placed in the employee's file. Employees may respond in writing to written reprimands and such responses shall be placed in the employee's personnel file. Written reprimands are grievable under Article XIII of this Agreement. The standards of review are whether or not any material in the employee's personnel file is false or inaccurate or is without just cause. Any material found through the grievance procedure to be false or inaccurate or without just cause shall be expunged from the employee's file.

Subd. 3. Suspension.

- (a) An employee may be suspended without pay for grounds as described in Minn. Stat. § 122A.40, Subd. 9(a) through (d) or Minn. Stat. § 122A.40, Subd. 13(1) through (6). Any suspension is subject to the grievance

procedure under Article XIII of this Agreement.

- (b) Suspension shall take effect upon written notification from the Superintendent of Schools **or designated administrator** to the employee stating the grounds for suspension. The employee shall have the right to invoke the grievance procedures set forth in Article XIII of this Agreement at the arbitration level provided written notification requesting arbitration is received by the superintendent within fifteen (15) days after receipt of the written notice of suspension.
- (c) The suspension shall take effect upon receipt by the employee of the written notice of suspension or shall take effect as otherwise indicated in the written notice of suspension. The suspension shall continue in effect for the time period provided in the written notice or as otherwise decided by the school board, but not to exceed a period of thirty (30) teaching days.

ARTICLE XIII GRIEVANCE PROCEDURE

Section 1. Definition: A "grievance" shall mean an allegation by an employee(s) resulting in a dispute or disagreement between the employee(s) and the school district as to the interpretation or application of terms and conditions of employment as contained in this Agreement. More than one employee may be on a single grievance if the allegation involves a common set of facts and a common claim.

Section 2. Representative: The employee(s) or school district may be represented during any step of the procedure by any person or agent designated by such party to act in his/her behalf.

Section 3. Definitions and Interpretations:

Subd. 1. Extension: Time limits specified in this Agreement may be extended by mutual agreement.

Subd. 2. Days: Reference to days regarding time periods in this procedure shall refer to working days. A working day is defined as all weekdays not designated as holidays by state law or by the school calendar.

Subd. 3. Computation of Time: In computing any period of time prescribed or allowed by procedures herein, the date of the act, event, or default for which the designated period of time begins to run shall not be included. The last day of the period so computed shall be counted.

Subd. 4. Filing and Postmark: The filing or service of any notice or document herein shall be timely if it bears a postmark of the United States mail within the time period.

Section 4. Time Limitation and Waiver: Grievances shall not be valid for consideration unless the grievance is submitted in writing to the school district setting forth the facts and the particular relief sought within fifteen (15) days after the date of the event giving rise to the grievance occurred. Failure to file any grievance within such period shall be deemed a waiver thereof. Failure to appeal a grievance from one level to another within the time periods hereafter provided shall constitute a waiver of the grievance. An effort shall first be made to adjust an alleged grievance informally between the employee(s) and the school board designee, and if informally resolved such resolution of the alleged grievance shall be evidenced by a written statement executed by the employee(s) and the school board designee.

Section 5. Adjustment of Grievance: The school district and the employee(s) shall attempt to adjust all grievances which may arise during the course of employment of any employee within the school district in the following manner:

Subd. 1. Level I: If the grievance is not satisfactorily resolved through informal discussions with the employee's immediate supervisor, the grievant may file a formal written grievance with the appropriate director within fifteen (15) days of the alleged violation. Within ten (10) days after receipt of a written grievance the director or designee(s) shall meet with the grievant and render a written decision, a copy of which shall be provided to Local 3904.

Subd. 2. Level II: In the event the grievance is not resolved in Level I, the decision rendered may be appealed to the superintendent, provided such appeal is made in writing within seven (7) days after receipt of the decision in Level I. If the grievance is appealed to the superintendent, the superintendent, or his/her designee, shall set a time to meet regarding the grievance within ten (10) days after receipt of the appeal. Within seven (7) days after the meeting, the superintendent, or his/her designee, shall issue a decision in writing.

Section 6. School Board Review: The school board reserves the right to review any decision issued under Level I or Level II of this procedure at its own instance, provided the school district provides written notice within ten (10) days after a decision in Level I or Level II has been rendered. At its option, the school board may also review a grievance at the written request of the grievant, providing such written request is made within ten (10) days after review of the Level II decision. In the event the school board determines to review a grievance, it shall hold a hearing and issue a decision within twenty (20) working days after the written notice by the school district or within twenty (20) days after receipt of the request for review by the grievant. Local 3904 shall receive written advance notice as to the date of said hearing. In the event of such review, the school board reserves the right to affirm, reverse or modify such decision. At the option of the school board, a committee or representative(s) of the school

board may be designated by the school board to hear the appeal at this level and report its findings and recommendations to the school board.

Section 7. Denial of Grievance: Failure by the school district or its representative to issue a decision within the time periods provided herein shall constitute a denial of the grievance and the employee(s) may appeal it to the next level.

Section 8. Arbitration Procedures: In the event that the employee(s) and the school district are unable to resolve any grievance, the grievance may be submitted to arbitration as defined herein:

Subd. 1. Request: A request to submit a grievance to arbitration must be in writing signed by the aggrieved party, and such request must be filed in the office of the superintendent within twelve (12) days following the decision of the school board in Section 6, or within twelve (12) days following notice that the school board has elected not to review the matter.

Subd. 2. Prior Procedure Required: No grievance shall be considered by the arbitrator which has not been first duly processed in accordance with the grievance procedure and appeal provisions, unless the parties have mutually agreed to a waiver of step(s).

Subd. 3. Selection of Arbitrator: Upon the proper submission of a grievance under the terms of this procedure, the parties shall, within ten (10) days after the request to arbitrate, attempt to agree upon the selection of an arbitrator. If no agreement on an arbitrator is reached, either party may request the BMS to appoint an arbitrator, pursuant to PELRA, providing such request is made within twenty (20) days after request for arbitration. The request shall ask that the appointment be made within thirty (30) days after the receipt of said request. Failure to request an arbitrator from the BMS within the time periods provided herein shall constitute a waiver of the grievance.

Subd. 4. Hearing: The grievance shall be heard by a single arbitrator and both parties may be represented by such person or persons as they may choose and designate, and the parties shall have the right to a hearing at which time both parties will have the opportunity to submit evidence, offer testimony, and make oral or written arguments relating to the issues before the arbitrator. The proceeding before the arbitrator shall be a hearing de novo.

Subd. 5. Decision: The decision by the arbitrator shall be rendered within thirty (30) days after the close of the hearing. Decisions by the arbitrator in cases properly before him/her shall be final and binding upon the parties, subject, however, to the limitations of arbitration decisions as provided in the PELRA. The arbitrator shall issue a written decision and order which shall be based upon substantial and

competent evidence presented at the hearing. All witnesses shall be sworn upon oath by the arbitrator.

Subd. 6. Expenses: Each party shall bear its own expenses in connection with arbitration including expenses relating to the party's representatives, witnesses and any other expenses which the party incurs in connection with presenting its case in arbitration. A transcript or recording shall be made of the hearing at the request of either party. The parties shall share equally fees and expenses of the arbitrator, and any other expenses which the parties mutually agree are necessary for the conduct of the arbitration. The requesting party shall pay the full cost of transcribing or recording of the proceedings and transcript copy. If both parties request a transcript or recording, the cost shall be equally shared. If the second party orders a transcript after the first party has paid for transcribing and recording, the second party shall also reimburse the first party for one-half (1/2) of those costs incurred, in addition to paying for the transcript copy.

Subd. 7. Jurisdiction: The arbitrator shall have jurisdiction over disputes or disagreements relating to grievances properly brought before the arbitrator pursuant to the terms of this procedure. The jurisdiction of the arbitrator shall not extend to proposed changes in terms and conditions of employment as defined herein and contained in this written Agreement, nor shall an arbitrator have jurisdiction over any grievance which has not been submitted to arbitration in compliance with the terms of the grievance and arbitration procedure as outlined herein.

Section 9. Grievance Form: A form which must be used for filing grievances shall be provided by the school district (Attachment C). Such form shall be readily accessible in all school buildings.

Section 10. Election of Remedies and Waiver: A party instituting any action, proceeding or complaint in a federal or state court of law, or before an administrative tribunal, federal agency, state agency, or seeking relief through any statutory process for which relief may be granted, the subject matter of which may constitute a grievance under this Agreement, shall immediately thereupon waive any and all rights to pursue a grievance under this Article. Upon instituting a proceeding in another forum as outlined herein, the employee(s) shall waive his/her right to initiate a grievance pursuant to this Article, or, if the grievance is pending in the grievance procedure, the right to pursue it further shall be immediately waived. This section shall not apply to actions to compel arbitration as provided in this Agreement or to enforce the award of an arbitrator.

ARTICLE XIV MEET AND CONFER

Section 1. Meet and Confer: Representatives of Local 3904 and representatives of the school district shall meet and confer pursuant to PELRA.

Section 2. Meet and Confer Meetings:

Subd. 1. Local 3904 and the school district may be represented by up to and including four (4) representatives at each meet and confer meeting.

Subd. 2. Meet and confer meetings will be held upon reasonable notice, at the request of either party, but not less than once each semester.

Subd. 3. The public employer shall provide the facilities and set the time for such conferences to take place after conferring with Local 3904.

Section 3. Itinerant Employee Schedules

Subd. 1. If itinerant personnel encounter a disagreement with the school district regarding requirements for scheduling prep time or lunch or both, they may request review of their detailed schedules at a Meet and Confer meeting.

- a. The Meet and Confer representatives may review the employee schedule details and recommend solution options for district consideration or the Meet and Confer representatives may refer the disagreement to a professional panel for recommendations of solution options for district consideration. The professional panel will be appointed by the Meet and Confer representatives and will consist of one Assistant Special Education Director (not the supervisor of the employee), one employee who also works in the same program, and one board member from the Personnel Committee. The Superintendent will be an ex-officio member of the professional review panel to assist in scheduling meetings and gathering background information for the review.

Subd. 2. The use of the Meet and Confer process for review of itinerant staff schedules because of prep time or lunch time disagreements does not prevent the employee from using the grievance section of the contract.

ARTICLE XV VACANCIES AND POSTING

Section 1. Publishing of Notices of Vacancy:

Subd. 1. The school district shall post written notice in the Employment section on the district website and will send notice to each employee's school e-mail of licensed staff vacancies with position qualifications. The district may fill vacancies temporarily during the process of reviewing and interviewing applicants.

Subd. 2. Any employee possessing the necessary qualifications may apply for a vacancy and all qualified applications shall be considered.

Section 2. Transfers - Involuntary:

Subd. 1. Notice of involuntary transfer shall be given to the employees of the department involved as soon as practicable. A list of open teaching positions in the school district shall be made available to all employees being involuntarily transferred or reassigned. Such employees may apply for positions, in order of preference, to which they desire to be transferred.

Subd. 2. Strong efforts will be made on the part of the administration to inform staff each year of their placement for the next school year prior to the statutory final date for resignation (currently April 1 or July 15.)

Section 3. Decision:

Subd. 1. Programmatic considerations, seniority, employee qualifications, and employee preference, shall be the criteria used by the school district when filling vacancies, and rotating or transferring staff.

Subd. 2. Staff not selected for vacant or open positions or staff being involuntarily reassigned shall upon written request be afforded an opportunity to meet with the Superintendent regarding such decision.

Subd. 3. Notwithstanding the provisions of this Article, it is understood and agreed that the final choice relating to staffing decisions remains in the discretion of the school district.

Subd. 4. If the employee resigns from their assigned position after the statutory resignation date has passed, the district will release the teacher from their assigned position contingent on the hire of a suitable replacement.

Subd. 5. To appeal the decision to not release an employee from their contract, the employee shall upon written request be afforded an opportunity to meet with the Superintendent regarding such decision.

ARTICLE XVI
SEVERANCE/RETIREMENT

Section 1. Eligibility: Full-time employees who have completed at least fifteen (15) years of continuous service with the school district, and who are at least fifty-five (55) years of age, shall be eligible for severance pay pursuant to the provisions of this Article upon submission of a written resignation accepted by the school board. Years of service will be calculated based on years of continuous service completed from employment date or return date if an employee has a break in employment. Severance pay shall not be granted to any employee who is discharged for cause by the school district. This Article shall apply only to employees who terminate services with the district and withdraw from full time contracted active teaching service after the execution of this contract and shall not be retroactive to any employee who terminated prior to said execution date. If an employee eligible for this benefit dies before terminating services, the payment shall be made to the estate of the deceased.

Section 2. Amount of Severance: Eligible employees, upon retirement, shall receive as severance pay unused sick leave days, not to exceed thirty-five (35) days.

Section 3. Method of Pay-out:

- a. Subject to the limitations listed below, the school district will contribute an amount equal to the value of the employee's severance pay directly into the School Board approved 403b vendor account. The retiree will not receive any direct payment from the school district for the severance pay.
- b. The school district's annual contribution into the School Board approved 403b vendor account must not exceed the IRS contribution limit. If the amount calculated in A exceeds the available limits in the year of separation, the excess amount will be paid out in cash and not be tax sheltered.
- c. The school district contribution(s) (into the approved 403b vendor account) will be made according to the same timeline as was provided for the direct payment of the severance pay.
- d. The school district will make the severance pay contributions to the School Board approved 403b vendor. For purposes of calculating the maximum IRS contribution limit, the school district will provide the retiree or approved vendor with contribution information for the previous twelve (12) months of employment. The vendor agrees to calculate the maximum IRS contribution limit.

Section 4. Notice: To be eligible for the benefits of this section, unless waived by the school district, an employee must notify the school district no later than March 1 of the intention to resign at the conclusion of the school year.

Section 5. Cut-Off Date: The benefits of this Article shall not apply to an employee employed after July 1, 1993.

ARTICLE XVII
DURATION

Section 1. Term and Reopening Negotiations: This Agreement shall remain in full force and effect for a period commencing on July 1, 2017, **2019**, through June 30, 2019, **2021**, and thereafter pursuant to PELRA. If either party desires to modify or amend this Agreement commencing July 1, 2019, **2021**, it shall give written notice of such intent no later than May 1, 2019. **2021**. Unless otherwise mutually agreed, the parties shall not commence negotiations more than ninety (90) days prior to the expiration of this Agreement.

Section 2. Effect: This Agreement constitutes the full and complete Agreement between the school board and the exclusive representative representing the employees of the school district. The provisions herein relating to terms and conditions of employment supersede any and all prior agreements, resolutions, practices, school district policies, rules or regulations concerning terms and conditions of employment inconsistent with these provisions.

Section 3. Finality: Any matters relating to the current contract term, whether or not referred to in this Agreement, shall not be open for negotiation during the term of this Agreement.

Section 4. Severability: The provisions of this Agreement shall be severable, and if any provision thereof or the application of any such provision is held invalid, it shall not affect any other provisions of this Agreement or the application of any provisions thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as follows:

Education Minnesota
Intermediate School District 917
Local 3904

Intermediate School District No. 917

President

Chair

Chief Employee Negotiator

Clerk

Dated: _____

Dated: _____

Intermediate School District 917
Salary Schedule
2017-2018

Step	BA	BA+10	BA+20	BA+30	MA	MA+10	MA+20	MA+30	MA+40-or-SP
1	38,500	39,600	40,700	41,800	43,000	44,200	45,400	46,600	47,800
2	39,848	40,986	42,125	43,263	44,505	45,747	46,989	48,231	49,473
3	41,242	42,421	43,599	44,777	46,063	47,348	48,634	49,919	51,205
4	42,686	43,905	45,125	46,344	47,675	49,005	50,336	51,666	52,997
5	44,180	45,442	46,704	47,966	49,343	50,721	52,098	53,475	54,852
6	45,947	47,260	48,573	49,885	51,317	52,749	54,181	55,614	57,046
7	47,785	49,150	50,515	51,881	53,370	54,859	56,349	57,838	59,327
8	49,696	51,116	52,536	53,956	55,505	57,054	58,603	60,152	61,701
9	49,696	51,116	54,638	56,114	57,725	59,336	60,947	62,558	64,169
10	49,696	51,116	56,823	58,359	60,034	61,709	63,385	65,060	66,735
11	49,696	51,116	59,380	60,985	62,735	64,486	66,237	67,988	69,738
12	49,696	51,116	62,052	63,729	65,559	67,388	69,218	71,047	72,877
13	49,696	51,116	64,845	66,597	68,509	70,421	72,332	74,244	76,156
14	49,696	51,116	64,845	66,597	71,934	73,942	75,949	77,956	79,964
15	49,696	51,116	64,845	66,597	75,531	77,639	79,746	81,854	83,962

Intermediate School District 917
Salary Schedule
2018-2019

Step	BA	BA+10	BA+20	BA+30	MA	MA+10	MA+20	MA+30	MA+40 or SP
1	39,174	40,293	41,412	42,532	43,753	44,974	46,195	47,416	48,637
2	40,545	41,703	42,862	44,020	45,284	46,548	47,811	49,075	50,339
3	41,964	43,163	44,362	45,561	46,869	48,177	49,485	50,793	52,101
4	43,433	44,674	45,915	47,155	48,509	49,863	51,217	52,570	53,924
5	44,953	46,237	47,522	48,806	50,207	51,608	53,009	54,410	55,812
6	46,751	48,087	49,423	50,758	52,215	53,672	55,130	56,587	58,044
7	48,621	50,010	51,400	52,788	54,304	55,819	57,335	58,850	60,366
8	50,566	52,010	53,456	54,900	56,476	58,052	59,628	61,204	62,780
9	50,566	52,010	55,594	57,096	58,735	60,374	62,013	63,652	65,292
10	50,566	52,010	57,818	59,380	61,084	62,789	64,494	66,199	67,903
11	50,566	52,010	60,419	62,052	63,833	65,615	67,396	69,177	70,959
12	50,566	52,010	63,138	64,844	66,706	68,567	70,429	72,290	74,152
13	50,566	52,010	65,980	67,762	69,708	71,653	73,598	75,544	77,489
14	50,566	52,010	65,980	67,762	73,193	75,236	77,278	79,321	81,363
15	50,566	52,010	65,980	67,762	76,853	78,997	81,142	83,287	85,431

**Intermediate School District 917
Salary Schedule
2019-2020**

STEP	BA	BA+10	BA+20	BA+30	MA	MA+1 0	MA+20	MA+30	MA+40 or SP
(1)	39,801	40,938	42,075	43,213	44,453	45,694	46,934	48,175	49,415
(2)	41,194	42,370	43,548	44,724	46,009	47,293	48,576	49,860	51,144
(3)	42,635	43,854	45,072	46,290	47,619	48,948	50,277	51,606	52,935
(4)	44,128	45,389	46,650	47,909	49,285	50,661	52,036	53,411	54,787
(5)	45,672	46,977	48,282	49,587	51,010	52,434	53,857	55,281	56,705
(6)	47,499	48,856	50,214	51,570	53,050	54,531	56,012	57,492	58,973
(7)	49,399	50,810	52,222	53,633	55,173	56,712	58,252	59,792	61,332
(8)	51,375	52,842	54,311	55,778	57,380	58,981	60,582	62,183	63,784
(9)	51,375	52,842	56,484	58,010	59,675	61,340	63,005	64,670	66,337
(10)	51,375	52,842	58,743	60,330	62,061	63,794	65,526	67,258	68,989
(11)	51,375	52,842	61,386	63,045	64,854	66,665	68,474	70,284	72,094
(12)	51,375	52,842	64,148	65,882	67,773	69,664	71,556	73,447	75,338
(13)	51,375	52,842	67,036	68,846	70,823	72,799	74,776	76,753	78,729
(14)	51,375	52,842	67,036	68,846	74,364	76,440	78,514	80,590	82,665
(15)	51,375	52,842	67,036	68,846	78,083	80,261	82,440	84,620	86,798



**Intermediate School District 917
Salary Schedule
2020-2021**

STEP	BA	BA+10	BA+20	BA+30	MA	MA+10	MA+20	MA+30	MA+40 or SP
(1)	40,438	41,593	42,748	43,904	45,164	46,425	47,685	48,945	50,206
(2)	41,853	43,048	44,245	45,440	46,745	48,049	49,353	50,658	51,963
(3)	43,318	44,555	45,793	47,031	48,381	49,731	51,081	52,431	53,782
(4)	44,834	46,115	47,396	48,676	50,074	51,471	52,869	54,266	55,663
(5)	46,403	47,728	49,055	50,380	51,826	53,273	54,719	56,165	57,612
(6)	48,259	49,638	51,017	52,395	53,899	55,403	56,908	58,412	59,916
(7)	50,189	51,623	53,058	54,491	56,056	57,619	59,184	60,748	62,313
(8)	52,197	53,688	55,180	56,671	58,298	59,925	61,551	63,178	64,805
(9)	52,197	53,688	57,387	58,938	60,630	62,321	64,013	65,705	67,398
(10)	52,197	53,688	59,683	61,295	63,054	64,814	66,574	68,334	70,093
(11)	52,197	53,688	62,368	64,054	65,892	67,731	69,570	71,408	73,248
(12)	52,197	53,688	65,175	66,936	68,858	70,779	72,701	74,622	76,544
(13)	52,197	53,688	68,108	69,948	71,957	73,964	75,972	77,981	79,988
(14)	52,197	53,688	68,108	69,948	75,554	77,663	79,771	81,880	83,987
(15)	52,197	53,688	68,108	69,948	79,332	81,545	83,759	85,974	88,187

ATTACHMENT C

GRIEVANCE REPORT FORM
INTERMEDIATE SCHOOL DISTRICT NO. 917

Name: _____ Building: _____

Date Grievance Occurred:

Statement of the Facts:

Specific Provisions of Agreement Allegedly Violated:

Particular Relief Sought:

Dated: _____

Signature of Grievant

ATTACHMENT D

Memorandum of Understanding

As a result of contract negotiations, the parties hereby agree to the following retirement incentive plan:

Full time active members of Local 3904 who have completed 15 years of continuous service with ISD 917, who are at least 55 years of age, and are eligible for TRA retirement benefits shall be eligible for a ~~\$5,500~~ **\$7,500** deposit into the retiring employees' MSRS Post-Retirement Health Care Savings Plan. This benefit is available to qualifying employees in fiscal years ~~2018 and 2019.~~ **2020 and 2021.**

In order to be eligible for the retirement incentive, qualifying employees, must submit a letter of retirement to the Human Resources Office by 4:00 PM on April 1, ~~2018, or 2019.~~ **2020 or 2021.**

The parties intend that this MOU be subject to the grievance procedure outlined in Article XIII of the ~~2016-2017~~ **2019-2021** Contract.

IN WITNESS WHEREOF, the parties have executed this Letter of Agreement as follows:

EDUCATION MINNESOTA,
INTERMEDIATE SCHOOL DISTRICT
NO. 917, LOCAL 3904

INTERMEDIATE SCHOOL
DISTRICT NO. 917

President

Chair

Chief Employee Negotiator

Clerk

Dated: _____, **2019**

Dated: _____, **2019**

ATTACHMENT E

LETTER OF UNDERSTANDING

This Letter of Understanding is entered into between Intermediate School District 917 (hereinafter referred to as the School District) and Education Minnesota, Intermediate School District 917, Local 3904 (hereinafter referred to as Local 3904) and the parties hereto agree as follows:

1. The School District and Local 3904 are parties to a collective bargaining agreement governing terms and conditions of employment for employees covering the period July 1, ~~2017,2019~~, through June 30, ~~2019~~ **2021**.
2. To comply with the provisions of Minn. Stat. 122A.40, subdivision 8 relating to peer review, the parties hereby agree as follows in sustaining a peer review program:

Section 1. Purpose: The intent of the program shall be to promote professional growth and development.

Section 2. Guide: The ISD 917 ~~Employee~~ **Educator** Induction and Mentor Program Guide **and the Cognitive Coaching Program Guide** will be distributed to first and second year employees during their orientation day during back to school workshop.

Section 3. Mentoring and Cognitive Coaching for Probationary Employees: Shall be subject to the following:

1. By June 15 of each year or if hired after June 15, within two weeks of their hire date, each probationary employee will be paired by the School District with a continuing contract employee who will serve as a mentor and a continuing contract employee who has been trained as a cognitive coach. The School District will make a reasonable attempt to identify one continuing contract employee to serve as mentor and one as a cognitive coach. If no continuing contract employee is available to serve as a mentor, a non-continuing contract employee may be assigned.
2. Those employees who agree to participate as a mentor shall commit to two school years in the program.
3. The mentor and mentee shall fulfill the responsibilities described in the Program Guide.
4. The participating employee and mentor employee shall mutually determine a schedule for the cognitive coaching process, subject to approval by the employees' supervisor. The mentor ~~and cognitive~~ coach will receive a \$500

stipend for the first year and \$400 stipend for the second year for each probationary teacher mentored. The cognitive coach will be paid at their hourly rate ~~on a temporary work agreement~~ up to \$500 for a first-year teacher and up to \$400 for a second-year teacher, starting in the 2018-2019 school year. The cognitive coach will submit timesheets for hours engaged in cognitive coaching with each probationary teacher assigned to them.

5. Any information obtained during the cognitive coaching process shall be confidential and shall not be included in any formal evaluations.

Section 4. Peer Review for Continuing Contract Employees: Continuing contract employees will pair with a continuing contract employee for peer review during the three-year review cycle each of the two years in the cycle not reviewed by a qualified and trained reviewer.

IN WITNESS WHEREOF, the parties have executed this Letter of Understanding as follows:

EDUCATION MINNESOTA,
INTERMEDIATE SCHOOL DISTRICT
917, LOCAL 3904

INTERMEDIATE SCHOOL
DISTRICT NO. 917

President

Chair

Chief Employee Negotiator

Clerk

Dated: _____, 2019

Dated: _____, 2019

ATTACHMENT F

Memorandum of Understanding

As a result of contract negotiations, the parties hereby agree to the following DCALS Summer School pay and preparation time structure.

Summer classes taught for credit in the same schedule as traditional school calendar classes will be paid at the employee's hourly rate pro rata to their teaching contract. The employee's paid time will be based on class time plus 15 minutes per 60 minutes of class time for preparations.

Employees who supervise summer school online classes will be paid at the employee's hourly rate pro rata to their teaching contract for the hours supervising the online computer lab at DCALS and the hours pre-approved for student follow-up to complete classes.

All summer school employee assignments will be authorized on a Temporary Work Agreement prior to May 20, 2018, **2019**, and May 20, 2019, **2021**, for the summer school sessions or online classes.

The parties intend that this MOU be subject to the grievance procedure outlined in Article XII of the 2017-2019 **2019-2021** contract.

Education Minnesota
Intermediate School District #917
Local 3904

Intermediate School District 917

President

Chair

Employee Negotiator

Clerk

Date

Date

ATTACHMENT G

EDUCATOR DEVELOPMENT AND EVALUATION JOINT AGREEMENT

I. PURPOSE

This Agreement is entered into between Education Minnesota Intermediate School District 917 Local 3904 (“Union”) and Intermediate School District No. 917 (“District”). The Union and the District are parties to a collective bargaining agreement governing the terms and conditions of employment for teachers employed by the District, pursuant to the Public Employment Labor Relations Act (“PELRA”), Minn. Stat. § 179A.01 *et seq.*

Through joint agreement, the parties have developed an educator development and evaluation process pursuant to the requirements of Minn. Stat. § 122A.40, Subd. 8 (EDE Process).

The EDE Process created by a joint Union-District committee and ratified by the Union’s general membership and adopted by the District School Board is detailed in the EDE Process document dated June 3, 2014, and as attached and incorporated.

II. TERM

The EDE Process will take effect on July 1, 2014. This Agreement will remain in effect until the parties agree to modifications or until one party notifies the other party of its intent to withdraw from the Agreement at the beginning of the next school year. Such notice must be given prior to March 1 of the school year prior to withdrawal. The Agreement will end on June 30th following the notification of withdrawal. Both parties understand that the state plan created and published by the Minnesota Department of Education (“MDE”) pursuant to Minn. Stat. § 122A.40, Subd. 8(c) (“State Plan”) will be implemented at that time unless the parties agree on a successor process.

III. TEACHER

The EDE Process Plan is applicable to teachers, school counselors, licensed school nurses, school social workers, school psychologists, speech/language pathologists and career and technical teachers.

IV. EDE PROCESS COMMITTEE

A joint Union and District EDE Committee shall be responsible for overseeing implementation of the EDE Process to move from the current teacher development, evaluation and peer review process used in the District.

- A. Members. The Committee will consist of a total of nine representative, five representatives from the Union and four representatives from District administration.
- B. Meetings. The Committee must meet at least four times during each school year. Summer meetings may be scheduled if necessary.
- C. Duties.

1. The Committee will work to ensure that communications about the EDE Process to teachers and administrators occurs in a timely and consistent manner.
2. The Committee will make recommendations to the District and Union on modifications to the EDE process.
3. The Committee will review any statutory changes to the requirements in Minn. Stat. § 122A.40, Subd. 8 and any changes to the State Plan, if applicable, and make recommendations to the District and Union on modifications to the EDE process.

V. PLAN MODIFICATIONS

The parties agree any suggested modifications to the EDE Process will be discussed at an EDE Process Committee meeting. Any modifications to the EDE Process will be made by mutual agreement. Neither party may unilaterally modify the EDE Process. The EDE Process in effect will remain in effect until proposed modifications have been adopted by the EDE Process Committee or the parties through the ratification and adoption process.

VI. POSTING REQUIREMENTS

The Committee will determine the appropriate electronic venue to post copies of the EDE Process so that it is always available. In addition, electronic copies will be sent to all staff at the commencement of the EDE Process, to new staff at the start of each subsequent school year, and to any staff upon request. Notice to all teachers and administrators must be provided electronically within ten (10) days of any changes to the EDE Process.

VII. COMPENSATION

Compensation for duties or positions associated with the EDE Process will be paid in accordance with the collective bargaining agreement between the parties.

VIII. GRIEVABILITY

The parties agree that this Agreement and items incorporated herein will be processed in accordance with the grievance process of the collective bargaining agreement between the parties.

EDUCATION MINNESOTA,
DISTRICT
INTERMEDIATE SCHOOL DISTRICT
917, LOCAL 3904

INTERMEDIATE SCHOOL
NO. 917

President

Chair

Chief Employee Negotiator

Clerk

Dated: _____, 2019

Dated: _____, 2019

DEVELOPMENT

ATTACHMENT H

Memorandum of Understanding Purpose of the Memorandum

As a result of contract negotiations, the parties hereby agree to the following hiring incentive for teachers of the Blind/Visually Impaired or tuition reimbursement incentive for teachers who are approved to enroll in preapproved courses to qualify for licensure as a teacher of the Blind/Visually Impaired. The parties hereby agree that there is a severe shortage of teachers of the Blind/Visually Impaired due to not having approved BVI training programs in the State of Minnesota.

BVI Hiring Incentive Procedures:

1. A new hire teacher of the Blind/Visually Impaired will be paid a hiring incentive stipend of \$5,000 each year of the first three years of employment. The stipend will be added to the annual salary and paid as part of their monthly payroll distribution.

BVI Tuition Reimbursement Incentive Procedures:

1. Teachers in ISD 917 may submit a written request for consideration to participate in the tuition reimbursement program to their direct supervisor. Participation in the reimbursement shall be subject to the recommendation of the Director of Special Education to the Superintendent whose approval shall be final and not subject to the grievance process.

2. Reimbursement of tuition for preapproved graduate courses shall be limited to six semester credits (or equivalent) per fiscal year and the maximum reimbursement amount shall not exceed $\frac{2}{3}$ the cost of six graduate semester credits at the University of Minnesota. Reimbursement shall be subject to credits earned with a grade of "C" or better and shall be subject to the superintendent's approval whose decision is final and not subject to the grievance process. A request for tuition reimbursement shall be made within 60 days of course completion and shall include an official grade report from the college or university.

3. If a teacher in the tuition reimbursement program for licensure as a teacher of the Blind/Visually Impaired drops from the licensure program or separates from employment with ISD 917 prior to obtaining the BVI license, the teacher will repay ISD 917 in full for tuition reimbursement to the teacher.

4. If a teacher in the tuition reimbursement program for licensure as a teacher of the Blind/Visually Impaired does not remain employed with ISD 917 as a full-time teacher of the Blind/Visually Impaired for three years after the date of full BVI licensure, the teacher will repay ISD 917 for tuition reimbursed on a prorated basis for each of the three

years not served. For example, if after one year the teacher resigns from ISD 917, 1/3 of the tuition reimbursed will be forgiven and 2/3 will remain owing. If the teacher becomes a part-time teacher, the employment forgiveness time to ISD 917 will be based on a proration of their part-time contract. If a teacher in the tuition reimbursement program is placed on URL, the tuition reimbursement owed will be forgiven.

5. A teacher in the tuition reimbursement program for licensure as a teacher of the Blind/Visually Impaired expressly agrees that the teacher's last paycheck will be withheld and used to repay ISD 917 for tuition owing. If the last paycheck is insufficient to repay the tuition debt in full, the teacher will repay the remaining tuition owing on a schedule as determined by ISD 917 at the time of the teacher's separation from employment.

It is the parties' express understanding and agreement that nothing in this tuition reimbursement program or hiring incentive program constitutes a violation of the Minnesota Wage Law, Minn. Stat. 181.79 by ISD 917. A teacher knowingly and voluntarily enters into the tuition reimbursement program or hiring incentive program. A teacher will not bring any suit, claim, complaint, or other legal action of any type based on or arising from this tuition reimbursement program or hiring incentive program against ISD 917 under Minnesota Statute Chapter 181 or any other state or federal employment or wage statute or rule. A teacher participating in the BVI tuition reimbursement program or hiring incentive program will indemnify and hold harmless ISD 917 for any claims based on or arising from this MOU.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding as follows:

Education Minnesota
Intermediate School District 917
Local 3904

Intermediate School District 917

President

Chair

Date

Date

Chief Employee Negotiator

Clerk

Date

Date

ATTACHMENT I

MEMORANDUM OF UNDERSTANDING

As a part of contract negotiations, the parties hereby agree to the following protocol for compensating teachers when students join their class due to the absence of their regular teacher.

Beginning in January of 2020, a process will be implemented to manage the decisions, procedures, and documentation to compensate teachers as agreed to in a memorandum of understanding agreed to for the 2019-2021 Teacher Contract. This process is intended primarily for setting 3 and 4 sites where there are multiple teachers in similar programs. The elements of this process will include:

- When a teacher is absent and their students are divided among other teachers, the teachers who receive additional students will be compensated if the number of students in their care exceeds the described program maximum, or if the teacher’s absence would otherwise require a substitute.
- When a teacher is absent, the teachers who receive the additional students will divide a stipend equal to the hourly substitute pay rate (currently \$24.00 per hour).
- The stipend will be divided between the collaborating teachers in an even manner.
- There is a one hour minimum for the process to be initiated, and it will be documented in half-hour increments.
- The time will be reconciled and documented as soon as possible after the day that the re-distribution occurs.
- The assistant director, or their designee will be responsible for developing the plan for coverage.
- All participating teachers will agree to the plan.
- This agreement will not necessarily eliminate other processes such as subbing during a prep period.
- Committing to the implementation will not be “cost-out” against the contract.
- The business office and special education leadership will develop the procedure.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding as follows:

Education Minnesota
ISD 917, Local 3904

Intermediate School District 917

President

Chair

Date

Date

Chief Employee Negotiator

Clerk

Date

Date

ATTACHMENT J

Memorandum of Understanding
Between
The School Board of Intermediate School District #917
and
Education Minnesota Teachers Local 3904
Intermediate School District 917
Local 3904

This Memorandum of Understanding (MOU) sets the terms and understanding between ISD #917 and the Union or Group Representatives.

Background

The partnership between ISD #917 and Union or Groups that represent employees is important to all parties. This continued collaboration is important to meet the needs of employees and to ensure cost effective solutions are being provided with proper understanding for all benefits received.

Purpose

Intermediate School District #917 and Employee Representatives, the parties to this memorandum of understanding, have the common overall objectives of providing effective and efficient solutions for district employees and the negotiated benefits that are received.

The above goals will be accomplished by undertaking the following activities:

Union and Group Representatives agree the service provided by a digital healthcare engagement platform is an additional option for certain healthcare services separate from the health insurance plan. This service provides no aggregate value to the negotiated health insurances coverage provided to district employees. The health insurance benefit provided to employees is a negotiated benefit that is required to go out for official bid every two years or not more than five with the insurance market available to public entities in the State of Minnesota. The digital healthcare engagement platform service was added to support and strategize how to engage members. The platform will provide another outlet for care in addition to the health insurance. The district insurance committee will make recommendations to the services selected, and the vendor chosen to provide these services. This service is unrelated to the district's negotiated contracts with the health insurance carriers.

Duration

This MOU is at-will and may be modified by mutual consent of authorized officials from ISD #917. This MOU shall become effective upon signature by the authorized officials from ISD #917 and Union or Group Representatives and will remain in effect until modified or terminated by authorized officials from ISD #917. No changes in this MOU are valid unless they are in writing and signed by both parties.

Continued for signatures:

Memorandum of Understanding
Between
The School Board of Intermediate School District #917
and
Education Minnesota
Intermediate School District 917
Local 3904

IN WITNESS WHEREOF, the parties have executed this Letter of Understanding as follows:

Education Minnesota
Intermediate School District 917
Local 3904

Intermediate School District
DISTRICT NO. 917

President

Chair

Chief Employee Negotiator

Clerk

Dated: _____, 2019

Dated: _____, 2019



Working in Partnership with Students, School Districts, Communities, and Industries

Mark A. Zuzek, Superintendent
Nicolle Roush, Business Manager
Melissa Schaller, Director of Special Education
Eric Van Brocklin, Principal of DCALS / Career Technical Center

MEMORANDUM

TO: Intermediate School District 917 School Board members
FROM: Mark A. Zuzek, ISD 917, Superintendent
DATE: December 2, 2019
REGARDING: Summary of proposed ISD 917 Teacher Contract, 2019-2021

We are pleased to announce that on Tuesday, November 12th, we have reached a tentative agreement for the 2019-2021 Contract between ISD 917 and Education Minnesota, ISD 917, Local 3904. The process began in April 2019 and consisted of ten meetings. The principles and practices of Interest-Based Collective Bargaining were utilized and remarkable collaboration and professionalism was displayed by the entire team. We are grateful for the many hours of work from our fellow team members including: Pam Biegler, Jill Lewis, Jennifer Klaustermeier, Vanda Pressnall, Tom LeDoux, Russ Rohloff, and Colleen Weiss; and the support of Nicolle Roush, Melissa Schaller, Lauren Kelly and Linda Berg.

Notable language changes include the following:

- **Salary Schedule:** Year 1 increase 1.6%, Year 2 increase 1.6%
- **Longevity:** Years in the District; 16-17 \$1,000; 18-20 \$1,500; 21-25 \$3,000; and 26+ \$4,000
- **Total Package Increase** Cost-out is 7.99%
- **Leaves of Absence:** This portion of the contract was reorganized, and changes were made to align with recent law changes and past practices. An example of this is that the Family Medical Leave Act (FMLA) was incorporated more seamlessly into the language of the contract.
- **PTO Buy-back:** For teachers who qualify and request reimbursement for unused PTO days, the rate of reimbursement has changed from \$140.00 to \$200.00 per day.
- **Retirement Healthcare** increased from \$5,500 to \$7,500 in MOU (at retirement)
- MOU added for splitting classes in Special Education when a teacher is gone
- MOU added for medical care engagement platform
- MOU redacted regarding the \$31,000 “In Lieu of Tuition”
- Language regarding “Fair Share Fee” was removed to align with legal procedure
- Language for Mentoring and Cognitive Coaching MOU was changed to allow greater flexibility
- **Health Insurance**
 - Year 1 HSA Single district contribution increase \$15/mo (pay \$0)
 - Year 1 HSA Family district contribution increase \$40/mo (pay \$550)
 - Year 2 HSA Single district contribution increase by \$10 no change to family
- Trainer/Inservice Presenter, Prep-time Compensation once per year
- **403b** increase of \$160 (full time), \$80 (part-time)
- Involuntary Transfers, compensation clarified (\$20/hour)

MEMORANDUM

TO: School Board
FROM: Mark A. Zuzek
DATE: November 26, 2019
REGARDING: Policy Review Update for the board meeting

The attached policies are for a first reading on the December 3 School Board meeting.

Policy 412 – Expense Reimbursement

This was reviewed last in 2011. This policy is mandatory and does not require an annual review.

Policy 417 – Chemical Use and Abuse

This policy was incorporated in the old 6.1 student policy as separate policies 6.12 and 6.13. The new policy 417 is taken directly from the MSBA model policy. This policy is mandatory and does not require annual review.

Policy 532 (old policy 6.39) – Use of Peace Officers and Crisis Teams to Remove Students With IEPs From School Grounds

This policy has minor changes in wording but adds eight items to the list of conditions that the police liaison officer and/or school district personnel are prohibited from engaging in with the student. The language in this policy is in full alignment with the ISD 917 current practices involving restrictive procedures. This policy is mandatory and does not require annual review.

Policy 709 (old policy 6.93) – Student Transportation Safety Policy

The MSBA Model Policy covers school buses and vans. The 917 policy covers vans and Type III vehicles. The MSBA policy was updated with the new information covering Type III vehicles (vans, etc.) This was last reviewed in 2012. Much of the information in MSBA Policy 709 pertains to regular school bus situations and consequences and does not pertain to ISD 917. Therefore, we have taken portions of the MSBA Policy 709 that are related to vans, and blended it with good language from our former Policy 6.93. This policy is mandatory but does not require an annual review.

New Policy 535 – Service Animals in Schools

This is a new policy that ISD 917 currently does not have. This policy is not mandatory and does not require an annual review.

400 PERSONNEL

412 EXPENSE REIMBURSEMENT

I. PURPOSE

The purpose of this policy is to identify school district business expenses that involve initial payment by an employee, and qualify for reimbursement from the school district, and to specify the manner by which the employee seeks reimbursement.

II. AUTHORIZATION

Requests by staff to attend and/or participate in professional conferences, meetings, and conventions will be considered on an individual basis and should be routed through supervisors ~~and the appropriate director to the superintendent. Requests should be completed on District 917 form titled "Application for Conference and Travel Approval" and should be accompanied by other supporting data deemed necessary by the applicant including a request for substitute instructor(s) if necessary.~~ **Staff must receive approval prior to registration.** Staff should anticipate attendance at these functions and allow a minimum of two weeks for processing of the request.

~~All school district business expenses to be reimbursed must be approved by the supervising administrator. Such expenses to be reimbursed may include transportation, meals, lodging, registration fees, required materials, parking fees and other reasonable and necessary school district business related expenses.~~

~~Staff will attend the conference with objectives to be accomplished and upon returning from the conference will share information with appropriate persons through a written or oral report submitted with his/her request for reimbursement.~~

III. REIMBURSEMENT

1. Business travel by private automobile shall be reimbursed at the current Federal IRS mileage rate. Private automobiles must meet state requirements for liability and property damage insurance coverage. **Reimbursement is requested by completing the ISD 917 "Mileage Report" form.**
2. Reimbursement claims for travel, lodging, meals, taxi fare, baggage handling, and other miscellaneous expenses will be accompanied by itemized original receipts.

3. Trips or attendance at meetings outside of the state shall be authorized by the superintendent by written notice.
4. Travel expenses may be billed directly to the district by an organization, hotel ~~or motel~~ or credit card organization. Such billings will be itemized by the employee involved.
5. School personnel may arrange for car rental with previous authorization of the superintendent.
6. Requests for reimbursement must be itemized on the official School District form and are to be submitted within 60 days after returning. The School District will be required to report reimbursements received after 60 days as taxable income and will not be obligated for claims received 30 days past the June 30 fiscal year end. Itemized receipts for lodging, commercial transportation and registration must be attached to the reimbursement form.
7. Reimbursement of out-of-state travel expenses for use of a personal car for the destination of the conference, meeting, or convention, will be allowed not to exceed the applicable round trip airfare rate (coach fare).

IV. OPERATING PROCEDURES

TRAVEL

Approved business travel involving use of personal automobile shall be reimbursed on a per mile reimbursement rate. Rates will be set in accordance to Federal IRS mileage rates.

Travel by commercial transportation shall be ~~reimbursed for actual cost~~ **obtained with the ISD 917 Corporate Credit card only** and shall be the most economical air fare available. Only regularly scheduled commercial airlines shall be used for business purposes. In accordance with Minn. Stat. Section 15.435, Frequent Flyer Miles resulting from district paid airfare, shall accrue to the benefit of the district and cannot be used for personal travel.

Travel by personal automobile for long distance trips must be approved in advance by the superintendent and reimbursement shall not exceed the most economical air fare rate available.

MEALS

Meals will be reimbursed to a maximum of \$38 per day. If a conference registration fee includes some meals, reimbursement for meals not included shall be based on the following per meal maximums: breakfast - \$6.00; lunch - \$12.00; dinner - \$20.00. There will be no reimbursement for alcoholic beverages.

Reimbursement for an official meal or meeting function shall not exceed actual cost. The Superintendent or Chairperson of the Board must approve meal cost requests exceeding the daily allowance. In this situation, receipts are required.

LODGING

Because of variances in hotel or motel accommodations, no fixed amounts are prescribed. District 917 will reimburse employees for lodging costs incurred in carrying out approved District 917 business. Employees are responsible to use good judgment in incurring lodging costs and shall provide receipts as evidence of lodging payments.

PARKING FEES

~~Parking fees incurred by employees as a result of conducting District 917 approved business shall be fully reimbursed when receipt or other evidence of payment is submitted by the employee.~~

TELEPHONE CALLS

~~Business telephone use costs incurred by employees on District 917 approved business shall be fully reimbursed when receipt other evidence of payment is submitted by the employee.~~

OTHER EXPENSES

Personal and special expenses other than the above shall require special approval by the superintendent or school board.

Legal References: Minn. Stat. § 471.665 (Mileage Allowances)
Minn. Op. Atty. Gen. No. 1035 (August 23, 1999) (Retreat Expenses)
Minn. Op. Atty. Gen. No. 161b-12 (August 4, 1997) (Transportation Expenses)
Minn. Op. Atty. Gen. No. 161B-12 (January 24, 1989) (Operating Expenses of Car)
IRS Publication 463

Cross References: MSBA/MASA Model Policy 214 (Out-of-State Travel by School Board Members).

417 CHEMICAL USE AND ABUSE

I. PURPOSE

The school board recognizes that chemical use and abuse constitutes a grave threat to the physical and mental well-being of students and employees and significantly impedes the learning process. Chemical use and abuse also creates significant problems for society in general. The school board believes that the public school has a role in education, intervention, and prevention of chemical use and abuse. The purpose of this policy is to assist the school district in its goal to prevent chemical use and abuse by providing procedures for education and intervention.

II. GENERAL STATEMENT OF POLICY

- A. Use of controlled substances, medical cannabis, toxic substances, and alcohol is prohibited in the school setting in accordance with school district policies with respect to a Drug-Free Workplace/Drug-Free School.
- B. The policy of this school district is to provide an instructional program in every elementary and secondary school in chemical abuse and the prevention of chemical dependency.
- C. The school district shall establish and maintain a chemical abuse preassessment team. The team is responsible for addressing reports of chemical abuse problems and making recommendations for appropriate responses to the individual reported cases.
- D. The school district shall establish and maintain processes to educate and assist employees, students and others in understanding this policy and the goals of achieving drug-free schools and workplaces.

III. DEFINITIONS

- A. “Chemical abuse” means use of any psychoactive or mood-altering chemical substance, without compelling medical reason, in a manner that induces mental, emotional, or physical impairment and causes socially dysfunctional or socially disordering behavior, to the extent that the student’s normal function in academic, school, or social activities is chronically impaired.
- B. “Chemicals” includes, but is not limited to, alcohol, toxic substances, medical cannabis, and controlled substances as defined in the school district’s Drug-Free Workplace/Drug-Free School policy.

- C. “Use” includes to sell, buy, manufacture, distribute, dispense, use, or be under the influence of alcohol and/or controlled substances, whether or not for the purpose of receiving remuneration.
- D. “Program location” includes any school building or on any school premises; on any school-owned vehicle or in any other school-approved vehicle used to transport students to and from school or school activities; off-school property at any school-sponsored or school-approved activity, event, or function, such as a field trip or athletic event, where students are under the jurisdiction of the school district; during any period of time such employee is supervising students on behalf of the school district or otherwise engaged in school district business; **or during the school day when a student may be off campus during open-lunch.**

IV. STUDENTS

A. Instruction

1. Each program shall have age-appropriate and developmentally-based activities that:
 - a. address the consequences of violence and the illegal use of drugs, as appropriate;
 - b. promote a sense of individual responsibility;
 - c. teach students that most people do not illegally use drugs;
 - d. teach students to recognize social and peer pressure to use drugs illegally and the skills for resisting illegal drug use;
 - e. teach students about the dangers of emerging drugs;
 - f. engage students in the learning process; and
 - g. incorporate activities in secondary schools that reinforce prevention activities implemented in elementary schools.
2. Each program shall disseminate drug and violence prevention information within the school and to the community.
3. Each program shall have professional development and training for, and involvement of, school personnel, student services personnel, and interested community members in prevention, education, early identification and intervention, mentoring, or rehabilitation referral, as related to drug and violence prevention.
4. Each program shall have drug and violence prevention activities that may include the following:

- a. Conflict resolution programs, including peer mediation programs that educate and train peer mediators and a designated faculty supervisor, and youth anti-crime and anti-drug councils and activities.
- b. Counseling, mentoring, referral services, and other student assistance practices and programs, including assistance provided by qualified school-based mental health services providers and the training of teachers by school-based mental health services providers in appropriate identification and intervention techniques for students at risk of violent behavior and illegal use of drugs.
- c. Programs that encourage students to seek advice from, and to confide in, a trusted adult regarding concerns about violence and illegal drug use.

B. Reports of Chemical Use and Abuse

- 1. In the event that a school district employee knows that a student is abusing, possessing, transferring, distributing, or selling chemicals in a school location:
 - a. The employee shall immediately either take the student to an administrator or notify an appropriate administrator of the observation and continue to observe the student until the administrator arrives.
 - b. The administrator will notify the student's parents **or guardians**. If there is a medical emergency, the administrator will notify the school nurse and/or outside medical personnel as appropriate.
 - c. The administrator will notify law enforcement officials, the student's counselor, and the chemical preassessment team.
 - d. The administrator and/or law enforcement officials will confiscate the chemicals and/or conduct a search of the student's person, effects, locker, vehicle, or areas within the student's control. Searches by school district officials shall be in accordance with school board policies regarding search and seizure.
 - e. The school district will take appropriate disciplinary action in compliance with the student discipline code. Such discipline may include immediate suspension, initiation of expulsion proceedings, and/or referral to a detoxification center or medical center.
- 2. If a school district employee has reason to believe that a student is abusing, possessing, transferring, distributing, or selling chemicals:

- a. The employee shall notify the building administrator or a member of the preassessment team and shall describe the basis for the suspicion. The building administrator and/or team will determine what action should be taken. Action may include conducting an investigation, gathering data, scheduling a conference with the student or parents **or guardians**, or providing a meeting between a single member of the team and the student to discuss the behaviors that have been reported and attempting to ascertain facts regarding chemical abuse.
 - b. The team may determine there is no chemical abuse. If the team determines there is chemical abuse, the team will select an appropriate course of action, which may include referral to a school counselor; referral to a treatment program; referral for screening, assessment, and treatment planning; participation in support groups; or other appropriate measures.
3. Students involved in the abuse, possession, transfer, distribution, or sale of chemicals shall be suspended in compliance with the student discipline policy and the Pupil Fair Dismissal Act, Minn. Stat. § 121A.40-121A.56, and proposed for expulsion.
 4. Searches by school district officials in connection with the abuse, possession, transfer, distribution, or sale of chemicals will be conducted in accordance with school board policies related to search and seizure.

C. Preassessment Team

1. Where appropriate, every program shall have access to a chemical abuse preassessment team designated by the superintendent or designee. The team will be composed of administrators and other appropriate professional staff to the extent they exist in each school, such as the school nurse, school counselor or psychologist, social worker, chemical abuse specialist, or others.
2. The team is responsible for addressing reports of chemical abuse problems and making recommendations for appropriate responses to the individual reported cases.
3. Within forty-five (45) days after receiving an individual reported case, the team shall make a determination whether to provide the student and, in the case of a minor, the student's parents **or guardians** with information about school and community services in connection with chemical abuse.

D. Data Practices

1. Student data may be disclosed without consent in health and safety

emergencies pursuant to Minn. Stat. § 13.32 and applicable federal law and regulations.

2. Destruction of Records

- a. If the preassessment team decides not to provide a student and, in the case of a minor, the student's parents **or guardians** with information about school or community services in connection with chemical abuse, records created or maintained by the team about the student shall be destroyed not later than six (6) months after the determination is made.
- b. If the team decides to provide the student and, in the case of a minor or a dependent student, the student's parents **or guardians** with such information, records created or maintained by the team about the student shall be destroyed not later than six (6) months after the student is no longer enrolled in the district.
- c. This section shall govern destruction of records notwithstanding provisions of the Records Management Act, Minn. Stat. § 138.163.

E. Consent

Any minor may give effective consent for medical, mental, and other health services to determine the presence of or to treat conditions associated with alcohol and other drug abuse, and the consent of no other person is required.

V. **EMPLOYEES**

- A. The superintendent or designee shall undertake and maintain a drug-free awareness and prevention program to inform employees, students, and others about:
 1. The dangers and health risks of chemical abuse in the workplace/school.
 2. The school district's drug-free workplace/drug-free school policy.
 3. Any available drug or alcohol counseling, treatment, rehabilitation, re-entry, and/or assistance programs available to employees and/or students.
 4. The penalties that may be imposed on employees for drug abuse violations.
- B. The superintendent or designee shall notify any federal granting agency required to be notified under the Drug-Free Workplace Act within ten (10) days after receiving notice of a conviction of an employee for a criminal drug statute violation occurring in the workplace. To facilitate the giving of such notice, any employee aware of such a conviction shall report the same to the superintendent.

Legal References: Minn. Stat. § 13.32 (Educational Data)
Minn. Stat. § 121A.25-121A.29 (Chemical Abuse)
Minn. Stat. § 121A.40-121A.56 (Pupil Fair Dismissal Act)
Minn. Stat. § 138.163 (Records Management Act)
Minn. Stat. § 144.343 (Pregnancy, Venereal Disease, Alcohol or Drug Abuse, Abortion)
Minn. Stat. § 152.22 (Medical Cannabis; Definitions)
Minn. Stat. § 152.23 (Medical Cannabis; Limitations)
20 U.S.C. § 1232g (Family Educational Rights and Privacy Act)
20 U.S.C. §§ 7101-7165 (Safe and Drug-Free Schools and Communities Act)
41 U.S.C. §§ 8101-8106 (Drug-Free Workplace Act)
34 C.F.R. Part 84 (Government-wide Requirements for Drug-Free Workplace)

Cross References: MSBA/MASA Model Policy 403 (Discipline, Suspension, and Dismissal of School District Employees)
MSBA/MASA Model Policy 416 (Drug and Alcohol Testing)
MSBA/MASA Model Policy 418 (Drug-Free Workplace/Drug Free School)
MSBA/MASA Model Policy 502 (Search of Student Lockers, Desks, Personal Possessions, and Student's Person)
MSBA/MASA Model Policy 506 (Student Discipline)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil Records)
MSBA/MASA Model Policy 527 (Student Use and Parking of Motor Vehicles; Patrols, Inspections, and Searches)

532 USE OF PEACE OFFICERS AND CRISIS TEAMS TO REMOVE STUDENTS WITH IEPs FROM SCHOOL GROUNDS

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

[Note: Minnesota Laws 2009, Chapter 96, made a number of changes to the laws and rules governing the use of “conditional procedures” with respect to special education students. Specifically, Chapter 96 repealed, EFFECTIVE AUGUST 1, 2011, Minn. Stat. §§ 121A.66, 121A.67, Subd. 1, as well as Minn. Rules 3525.0210, Subparts 5, 6, 9, 13, 17, 29, 30, 46, 47, and 3525.2900, Subp. 5. These laws and rules were replaced, effective August 1, 2011, with a restrictive procedures law which generally addresses the restraint of special education students. Also note that the restrictive procedures law contains a significant staff training component, found at Minn. Stat. § 125A.0942, Subds. 1, 2, and 5. Staff who intend to use restrictive procedures must be trained in the areas specified in Subd. 5 to use these procedures.]

I. PURPOSE

The purpose of this policy is to describe the appropriate use of peace officers and crisis teams to remove, if necessary, a student with an individualized education program (IEP) from school grounds.

II. GENERAL STATEMENT OF POLICY

The school district is committed to promoting learning environments that are safe for all members of the school community. It further believes that students are the first priority and that they should be reasonably protected from physical or emotional harm at all school locations and during all school activities.

In general, all students, including those with IEPs, are subject to the terms of the school district’s discipline policy. Building level administrators have the leadership responsibility to maintain a safe, secure, and orderly educational environment within which learning can occur. Corrective action to discipline a student and/or modify a student’s behavior will be taken by staff when a student’s behavior violates the school district’s discipline policy.

If a student with an IEP engages in conduct which, in the judgment of school personnel, endangers or may endanger the health, safety, or property of the student, other students, staff members, or school property, that student may be removed from school grounds in accordance with this policy.

III. DEFINITIONS

For purposes of this policy, the following terms have the meaning given them in this section:

- A. “Student with an IEP” or “the student” means a student who is eligible to receive special education and related services pursuant to the terms of an IEP or an individual interagency intervention plan (IIIP).
- B. “Peace officer” means an employee or an elected or appointed official of a political subdivision or law enforcement agency who is licensed by the Board of Peace Officer Standards and Training, charged with the prevention and detection of crime and the enforcement of general criminal laws of the state and who has the full power of arrest. The term “peace officer” includes a person who serves as a sheriff, a deputy sheriff, a police officer, or a state patrol trooper.
- C. “Police liaison officer” is a peace officer who, pursuant to an agreement between the school district and a political subdivision or law enforcement agency, is assigned to a school building for all or a portion of the school day to provide law enforcement assistance and support to the building administration and to promote school safety, security, and positive relationships with students.
- D. “Crisis team” means a group of persons, which may include teachers and non-teaching school personnel, selected by the building administrator in each school building who have received crisis intervention training and are responsible for becoming actively involved with resolving crises. The building administrator or designee shall serve as the leader of the crisis team.
- E. The phrase “remove the student from school grounds” is the act of securing the person of a student with an IEP and escorting that student from the school building or school activity at which the student with an IEP is located.
- F. “Emergency” means a situation where immediate intervention is needed to protect a child or other individual from physical injury, ~~emotional abuse due to verbal and nonverbal gestures, or to prevent severe property damage.~~
- G. All other terms and phrases used in this policy shall be defined in accordance with applicable state and federal law or ordinary and customary usage.

IV. REMOVAL OF STUDENTS WITH IEPs FROM SCHOOL GROUNDS

A. Removal By Crisis Team

If the behavior of a student with an IEP escalates to the point where the student’s behavior endangers or may endanger the health, safety, or property of the student, other students, staff members, or school property, the school building’s crisis team may be summoned. The crisis team may attempt to de-escalate the student’s behavior by means including, but not limited to, those described in the student’s

IEP and/or behavior intervention plan. When such measures fail, or when the crisis team determines that the student's behavior continues to endanger or may endanger the health, safety, or property of the student, other students, staff members, or school property, the crisis team may remove the student from school grounds.

If the student's behavior cannot be safely managed, school personnel may immediately request assistance from the police liaison officer or a peace officer.

B. Removal By Police Liaison Officer or Peace Officer

If a student with an IEP engages in conduct which endangers or may endanger the health, safety, or property of the student, other students, staff members, or school property, the school building's crisis team, building administrator, or the building administrator's designee, may request that the police liaison officer or a peace officer remove the student from school grounds.

If a student with an IEP is restrained or removed from a classroom, school building, or school grounds by a peace officer at the request of a school administrator or school staff person during the school day twice in a 30-day period, the student's IEP team must meet to determine if the student's IEP is adequate or if additional evaluation is needed.

Whether or not a student with an IEP engages in conduct which endangers or may endanger the health, safety, or property of the student, other students, staff members, or school property, school district personnel may report a crime committed by a student with an IEP to appropriate authorities. If the school district reports a crime committed by a student with an IEP, school personnel shall transmit copies of the special education and disciplinary records of the student for consideration by appropriate authorities to whom it reports the crime, to the extent that the transmission is permitted by the Family Education Rights and Privacy Act (FERPA), the Minnesota Government Data Practices Act, and school district's policy, Protection and Privacy of Pupil Records.

The fact that a student with an IEP is covered by special education law does not prevent state law enforcement and judicial authorities from exercising their responsibilities with regard to the application of federal and state law to crimes committed by a student with an IEP.

C. Reasonable Force Permitted

In removing a student with an IEP from school grounds, a building administrator, other crisis team members, or the police liaison officer or other agents of the school district, whether or not members of a crisis team, may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.

In removing a student with an IEP from school grounds, police liaison officers and school district personnel are further prohibited from engaging in the following conduct:

- 1. Corporal punishment prohibited by Minn. Stat. § 121A.58;**
- 2. Requiring a child to assume and maintain a specified physical position, activity, or posture that induces physical pain;**
- 3. Totally or partially restricting a child's senses as punishment;**
- 4. Denying or restricting a child's access to equipment and devices such as walkers, wheel chairs, hearing aids, and communication boards that facilitate the child's functioning except when temporarily removing the equipment or device is needed to prevent injury to the child or others or serious damage to the equipment or device, in which case the equipment or device shall be returned to the child as soon as possible;**
- 5. Interacting with a child in a manner that constitutes sexual abuse, neglect, or physical abuse under Minn. Stat. § 626.556;**
- 6. Physical holding (as defined in Minn. Stat. § 125A.0941) that restricts or impairs a child's ability to breathe, restricts or impairs a child's ability to communicate distress, places pressure or weight on a child's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen, or results in straddling a child's torso;**
- 7. Withholding regularly scheduled meals or water; and/or**
- 8. Denying a child access to toilet facilities.**

D. Parental Notification

The building administrator or designee shall make reasonable efforts to notify the student's parent or guardian of the student's removal from school grounds as soon as possible following the removal.

E. Continued Removals; Review of IEP

Continued and repeated use of the removal process described herein must be reviewed in the development of the individual student's IEP or IIIP.

F. Effect of Policy in an Emergency; Use of ~~Conditional~~ Restrictive Procedures

A student with an IEP may be removed in accordance with this policy regardless of whether the student's conduct would create an emergency.

If the school district seeks to remove a student with an IEP from school grounds under this policy due to behaviors that constitute an emergency and the student's IEP, IIP, or behavior intervention plan authorizes the use of one or more restrictive procedures, the crisis team may employ those restrictive procedures, in addition to any reasonable force that may be necessary, to facilitate the student's removal from school grounds, as long as the crisis team members who are implementing the restrictive procedures have received the training required by Minn. Stat § 125A.0942, Subd. 5, and otherwise comply with the requirements of § 125A.0942.

G. Reporting to the Minnesota Department of Education (MDE)

Annually, stakeholders may recommend, as necessary, to the Commissioner of MDE (Commissioner) specific and measurable implementation and outcome goals for reducing the use of restrictive procedures. The Commissioner must submit to the Legislature a report on districts' progress in reducing the use of restrictive procedures that recommends how to further reduce these procedures and eliminate the use of seclusion. By January 15, April 15, July 15, and October 15 of each year, districts must report, in a form and manner determined by the Commissioner, about individual students who have been secluded. By July 15 each year, districts must report summary data. The summary data must include information on the use of restrictive procedures for the prior school year, July 1 through June 30, including the use of reasonable force by school personnel that is consistent with the definition of physical holding or seclusion of a child with a disability.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. §§ 121A.40-121A.56 (Minnesota Pupil Fair Dismissal Act)
Minn. Stat. § 121A.582 (Student Discipline; Reasonable Force)
Minn. Stat. § 121A.61 (Discipline and Removal of Students from Class)
Minn. Stat. § 121A.67, Subd. 2 (Aversive and Deprivation Procedures)
Minn. Stat. §§ 125A.094-125A.0942 (Restrictive Procedures for Children with Disabilities)
Minn. Stat. § 609.06 (Authorized Use of Force)
Minn. Stat. § 609.379 (Permitted Actions)
20 U.S.C. § 1232g *et seq.* (Family Educational Rights and Privacy (FERPA))
20 U.S.C. § 1415(k)(6) (Individuals with Disabilities Education Improvement Act of 2004 (IDEA))
34 C.F.R. § 300.535 (IDEA Regulation Regarding Involvement of Law Enforcement)

Cross References: MSBA/MASA Model Policy 506 (Student Discipline)

MSBA/MASA Model Policy 507 (Corporal Punishment)
MSBA/MASA Model Policy 515 (Protection and Privacy of Pupil
Records)
MSBA/MASA Model Policy 525 (Violence Prevention)
MSBA/MASA Model Policy 806 (Crisis Management Policy)

709 STUDENT TRANSPORTATION SAFETY POLICY

[Note 1: Intermediate School District 917 does not provide any to-and-from school transportation for students. Such transportation is provided by resident school districts who also provide the required student safety training. Therefore, this policy is restricted to transportation for curricular, extracurricular, and co-curricular purposes by district-owned vans (Type III vehicles).]

[Note 2: School districts are required by statute to have a policy addressing these issues.]

I. PURPOSE

The purpose of this policy is to provide safe transportation for students and to educate students on safety issues and the responsibilities of Intermediate School District 917.

II. CONDUCT ON SCHOOL BUSES AND CONSEQUENCES FOR MISBEHAVIOR

- A. Riding in a school van is a privilege, not a right. The school district's general student behavior rules are in effect for students in district vans.
 - 1. School Van Rules. The school district van safety rules are to be posted in every vehicle. If these rules are broken, the school district's discipline procedures are to be followed. Consequences are progressive and may include suspension of van privileges. It is the school van driver's responsibility to report unacceptable behavior to the program administrator.
 - 2. Rules on the Van.
 - a. Immediately follow the directions of the driver
 - b. Sit in your seat facing forward.
 - c. Talk quietly and use appropriate language.
 - d. Keep all parts of your body inside the van.

- e. Keep your arms, legs and belongings to yourself.
- f. No fighting, harassment, intimidation or horseplay.
- g. Do not throw any object.
- h. No eating, drinking or use of tobacco, **alcohol**, or drugs.
- i. Do not bring any weapons or dangerous objects on the school van.
- j. Do not damage the vehicle.

3. Consequences.

- a. Consequences for van misconduct will apply to all students. Decisions regarding a student's ability to ride the van in connection with co-curricular and extra-curricular events (for example, field trips or competitions) will be in the sole discretion of the school district. Parents or guardians will be notified of any suspension of van privileges.

1) Discipline

Violations of the van rules and student conduct violations will be addressed by appropriate administrator, in conjunction with the student's educational team. Factors to be considered when assessing any penalty for misconduct will include (1) the severity of the offense; (2) the student's prior record; and (3) for a student with a disability, the students' needs, as articulated in his or her IEP or section 504 plan.

2) Records

Records of school van misconduct will be forwarded to the appropriate administrator and will be retained in the same manner as other student discipline records. Reports of student misbehavior on a van that causes an immediate and substantial danger to the student or surrounding persons or property will be provided by the school district to the Department of

Public Safety in accordance with state and federal law.

3) **Vandalism**

Students damaging school vehicles will be responsible for the damages. Failure to pay such damages (or make arrangements to pay) within two weeks may result in the loss of van privileges until damages are paid.

4) **Notice**

School van rules and consequences for violations of these rules will be reviewed with students annually and copies of these rules will be made available to students. School van rules are to be posted in each vehicle.

5) **Criminal Conduct**

In cases involving criminal conduct (for example, assault, weapons, **drug** possession, or vandalism), the appropriate school district personnel and local law enforcement officials will be informed.

IV. PARENT AND GUARDIAN INVOLVEMENT

A. **Parent and Guardian Notification**

The school district van rules will be included with student handbooks. Parents and guardians are asked to review the rules with their children.

B. **Parents/Guardians Responsibilities for Transportation Safety**

Parents/Guardians are responsible to:

1. Become familiar with school district rules, policies, regulations, and the principles of van safety, and thoroughly review them with their children;
2. Support safe riding and walking practices, and recognize that students are responsible for their actions;
3. Communicate safety concerns to their school administrators.

V. SCHOOL VAN AND TYPE III SCHOOL BUS DRIVER DUTIES AND RESPONSIBILITIES

- A. Under Minnesota law, **Intermediate School** District 917 vans are considered to be Type III school busses.
- B. ~~School van drivers shall have a valid Class A, B, or C Minnesota driver's license.~~ A school district employee, whose normal duties do not include operating a school van, who holds a class D driver's license without a school bus endorsement, may operate a Type III school bus.
- C. The school district business office requires a copy of the driver's valid driver's license and will annually obtain a copy of the driver's motor vehicle report. A driver who has had more than three moving violations in three years is not eligible to drive a Type III school bus. The Business Manager will determine if the school van driver's authorization to transport students is revoked and will notify the school van driver's immediate supervisor.
- D. Drivers shall report all moving violations they receive even in a personal vehicle, to the Business Manager as soon as possible after the violation 6.93-4 occurs. ~~Drivers shall also report if they are convicted of any of the following: driving while intoxicated or driving under the influence; a disqualifying offense (Minnesota Statutes § 171.3215, subd 1; or a moving violation.~~ **A person who sustains a conviction, as defined under Minn. Stat. § 609.02, of violating Minn. Stat. § 169A.25, § 169A.26, § 169A.27 (driving while impaired offenses), or § 169A.31 (alcohol-related school bus driver offenses), or whose driver's license is revoked under Minn. Stat. §§ 169A.50 to 169A.53 of the implied consent law, or who is convicted of violating or whose driver's license is revoked under a similar statute or ordinance of another state, is precluded from operating a type III vehicle for 5 years from the date of conviction.** The report must be made in writing to the Business Manager within 10 days of the conviction.
- E. The school district may conduct pre-employment, random, and reasonable suspicion drug and alcohol testing of all school district van drivers and driver applicants in accordance with school district policy 416, Drug and Alcohol Testing.
- F. ~~Drivers will be required to pass a Minnesota Department of Transportation (DOT) equivalent physical exam before driving a Type III vehicle, and every 24 months thereafter, if driving students is their primary job duty.~~

VI. SCHOOL VAN DRIVER TRAINING

A. Training.

~~All new van drivers (individuals who have not previously had van training with intermediate School district #917) shall be provided with pre-service training, including in vehicle (actual driving) instruction before transporting students.~~ **All bus drivers operating a type III vehicle will be provided with annual training and certification as set forth in Section VII.C.1.b., below, by either the school district or the entity from whom such services are contracted by the school district. Such Training shall, at a minimum, include:**

1. Safe operation of the Type III (van) bus.
2. Knowledge and understanding of the safety equipment, **including proper use of seat belts and child restraints**, required for Type III vehicles.
3. Understanding student behavior, including issues related to students with disabilities.
4. Encouraging orderly conduct of students on the van and handling incidents of misconduct appropriately.
5. Knowledge and understanding of relevant laws, rules of the road, and ISD 917 school van safety policies.
6. Handling emergency situations, **including accidents.**
7. Safe loading and unloading of students including students with disabilities.
- 8. Performance of pre-trip vehicle inspections.**
- 9. Defensive driving techniques.**

B. All school van drivers shall receive in-service training annually. Such training shall, at a minimum, include a comprehensive review of the topics included in Section A, above.

VII. OPERATING RULES AND PROCEDURES

A. General Operating Rules

1. School vans shall be operated in accordance with state traffic and safety laws.
2. Only students assigned to the school van by the school district shall be transported. The number of students or other authorized passengers transported in a District van shall not exceed ten (10) **including the driver, or the number of seats with restraints (whichever is smaller).** No person shall be allowed to stand when the van is in motion.
- 3. A bus driver may not operate a school bus while**

communicating over, or otherwise operating, a cellular phone for personal reasons, whether hand-held or hands free, when the vehicle is in motion or a part of traffic. For purposes of this paragraph, “school bus” has the meaning given in Minn. Stat. § 169.011, Subd. 71. In addition, “school bus” also includes type III vehicles when driven by employees or agents of the school district. “Cellular phone” means a cellular, analog, wireless, or digital telephone capable of sending or receiving telephone or text messages without an access line for service.

B. Type III Vehicles

1. Type III vehicles are restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer’s rated seating capacity of 10 or fewer people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. A van or bus converted to a seating capacity of 10 or fewer and placed in service on or after August 1, 1999, must have been originally manufactured to comply with the passenger safety standards.
2. Type III vehicles must be painted a color other than national school bus yellow.
3. Type III vehicles shall be state inspected in accordance with legal requirements.
4. A Type III vehicle cannot be older than 12 years old, unless waived according to state and federal law.
5. The school district name will be clearly marked on the side of the vehicle. The Type III vehicle must not have the words “school bus” in any location on the exterior of the vehicle or in any interior location visible to a motorist.
6. A “Type III school bus” must not be outwardly equipped and identified as a Type A, B, C, or D bus.
7. Eight-lamp warning systems and stop arms must not be installed or used on Type III vehicles.
8. Type III vehicles must be equipped with mirrors as required by law.
9. Any type III vehicle may not stop traffic and may not load or unload before making a complete stop and disengaging gears by

shifting into neutral or park. Any type III vehicle used to transport students must not load or unload so that a student has to cross the road, except where not possible or impractical, then the driver or assistant must escort a student across the road. If the driver escorts the student across the road, then the motor must be stopped, the ignition key removed, the brakes set, and the vehicle otherwise rendered immobile.

10. Any Type III vehicle used to transport students must carry emergency equipment including:
 - a. Fire extinguisher. A minimum of one 10BC rated dry chemical type fire extinguisher is required. The extinguisher must be mounted in a bracket, and must be located in the driver's compartment and be readily accessible to the driver and passengers. A pressure indicator is required and must be easily read without removing the extinguisher from its mounted position.
 - b. First aid kit and body fluids cleanup kit. A minimum of a ten-unit first aid kit, and a body fluids cleanup kit is required. They must be contained in removable, moisture and dust-proof containers mounted in an accessible place within the driver's compartment and must be marked to indicate their identity and location.
 - ~~c. A Type III bus must contain at least three red reflectorized triangle road warning devices. Liquid burning "pot type" flares are not allowed.~~
 - d.c. Passenger cars and station wagons may carry a fire extinguisher, a first aid kit, and warning triangles in the trunk or trunk area of the vehicle if a label in the driver and front passenger area clearly indicates the location of these items.
11. Students will not be regularly transported in private vehicles that are not state inspected as Type III vehicles. Only emergency, unscheduled transportation may be conducted in vehicles with a seating capacity of 10 or fewer without meeting the requirements for a Type III vehicle. The school district has no system of inspection for private vehicles.
12. All drivers of type III vehicles will be licensed drivers and will be familiar with the use of required emergency equipment. The school district will not knowingly allow a person to operate a type

III vehicle if the person has been convicted of an offense that disqualifies the person from operating a school bus.

13. **Type III vehicles will be equipped with child passenger restraints, and child passenger restraints will be utilized to the extent required by law.**

VIII. SCHOOL DISTRICT EMERGENCY PROCEDURES

- A. If possible, school van drivers or their supervisors shall call (911) or the local emergency phone number in the event of a serious emergency. District owned cell phones are provided for emergency calls.
- B. **School van drivers shall meet the emergency training requirements contained in Unit III “Crash & Emergency Preparedness” of the Minnesota Department of Public Safety Model School Bus Driver Training Manual. This includes procedures in the event of a crash (accident).**
- C. **Van drivers and assistants for special education students requiring special transportation service because of their handicapping condition shall be trained in basic first aid procedures, shall within one month after the effective date of assignment participate in a program of in-service training on the proper methods for dealing with the specific needs and problems of pupils with disabilities, assist pupils with disabilities on and off the bus when necessary for their safe ingress and egress from the van, and ensure that protective safety devices are in use and fastened properly.**
- D. Emergency Health Information shall be maintained on the van for students requiring special transportation service because of their handicapping condition. The information shall state:
 1. the pupil’s name and address;
 2. the nature of the pupil’s disabilities;
 3. emergency health care information; and
 4. the names and telephone numbers of the pupil’s physician, parents, guardians, or custodians, and some person other than the pupil’s parents or custodians who can be contacted in case of an emergency.

IX. SCHOOL DISTRICT VEHICLE MAINTENANCE STANDARDS

- A. All school vehicles shall be maintained in safe operating conditions through a systematic preventive maintenance and inspection program adopted or approved by the school district.
- B. All school vehicles shall be state inspected in accordance with legal requirements.
- C. A copy of the current daily pre-trip inspection report must be carried in the van. Daily pre-trip inspections shall be maintained on file in accordance with the school district's record retention schedule. Prompt reports of defects to be immediately corrected will be submitted.
- D. Daily post-trip inspections shall be performed to check for any children or lost items remaining on the bus and for vandalism.**

X. SCHOOL TRANSPORTATION SAFETY DIRECTOR

Inasmuch as Intermediate School District 917 does not transport students to and from school, does not operate its own or any leased school buses, does not contract for school bus services except for occasional field trips and does not transport any non-public students, it has not appointed a "Transportation Safety Director." In the absence of an individual with specific transportation safety responsibilities, those responsibilities fall to the superintendent of schools.

Legal References:

Minn. Stat. § 123B.91 (School District Bus Safety Responsibilities)

Minn. Stat. § 169.01 (subd. 6(5) (Definitions)

Minn. Stat. § 169.454 (Type III Vehicle Standards)

Minn. Stat. § 169.4582 (Reportable Offense on School Buses)

Minn. Stat. § 171.02, Subd. 2a (Licenses; Types, Endorsements, Restrictions)

Minn. Rules Part 7470.1000-7470-1700 (School Bus Inspection)

Cross References:

Policy 4.81 (Drug and Alcohol Testing)

535 SERVICE ANIMALS IN SCHOOLS

I. PURPOSE

The purpose of this policy is to establish parameters for the use of service animals by students, employees, and visitors within school buildings and on school grounds.

II. GENERAL STATEMENT OF POLICY

Individuals with disabilities shall be permitted to bring their service animals into school buildings or on school grounds in accordance with, and subject to, this policy.

III. DEFINITIONS

A. Service Animal

A “service animal” is a dog (regardless of breed or size) or miniature horse that is individually trained to perform “work or tasks” for the benefit of an individual with a disability, including an individual with a physical, sensory, psychiatric, intellectual, or mental disability. Other species of animals, whether wild or domestic, trained or untrained, are not service animals. Service animals are working animals that perform valuable functions; they are not pets. The work or tasks performed by the service animal must be directly related to the individual’s disability. An animal accompanying an individual for the sole purpose of providing emotional support, therapy, comfort, or companionship is not a service animal.

B. Handler

A “handler” is an individual with a disability who uses a service animal. In the case of an individual who is unable to care for and supervise the service animal for reasons such as age or disability, “handler” means the person who cares for and supervises the animal on that individual’s behalf. School district personnel are not responsible for the care, supervision, or handling responsibilities of a service animal.

C. Work or Tasks

1. “Work or tasks” are those functions performed by a service animal.
2. Examples of “work or tasks” include, but are not limited to, assisting individuals who are blind or have low vision with navigation and other tasks, alerting individuals who are deaf or hard of hearing to the presence

of people or sounds, providing non-violent protection or rescue work, pulling a wheelchair, assisting an individual during a seizure, alerting individuals to the presence of allergens, retrieving items such as medicine or the telephone, providing physical support and assistance with balance and stability to individuals with mobility disabilities, and helping persons with psychiatric and neurological disabilities by preventing or interrupting impulsive or destructive behaviors.

3. The crime deterrent effects of an animal's presence and the provision of emotional support, well-being, comfort, or companionship are not "work or tasks" for the purposes of this policy.

D. Trainer

A "trainer" is a person who is training a service animal and is affiliated with a recognized training program for service animals.

IV. ACCESS TO PROGRAMS AND ACTIVITIES; PERMITTED INQUIRIES

- A. In general, handlers (i.e., individuals with disabilities or trainers) are permitted to be accompanied by their service animals in all areas of school district properties where members of the public, students, and employees are allowed to go. A handler has the right to be accompanied by a service animal whenever and to the same extent that the handler has the right: (a) to be present on school district property or in school district facilities; (b) to attend or participate in a school-sponsored event, activity, or program; or (c) to be transported in a vehicle that is operated by or on behalf of the school district.
- B. When an individual with a disability brings a service animal to a school district property, school district employees shall not ask about the nature or extent of a person's disability, but may make the following two inquiries to determine whether the animal qualifies as a service animal:
 1. Is the service animal required because of a disability; and
 2. What work or tasks is the service animal trained to perform.
- C. School district employees shall not make these inquiries of an individual with a disability bringing a service animal to school district property when it is readily apparent that an animal is trained to do work or perform tasks for an individual with a disability. However, school district employees may inquire whether the individual with a disability has completed and submitted the request form described in Part VI., below.
- D. An individual with a disability may not be required to provide documentation such as proof that the animal has been certified, trained, or licensed as a service animal.

V. REQUIREMENTS FOR ALL SERVICE ANIMALS

- A. The service animal must be required for the individual with a disability.
- B. The service animal must be individually trained to do work or tasks for the benefit of the individual with a disability.
- C. A service animal must have a harness, leash, or other tether, unless either the handler is unable, because of a disability, to use a harness, leash, or other tether, or the use of a harness, leash, or other tether would interfere with the service animal's safe, effective performance of work or tasks, in which case, the service animal must be otherwise under the handler's control (e.g., voice control, signals, or other effective means).
- D. The service animal must be housebroken.
- E. The service animal must be under the control of its handler at all times. The handler is responsible for the care and supervision of a service animal, including walking the service animal, feeding the service animal, grooming the service animal, providing veterinary care to the service animal, and responding to the service animal's need to relieve itself, including the proper disposal of the service animal's waste.
- F. The school district is not responsible for providing a staff member to walk the service animal or to provide any other care or assistance to the animal.
- G. In the case of a student who is unable to care for and/or supervise his or her service animal, the student's parent/guardian is responsible for arranging for such care and supervision. In the case of an employee or other individual who is unable to care for and/or supervise his or her service animal, the employee or other individual's authorized representative is responsible for arranging for a service animal's care and supervision.
- H. The service animal must be properly licensed and vaccinated in accordance with applicable state laws and local ordinances.

VI. REQUESTING THE USE OF A SERVICE ANIMAL AT SCHOOL

- A. Students with a disability seeking to be accompanied by a service animal are requested to submit the Approval Request Form to the building principal of the school the student attends. The principal will notify the superintendent or the administrator designated with responsibility to address such requests. School district employees seeking to be accompanied by a service animal are requested to submit the Approval Request Form to the superintendent or the administrator designated with responsibility to address such requests.
- B. Students or employees seeking to bring a service animal onto district premises are requested to identify whether the need for the service animal is required because of a disability and to describe the work or tasks that the service animal is trained

to perform.

- C. The owner of the service animal shall provide written evidence that the service animal has received all vaccinations required by state law or local ordinance.

VII. REMOVAL OR EXCLUSION OF A SERVICE ANIMAL

- A. A school official may require a handler to remove a service animal from school district property, a school building, or a school-sponsored program or activity, if:
 - 1. Any of the requirements described in Part V., above, are not met.
 - 2. The service animal is out of control and/or the handler does not effectively control the animal's behavior;
 - 3. The presence of the service animal would fundamentally alter the nature of a service, program or activity; or
 - 4. The service animal behaves in a way that poses a direct threat to the health or safety of others, has a history of such behavior, or otherwise poses a significant health or safety risk to others that cannot be eliminated by reasonable accommodations.
- B. If the service animal is properly excluded, the school district shall give the individual with a disability the opportunity to participate in the service, program, or activity without the service animal, unless such individual has violated a law or school rule or regulation that would warrant the removal of the individual.

VIII. ADDITIONAL LIMITATIONS FOR MINIATURE HORSES

In assessing whether a miniature horse may be permitted in a school building or on school grounds as a service animal, the following factors shall be considered:

- A. The type, size, and weight of the miniature horse and whether the facility can accommodate these features;
- B. Whether the handler has sufficient control of the miniature horse;
- C. Whether the miniature horse is housebroken; and
- D. Whether the miniature horse's presence in a specific building or on school grounds compromises legitimate health and safety requirements.

IX. ALLERGIES; FEAR OF ANIMALS

If a student or employee notifies the school district that he or she is allergic to a service animal, the school district will balance the rights of the individuals involved. In general, allergies that are not life threatening are not a valid reason for prohibiting the presence of

a service animal. Fear of animals is generally not a valid reason for prohibiting the presence of a service animal.

X. NON-SERVICE ANIMALS FOR STUDENTS WITH INDIVIDUALIZED EDUCATION PROGRAMS (IEPS) OR SECTION 504 PLANS

If a special education student or a student with a Section 504 plan seeks to bring an animal onto school property that is not a service animal, the request shall be referred to the student's IEP team or Section 504 team, as appropriate, to determine whether the animal is necessary for the student to receive a free appropriate public education (FAPE) or, in the case of a Section 504 student, to reasonably accommodate the student's access to the school district's programs and activities.

XI. NON-SERVICE ANIMAL AS AN ACCOMMODATION FOR EMPLOYEES

If an employee seeks to bring an animal onto school property that is not a service animal, the request shall be referred to the superintendent or the administrator designated to handle such requests. A school district employee who is a qualified individual with a disability will be allowed to bring such animal onto school property when it is determined that such use is required to enable the employee to perform the essential functions of his or her position or to enjoy the benefits of employment in a manner comparable to those similarly situated non-disabled employees.

XII. LIABILITY

- A. The owner of the service animal is responsible for any harm or injury to an individual and for any property damage caused by the service animal while on school district property.
- B. An individual who, directly or indirectly through statements or conduct, intentionally misrepresents an animal in that person's possession as a service animal may be subject to criminal liability.

Legal References: Section 504 of the Rehabilitation Act of 1973
28 C.F.R. § 35.104, 28 C.F.R. § 35.130(b)(7), and 28 C.F.R. § 35.136 (ADA Regulations)
20 U.S.C. § 1400 *et seq.* (Individuals with Disabilities Education Act)
Minn. Stat. § 256C.02 (Public Accommodations for Persons with Disabilities)
Minn. Stat. § 363A.19 (Discrimination Against Blind, Deaf, or Other Persons with Physical or Sensory Disabilities Prohibited)
Minn. Stat. § 609.226 (Harm Caused by Dog)
Minn. Stat. § 609.833 (Misrepresentation of Service Animal)

Cross References: MSBA/MASA Policy 402 (Disability Nondiscrimination Policy)
MSBA/MASA Policy 521 (Student Disability Nondiscrimination)