

Our mission is to inspire and prepare all students with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

Agenda Items

Call to Order and Roll Call

1. Swearing in of elected Board members: Dean Henke; Linda Etim; Jacki Girtz
2. Additions to Agenda
3. Acceptance of Agenda
4. Election of Officers
 - A. Chairperson
 - B. Vice Chairperson
 - C. Clerk
 - D. Treasurer
5. Authorization of Compensation for School Board Members
Minnesota Statute §123B.09, Subd. 12 states: "The clerk, treasurer and superintendent of any district shall receive such compensation as may be fixed by the board. Unless otherwise provided by law, the other members of the board shall also receive such compensation as may be fixed by the board."

In May 2006, the Board approved compensation for the School Board chairperson at \$700.00 per month; for the School Board clerk at \$625.00 per month; and for other persons on the School Board at \$600.00 per month for the 2006 calendar year. In addition, the Board approved \$50.00 per month for each board member as reimbursement of expenses (including in-district mileage) incurred as a result of attendance at School Board and other related meetings. The combined monthly compensation totaled \$750.00 for the Board chair; \$675.00 for the Board clerk; and \$650.00 for other board members.

The monthly compensation has remained the same as the Board approved in 2006.

Unless otherwise determined by the Board, compensation for the 2013 calendar year shall be: \$750.00 per month (\$9,000.00 per year) for the chairperson; \$675.00 per month (\$8,100.00 per year) for the clerk; and \$650.00 per month (\$7,800.00 per year) for other persons on the Board. These totals are inclusive of the flat \$50 monthly reimbursement for in-district mileage and other incidental expenses.

6. Consent Agenda

- A. Designation of Official Newspaper: Osseo-Maple Grove Press. Legal notices and minutes may also be published in the Brooklyn Park and Brooklyn Center Sun-Post and the Plymouth Sun-Sailor at the discretion of the administration.
- B. Designation of Official Cash Depositories for District Funds: Minnesota School District Liquid Asset Fund (US Bank), MN Trust (Associated Bank), Bank of Montreal Financial Group.
- C. Designation of Investment Brokers for District Investments: Wells Fargo Investment Services, Inc.; RBC Capital Markets, LLC; Morgan Stanley Smith Barney; US Bank Minneapolis; and Minnesota School District Liquid Asset Fund Plus; PMA Financial Network, Inc/Associated Bank; and Advanced Capital Group.
- D. Authorization of Procedures for the Investment of Excess Cash: The director of business services, or designee, is hereby vested with the authority and responsibility to invest funds in accordance with Minn. Stat. § 118A.02. Consistent with the above delegation of responsibility for conducting the investment of excess funds, the director of business services is hereby authorized to sign the following investment documents as deputy treasurer: Collateral Assignment forms and Collateral Release forms.
- E. Authorization of Payments for Goods and Services in Advance of Board Approval: Consistent with Minn Stat. §§ 123B.02, 123B.11, 471.38, and 471.425, the director of business services, or designee, is hereby vested with the authority and responsibility to make the following payments in advance of Board approval.
 - 1. Payment of Expense Claims Against the School District
 - a. Postage meter and bulk mailing payments
 - b. Purchases made by school personnel that do not exceed fifty dollars, provided an administrator has authorized such purchases
 - c. Officials, referees and judges fees

To accommodate individuals with disabilities, this material will be made available in alternative formats such as large print, Braille or cassette tape upon request. If you need auxiliary aids or services in order to participate in or attend a district activity, call your local school or the school district at least seventy- two (72) hours in advance (two-week notice preferred). Members of the public can view and download School Board meeting notices and regular meeting agendas and materials from the district Web site, www.district279.org , under "About Us → School Board."

- d. Special program speakers' fees and consulting fees
 - e. Petty cash fund replenishments
 - f. Utility bills
 - g. Tuition of students
 - h. Registration and travel expenses
 - i. Employer group insurance payments
 - j. Employer retirement plan payments
 - k. Employee payroll deductions payments
 - l. Purchase order terms, vendor terms or within the standard payment period (within 35 days of the date of receipt) and shall maintain detailed and accurate records for audit purposes. All claims not previously acted upon by the school board shall be presented to and acted upon by the school board at the next board meeting.
 - m. Payments necessary to be eligible for a discount privilege
 - n. Contractual progress payments, common to building construction, as necessary to meet established due dates
 - o. Debt redemption payments
 - p. Other expense claims subject to payment of interest if a late payment were to occur
 - q. Contracts and purchases with a value of less than \$10,000 that are consistent with the board approved budget
2. Payment of Imprest Net Payroll Bank Account Items and Investment Purchases
3. Electronic Funds Transfer Payments Covering Minnesota Withholding, Investments and Bond Principal, Interest, and Fiscal Agent Service Charges. The director of business services shall follow these policy controls:
- a. The disbursing bank shall keep on file a certified copy of this authorization, which allows electronic funds transfer.
 - b. The initiator shall document the request and obtain approval from the director of business services, or designee, before making the transfer.
 - c. The initiator of the electronic transfer shall be identified for each transaction.
 - d. A written confirmation of the transaction shall be made no later than one business day after the transaction and shall be used to support

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the transaction. All of the advance payments made by the above authorization require that a detailed listing of the payments be submitted to the School Board for ratification at its next regularly scheduled meeting for such financial matters.

F. Authorization of Use of Facsimile Signatures and a Surety Bond - BE IT RESOLVED by the School Board of Independent School District No. 279 as follows:

1. Pursuant to Minn. Stat. § 47.41, the school board and the chairperson, clerk and treasurer thereof hereby authorize the school district depository banks to honor checks, drafts, warrants, warrant-checks and other orders on public funds bearing facsimile signatures of any of said officers and to charge the same to the account upon which drawn as fully as though those instruments bore the manually written signatures of any of said officers.
2. Pursuant to Minn. Stat. § 47.42, the school board of said district approves the use of such facsimile signatures and hereby determines to insure the school district with an insurance company authorized to do business within the state in the amount of up to \$500,000 blanket employee faithful performance bond forgery insurance against the loss of any public funds which may be withdrawn upon unauthorized use of such facsimile signatures and an officer of said school district shall not be personally liable for loss resulting from the use of any facsimile signature unless said loss occurs by reason of that officer's wrongful act.
3. The clerk is hereby authorized and directed to furnish the school district depositories with copies of this resolution, and the school district officers and said depositories are hereby authorized and directed to make the necessary arrangements for the use of facsimile signatures hereafter.
4. Pursuant to Minn. Stat. § 123B.02 covering general powers, the school board authorizes the superintendent of schools and the superintendent's secretary to utilize facsimile signature stamps covering the chairperson and the clerk signatures. The facsimile signature stamps covering the chairperson and the clerk are hereby authorized and may be utilized only for personnel employment contracts and district forms for change in personnel employment status, whenever there is not an actual handwritten signature required by Minnesota statute.

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- G. Authorization for Administration to execute Contracts Approved by the Board.
 - H. Appointment of Malloy, Montague, Karnowski, Radosevich & Co., P.A., to perform the annual financial audit for the year ending June 30, 2013. 6
 - I. Authorization for Administration to execute School District Grant Applications.
7. Review of 2013 School Board Representatives to Committees and Other Entities
- A. School Board Policy Committee: Tammie Epley, Jacki Girtz and Jim Burgett
 - B. School Board Property Committee: Dean Henke, Linda Etim and Teresa Lunt
 - C. Association of Metropolitan School Districts (AMSD): Teresa Lunt (1st), Tammie Epley (Alternate)
 - D. Brooklyn Bridge Alliance: Tammie Epley
 - E. Community Education Program Advisory Council (CEPAC): Jacki Girtz
 - F. Continuing Education Committee: Linda Mattson
 - G. District 279 Core Planning Team: Tammie Epley and Teresa Lunt
 - H. District 279 Foundation: Tammie Epley
 - I. District Planning Advisory Council (DPAC): Jim Burgett
 - J. District Staff Development Committee: Teresa Lunt
 - K. FISCAL Advisory Committee: Jacki Girtz
 - L. Minnesota School Boards Association (MSBA) Legislative Representative: Dean Henke and Teresa Lunt
 - M. Minnesota State High School League Region 5AA: Dean Henke
 - N. Northwest Suburban Integration School District (NWSISD) Joint Powers Board: Tammie Epley; Teresa Lunt (Alternate)
 - O. Parent Legislative Network Liaison:
 - P. Technology and Information Educational Services (TIES) Joint Board: Jim Burgett
8. Adjournment

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PRINCIPALS

Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

December 18, 2012

To the School Board of Independent School District No. 279
11200 – 93rd Avenue North
Maple Grove, MN 55369

We are pleased to confirm our understanding of the services we are to provide Independent School District No. 279 (the District) for the year ended June 30, 2013. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the District as of and for the year ended June 30, 2013. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the District's 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. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquires 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 will 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. The following RSI is required by accounting principles generally accepted in the United States of America, and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Funding Progress
3. Schedule of Employer Contributions

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of Expenditures of Federal Awards
2. Combining and individual fund statements and schedules
3. Uniform Financial and Reporting Standards (UFARS) Compliance Table

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

1. Introductory section
2. Statistical tables

Our audit will also include an audit of the student activity accounts for the fiscal year ended June 30, 2013.

We will perform the required State Legal Compliance Audit conducted in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Legal Compliance Audit Guide*, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, and will include such tests of the accounting records and other procedures we consider necessary to enable us to conclude that, for the items tested, the District has complied with the material terms and conditions of applicable legal provisions.

We will also prepare a management report for the District and administration. This report will communicate such things as our concerns regarding accounting procedures or policies brought to our attention during our audit, along with recommendations for improvements. The report will also contain certain financial comparisons and analysis, and other information of interest.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the Schedule of Expenditures of Federal Awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, Schedule of Expenditures of Federal Awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, Schedule of Expenditures of Federal Awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and the Schedule of Expenditures of Federal Awards and that you have reviewed and approved the financial statements, Schedule of Expenditures of Federal Awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District and the respective changes in financial position and, where applicable, cash flows in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the District complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow-up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for preparation of the Schedule of Expenditures of Federal Awards in conformity with OMB Circular A-133. You agree to include our report on the Schedule of Expenditures of Federal Awards in any document that contains and indicates that we have reported on the Schedule of Expenditures of Federal Awards. You also agree to include the audited financial statements with any presentation of the Schedule of Expenditures of Federal Awards that includes our report thereon OR make the audited financial statements readily available to intended users of the Schedule of Expenditures of Federal Awards no later than the date the Schedule of Expenditures of Federal Awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the Schedule of Expenditures of Federal Awards in accordance with OMB Circular A-133; (2) that you believe the Schedule of Expenditures of Federal Awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with accounting principles generally accepted in the United States of America and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Controls

Our audit will include obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of those procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Audit Administration, Fees, and Other

The assistance to be supplied by your personnel, including the preparation of schedules and analysis of accounts, typing all cash or other confirmations we request, and locating any invoices selected by us for testing, will be discussed and coordinated with you.

At the conclusion of the engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide copies of our reports to the District; however, it is management's responsibility to submit the reporting package (including financial statements, Schedule of Expenditures of Federal Awards, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits. At the conclusion of the engagement, we will provide information to management as to where the reporting packages should be submitted and the number to submit.

The audit documentation for this engagement is the property of Malloy, Montague, Karnowski, Radosevich & Co., P.A. (MMKR) and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a regulatory agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carryout oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of MMKR personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the regulatory agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

James H. Eichten, CPA is the engagement partner and is responsible for supervising the engagement and signing the report. Our fees for these services will be based on the actual time spent at our standard hourly rates. We will also bill you for travel and other out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. Unless additional work is requested or circumstances require additional work, we estimate that the basic audit fee (including the preparation of a management report) will be \$47,000, plus direct reimbursable expenses.

If we find that additional audit procedures are required, or if additional services are requested by the District, those services will be billed at our standard hourly rates. Additional audit procedures might be required for certain accounting issues or events such as new contractual agreements; transactions and legal requirements of new bond issues; new funds; major capital projects; if there is an indication of misappropriation or misuse of public funds or if significant difficulties are encountered due to the lack of accounting records, incomplete records, or turnover in the District staff.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and; therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

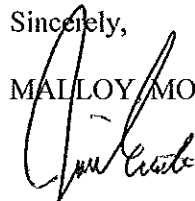
If you intend to publish or otherwise reproduce the financial statements, such as in a bond statement, and make reference to our firm name, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our most recent peer review report and letter of comment accompanies this letter.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

MALLOY/MONTAGUE, KARNOWSKI, RADOSEVICH & CO., P.A.



James H. Eichten, CPA
Principal

JHE:lmb

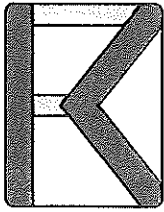
Response:

This letter correctly sets forth the understanding of Independent School District No. 279.

By: _____

Title: _____

Date: _____



KERBER, ROSE & ASSOCIATES, S.C.

Certified Public Accountants

4211 N. Lightning Drive, Suite A • Appleton, WI 54913
(920) 993-0105 • Fax (920) 993-0116
(888) 725-5277

System Review Report

To the Principals of Malloy, Montague, Karnowski, Radosevich and Co., P.A.
and the Peer Review Committee of the Minnesota Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Malloy, Montague, Karnowski, Radosevich and Co., P.A. (the firm) in effect for the year ended May 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Malloy, Montague, Karnowski, Radosevich and Co., P.A. in effect for the year ended May 31, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Malloy, Montague, Karnowski, Radosevich and Co., P.A. has received a peer review rating of *pass*.

Kerber, Rose & Associates, S.C.
KERBER, ROSE & ASSOCIATES, S.C.
September 23, 2010