

## **Agenda**

1. **CALL TO ORDER** (*Action*)
2. **APPROVAL OF GENERAL MEETING AGENDA** (*Action*)
3. **OPEN FORUM** (*Information*)
4. **APPROVAL OF CONSENT AGENDA** (*Action*)
  - 4.1. General Board Meeting Minutes from December 9, 2010
  - 4.2. Routine Human Resource Activities for January 27, 2011
  - 4.3. Perpich - NSO Agreement for 2010 - 2011
5. **SHARE THE SUCCESS & RECOGNITIONS - (10 minutes)** (*Information*)
  - 5.1. TIES Award Winners
6. **SUPERINTENDENT'S REPORT - (70 minutes)**
  - 6.1. Year 2 Strategic Plan Review & Measurement Report - (50 minutes) (*Information*)
  - 6.2. Legislative Initiatives - (5 minutes) (*Information*)
  - 6.3. Overview of Superintendent Meeting - (10 minutes)
  - 6.4. iPads - (5 minutes) (*Information*)
7. **INSTRUCTIONAL REPORT - None**
8. **ADMINISTRATIVE SERVICES REPORT - (30 minutes)**
  - 8.1. Financial Report
    - 8.1.1. Approval of Routine Monthly Finance Report (*Action*)
    - 8.1.2. FY10 Audit Report (*Action*)
  - 8.2. Facilities Report
    - 8.2.1. North Education Center (NEC) Facilities Committee Report (*Information*)
    - 8.2.2. Leasing of Edgewood Space
  - 8.3. Human Resource Report - None
9. **BOARD BUSINESS - (10 minutes)** (*Information*)
  - 9.1. Policy Review & Revision - None
  - 9.2. Board Reports
    - 9.2.1. Chair Report
    - 9.2.2. AMSD Report (Ann Bremer)
      - 9.2.2.1. AMSD Connections January 2011 Newsletter
  - 9.3. **District News** (*Information*)
    - 9.3.1. School Board Planning Calendar
    - 9.3.2. January 27, 2011 Calendar
    - 9.3.3. January 2011 Uniflyer
  - 9.4. Once Around the Table
10. **ADJOURNMENT**

**DISTRICT 287 REGULAR BOARD MEETING**  
**Intermediate District 287**  
**December 9, 2010**  
**MINUTES**

**1. CALL TO ORDER**

Chair Linda Johnson called the regular meeting to order at 6:35 PM in the District Service Center Board Room. A quorum was declared with the following members in attendance:

271	Bloomington	Arlene Bush
286	Brooklyn Center	Greg Thielsen
272	Eden Prairie	Carol Bomben
273	Edina	Peyton Robb
270	Hopkins	Sally Johnson
276	Minnetonka	Don Draayer
278	Orono	Michèle Kunz
280	Richfield	Nancy Rowley
281	Robbinsdale	Linda Johnson
283	St. Louis Park	Pam Rykken
284	Wayzata	Carter Peterson
277	Westonka	Ann Bremer

Absent: 279/Antolak

Guests:

287 Administration: Sandra Lewandowski, Char Myklebust, Jane Holmberg, Laura Keller-Gautsch, Janet Johnson, Tom Shultz, Chad Maxa, Anne Becker, and Wauneen Mgeni

287 Staff Members: Jody Delau, Ginny Nyhus, and Bruce Mulder

**2. APPROVAL OF GENERAL MEETING AGENDA**

The general meeting agenda was presented for approval. *Motion by Ann Bremer, seconded by Michèle Kunz, to approve the meeting agenda. All in favor. Motion carried unanimously.*

**3. OPEN FORUM FOR COMMUNITY COMMENTS - - None**

**4. APPROVAL OF CONSENT AGENDA**

The Consent Agenda was presented for approval. The Consent Agenda included the general meeting minutes from November 18, 2010, Local Collaborative Time Study Financing Framework and LCTS Interagency Agreement 2011-2011, and approval of the Routine Human Resource Activities for December 9, 2010. *Motion by Arlene Bush, seconded by Greg Thielsen, to approve the Consent Agenda as presented. All in favor. Motion carried unanimously.*

**5. SHARE THE SUCCESS & RECOGNITIONS**

Superintendent Lewandowski introduced Ms Jody Delau, Principal, and Ms Ginny Nyhus from the Epsilon program. Ginny announced a new \$50,000 endowment for scholarship funds for Epsilon students. Horst Rechelbacher of Intelligent Nutrients made a generous gift to provide sustainable funding of post-secondary plans of Epsilon students.

Board Chair Johnson recognized departing Board member Sally Johnson for her years of services.

**6. SUPERINTENDENT'S REPORT**

Superintendent Lewandowski presented a brief overview to the Board on: 1) a summary memo about collaborative efforts between Local 2209 and district leadership; 2) individual district usage reports that were sent to districts as a result of the strategic plan, and 3) hyperlinks to a "We Can See it From Here" video and white paper produced by an intermediate unit in Wisconsin to call for regional planning to dramatically affect student achievement.

Sandy gave a brief overview to the Board on the recent efforts of the Hennepin County Dropout Initiative. Several superintendents have responded to a survey about next steps. Each has indicated overall support and intent to bring to his or her Board a resolution to that effect by March 2011. Superintendent Lewandowski recommended the approval of a resolution in the Support of Hennepin County Dropout Recovery Efforts. *Resolution motion was made by Nancy Rowley, to waive the reading of the resolution and approve it as written, seconded by Michèle Kunz, to approve the resolution in the Support of Hennepin County Dropout Recovery Efforts as presented. Those voting in favor were: Kunz, Bremer, Robb, L. Johnson, S. Johnson, Rykken, Bomben, Thielsen, Rowley, Draayer, Bush, and Rowley. There were no votes against, no abstentions. Motion carried.*

## **7. INSTRUCTIONAL REPORT**

Superintendent Lewandowski introduced Ms Laura Keller-Gautsch, Executive Director of Special Education. Laura gave a brief overview of the Minnesota Department Education Compliance Monitoring process. Laura introduced and recognized Ms Dolly Lastine, Assistant Director of Special Education for her work on coordination of the monitoring and the district response. Laura referred to the written summary of the 23 citations resulting in the need for corrective action. The citations were those that remained after the district had appealed the original 36 citations. The district will be implementing the 23 corrective action plans that include activities such as staff training, random student file reviews, updating procedures, conducting parent meetings and reviewing aggregate data on restrictive procedures.

Dolly gave a brief report on the possible amendment to and establishment of rules governing licenses for special education teachers and MASA/MASE's response to the proposed rules. The report will also include a review of the impact of the proposed rules on District 287 special education programs.

Sandy gave a brief overview to the Board on an informational memo "What Board Members Should Know About Area Learning Centers.

## **8. ADMINISTRATIVE SERVICE REPORTS**

### **Financial Report**

Mrs. Janet Johnson, Director of Finance Services, presented the monthly financial report for November 2010. *Motion by Greg Thielsen, seconded by Ann Bremer, to approve the monthly financial report as presented. All in favor. Motion carried unanimously.*

Board Chair Johnson announced the Audit Exit meeting is scheduled for December 20, 2010.

### **Facilities Report**

Mr. Tom Shultz, Director of Facilities presented to the Board an update on Best Value and North Education Center document.

### **Human Resources Report – None**

## **9. BOARD BUSINESS**

### **Policy Review & Revision - None**

### **Chair Report**

Board Chair Johnson gave a brief update on the Superintendent Contract July 2011 – June 2014 and recommended the approval of the Superintendent Contract. *Motion by Nancy Rowley, and seconded by Ann Bremer, to approve the Superintendent Contract July 2011 – June 2014 as presented. All in favor. Motion carried unanimously.*

Chair Johnson announced the nominating committee members, Michele Kunz, Chair, Ann Bremer, and Peyton Robb.

Board member Thielsen gave a brief overview on the "Get on the Bus" event held at Bren Road and Hennepin County Home School.

Board member Thielsen gave a brief overview on the Local 2209 and Board Breakfast.

Chair Johnson reminded the Board of the upcoming MSBA Leadership Conference.

**AMSD Report**

Board member Bremer gave a brief overview the speaker Jan Olson, Chair of the Senate Education Committee.

**Once Around the Table**

**10. ADJOURNMENT**

*Motion was heard and seconded to adjourn the meeting.* Meeting adjourned at 9:23 PM.

The next general meeting will be held on January 27, 2011, at 6:30 PM in the DSC Board Room.

Submitted by  
Wauneen Mgeni  
Secretary to the Board

Signed: Chair \_\_\_\_\_ Clerk \_\_\_\_\_

Date \_\_\_\_\_ Date \_\_\_\_\_

**ROUTINE HUMAN RESOURCES ACTIVITIES FOR THE INTERMEDIATE DISTRICT 287  
SCHOOL BOARD – January 27, 2011**

**LICENSED STAFF**

**1. New Hires:**

**A. Regular**

- DEBORAH M. BRODY, EBD Instructor at Sandburg Education Center, **additional position due to increased enrollment**, effective December 6, 2010, BA, Step 1 – 1.0 FTE.
- BRIAN R. BURNS, EBD Instructor at South Education Center, **additional position due to increased enrollment**, effective November 15, 2010, BA+30, Step 1 – 1.0 FTE.
- PAMELA D. REINHARDT, Occupational Therapist at the District Service Center, **refill for S. Walsh**, effective January 3, 2011, BA, Step 10 – 1.0 FTE.

**B. Reinstatement of Licensure Waivers**

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**Reinstatement**

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**C. Temporary:**

- LYNDA BENKOFKSKE, RAMP UP Technical Tutor effective November 15, 2010 through May 31, 2011.
- JODI EGGENBERGER, RAMP UP Technical Tutor effective October 6, 2010 through May 31, 2011.
- PRINCESA VanBUREN HANSEN, Online Science Instructor effective September 13, 2010 through January 30, 2011.
- MARY HUBERTY, RAMP UP Technical Tutor effective October 6, 2010 through May 31, 2011.
- ANNIKA J. JOHNSON, RAMP UP Technical Tutor effective October 6, 2010 through May 31, 2011.
- JANICE F. LANGSETH, RAMP UP Technical Tutor effective October 6, 2010 through May 31, 2011.
- MIKE MATUSKA, Online Math Instructor effective September 13, 2010 through January 30, 2011.
- STEPHANIE M. MEISTER, RAMP UP Technical Tutor effective October 6, 2010 through May 31, 2011.
- BENJAMIN RICHARDS, Online Math Instructor effective September 13, 2010 through January 30, 2011.

- JENNIFER M. SCHOLL, Independent Study Math Instructor at Robbinsdale Cooper High School, effective December 20, 2010 through June 30, 2011.
- JAMIE C. SENESCALL, RAMP UP Tutor effective October 6, 2010 through May 31, 2011.
- LINDA SIMMONS, Independent Study Substitute Instructor at Armstrong Senior High School effective December 15, 2010 through June 30, 2011.
- EMILY J. STIELER, D/HH Instructor at the District Service Center effective December 13, 2010 through January 31, 2011.
- SANDY A. TUFTE, RAMP UP Technical Tutor effective October 6, 2010 through May 31, 2011.
- DAVID J. VanDenBOOM, RAMP UP Technical Tutor effective October 6, 2010 through May 31, 2011.
- JONATHAN M. ZOELLMER, Independent Study Math Instructor at Richfield High School, effective November 10, 2010 through June 30, 2011.

**D. Substitutes**

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**2. Extended Leaves of Absence:**

**A. Unpaid**

- 

**3. Separations:**

**A. Dismissal**

- 

**B. Resignation**

- 

**C. Retirement (Regular/Disability)**

- RICHARD R. THIESEN, Work Experience Coordinator at Northwest Tech Center, effective June 13, 2011.
- HAROLD G. WHITE, Math/EBD Instructor at Bren Road Education Center, effective June 15, 2011.

**4. Other:**

- A.** Rescind Resignation of HAROLD G. WHITE, Math/EBD Instructor at Bren Road Education center, effective June 13, 2011.

## NON-LICENSED STAFF:

### 1. New Hires:

#### A. Regular

- LUNGA SINUKA, Education Assistant at Sandburg Education Center, **additional position due to increased enrollment**, effective November 29, 2010 Step 11 Lane 5 +BA - .875 FTE.
- PHILIP SOLYNTJES, Education Assistant at Sandburg Education Center, **additional position due to increased enrollment**, effective November 30, 2010 Step 4 Lane 5 +BA - .875 FTE.
- CORRINE GRAY, Education Assistant at Sandburg Education Center, **additional position due to increased enrollment**, effective December 15, 2010 Step 8 Lane 5 +BA - .875 FTE.
- ARCHIE CLARK, Education Assistant at Sandburg Education Center, **additional position due to increased enrollment**, effective November 30, 2010 Step 7 Lane 4 +90 credits - .875 FTE.
- RAMONA WHITMAN, Education Assistant (current Parent Child Specialist) at Sandburg Education Center, **additional position due to increased enrollment**, effective December 15, 2010 Step 11 Lane 4 +90 credits - .875 FTE.
- MAURICE JONES, Education Assistant at Sandburg Education Center, **additional position due to increased enrollment**, effective December 15, 2010 Step 9 Lane 4 +90 credits - .875 FTE.
- AISHA ANDERSON, Education Assistant at South Education Center, **additional position due to increased enrollment**, effective January 3, 2011 Step 10 Lane 4 +90 credits - .875 FTE.
- CARLO CASTAGNERI, Assistant Cook at South Education Center, **refill for E. Armstrong**, effective January 3, 2011 Step 1 Grade II – 10 month - .75 FTE.
- MARY WHEELAND, Education Assistant at Sandburg Education Center, **additional position due to increased enrollment**, effective December 20, 2010 Step 1 Lane 3 +30 credits - .875 FTE.
- PAUL KRACL, Education Assistant at Sandburg Education Center, **additional position due to increased enrollment**, effective January 4, 2011 Step 4 Lane 3 +30 credits - .875 FTE.
- ANITA PEDERSEN, Education Assistant at South Education Center, **additional position due to increased enrollment**, effective January 3, 2011 Step 8 Lane 3 +30 credits - .875 FTE.
- LISA ORTT, Parent Child Specialist at North Vista Education Center, **refill for A. May**, effective January 3, 2011 Step 3 – 1.0 FTE.

- TERRY MACKENZIE, Parent Child Specialist at North Vista Education Center, **refill for R. Whitman**, effective January 6, 2011 Step 2 – 1.0 FTE.
- KURT VREDENBURG, (Current Employee) Facilities Operations Manager, **new position for North Education Center**, effective January 3, 2011 Grade V Unaffiliated – 1.0 FTE 12 month.
- KYLE MEYER, Education Assistant at Sandburg Education Center, **additional position due to increased enrollment**, effective January 3, 2011 Step 4 Lane 3 +30 credits - .875 FTE.

**B. Temporary**

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**C. Substitutes**

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**2. Extended Leaves of Absence:**

**A. Unpaid**

- JOY HART, Interpreter at Various Sites, effective January 6, 2011 through June 30, 2011.

**3. Separations:**

**A. Dismissal**

- 

**B. Resignation**

- RACHEL ARTH, Interpreter at Various Sites, effective December 31, 2010.

**C. Retirement (Regular/Disability)**

- BEVERLY KRUEGER, Education Assistant at Northwest Tech Center, effective June 13, 2011.
- ROSE ANN MAZIERSKI, Education Assistant at South Education Center, effective June 13, 2011.
- JUDY ARONSON, Parent Child Specialist, at North Vista, effective June 13, 2011.

**4. Other:**

**A.**

# Intermediate District 287

## *Responsive. Innovative. Solutions*

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### INTER-OFFICE MEMORANDUM

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DATE: January 27, 2011

TO: Sandra Lewandowski, Superintendent

FROM: Janet A. Johnson, Director of Finance

**RE: Recommendation for Board Approval of the State of Minnesota Joint Powers Agreement between the State of Minnesota acting through its Director of Perpich Center for Arts Education and Intermediate District 287.**

This Joint Powers Agreement allows District 287 to be reimbursed by the Perpich Center for Arts Education on a set fee basis for their students enrolling in Northern Star Online courses. This is similar to contract arrangements that District 287 has with some member and other K-12 districts. The Joint Powers agreement is necessary in this case due to the Perpich Center's unique organizational structure under the state.

Payments to District 287 will be \$400 per semester credit enrollment and \$200 per quarter credit enrollment for its students who are enrolled for 10 consecutive school days up to a maximum of \$40,000 for the fiscal year.

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**YEAR 2 STRATEGIC PLAN  
PROGRESS REPORT  
2010**



**Intermediate District 287**

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## A LETTER FROM THE SUPERINTENDENT

Our five year strategic plan is already at the end of its second year. The plan follows a calendar year, with full implementation expected by the end of 2013. Like year one, our second year has focused on specific results, which provide evidence of the achievement of identified strategies.

2010 has been a year where our strategic work accelerated. This is evidenced by the completion of an Optimization Project analysis with TIES, development of a Conditions of Satisfaction template, increased training of 287 staff in customer satisfaction skills, implementation of innovative practices within the district, expanded efforts toward transparency of costs, and a survey of member districts to determine whether they deem District 287 as vital to their own local efforts.

As Superintendent, I am able to see the results of the dedicated work of staff as they learn new skills to modify their work and embrace the challenge of creating increasingly innovative services. Using data to guide their efforts has brought needed shifts in the direction of our district. In turn, asking our members about specific feedback on their satisfaction and whether we are vital to their work brings affirmation to continue our strategic direction.

Year 2 results bring evidence of success in all result categories. More importantly, what we are learning will give us the needed momentum and direction as we reach the mid point of the plan. We are appreciative of the core team efforts to guide us in this focused and contemporary direction!

Sandy Lewandowski  
Superintendent

## Intermediate District 287

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## The strategic plan for Intermediate District 287 includes several elements:

our mission and core values, overall objectives of the plan, strategies to achieve the objectives, and results statements to enact the strategies. In our second year of the five year plan, we have

- made significant progress on each of the strategies by focusing on one or more results statements, and
- measured progress toward achieving the objectives.

In the pages that follow, we highlight what we have accomplished and what we are learning as we fulfill our mission and are mindful of our core values.

### MISSION

The mission of Intermediate District 287 is to be the premier provider of innovative specialized services to ensure that each member district can meet the unique learning needs of its students.

### CORE VALUES

- All people have intrinsic value.
- All people have the capacity to contribute to society.
- When people with varying perspectives collaborate, the impossible becomes possible.
- Learning unlocks human potential.
- Integrity is essential for sustaining effective relationships.
- Respect for all people and the diversity of ideas enriches the individual and strengthens society.
- Responsiveness and innovation are key to thriving in a changing world.
- People perform best when they are engaged, connected and supported.

### MEMBER DISTRICTS

Bloomington, Brooklyn Center, Eden Prairie, Edina, Hopkins, Minnetonka, Orono, Osseo, Richfield, Robbinsdale, St. Louis Park, Wayzata and Westonka.

# Strategy 1

We will design and implement communication systems to include accurate and trusted data that guide individual and collective decision-making and clarify perceptions.



## Result Focus for the Year

Optimal web based and/or other tools have been selected and launched that visually present real time customized data for each district in order for them to make decisions.

## What We Accomplished

We have completed an *Optimization Project* analysis with TIES for the three core data collection and reporting systems that will provide dashboard data: Finance, Student Information, and HR/Payroll Systems.

First, TIES provided Optimizer Reports for each of the three core data and reporting systems. Included in the reports are recommendations to better align these systems with their intended use, with each other, and with the data stored in the Cognos data warehousing system. Ultimately, Cognos will be the tool used to display student and financial data to our member district representatives.

Next, all departments affected by the Optimization process have been meeting to plan implementation of recommendations. Professional learning communities (PLCs) are being instrumental in enacting many of the changes.

## What We Learned

Implementing a data dashboard system relies on all data sources being integrated. This behind-the-scenes work to implement optimization recommendations is a more labor intensive process than was initially apparent.

Security features on data dashboard systems built for education are based on the premise that school administrators will have access to all of the information in the school. In our case, there are students from many districts who attend one school. Developing the capability to give access to just some of the students in the school creates additional time and expense in working with the vendor.



## Strategy 2

We will develop streamlined and transparent communication and decision-making systems to build trust and relationships to achieve our strategic objectives.

## Result Focus for the Year

A clear, concise system of decision-making is established, understood, and used to meet the unique needs of individual districts.

## What We Accomplished

The Osseo and Richfield School Districts collaborated with us on a pilot to revamp our decision-making systems and be more explicit about their conditions of satisfaction. Key Communicators from the pilot districts received training and worked with District 287 counterparts to design a Conditions of Satisfaction template in each of three areas: Special Education, Teaching and Learning, and Business Services. This structure for more transparent decision-making will be used with all member districts in planning for FY 12.

All District 287 administrative as well as over 100 instructional and support staff have attended training provided by Transformation Systems to improve skills used in coordinating work with District 287 and member district colleagues.

## What We Learned

Through the pilot we learned that member districts have three distinct areas of decision-making regarding District 287 programs and services; therefore, most districts will have three Key Communicators named by the Superintendents.

Many conditions of satisfaction are similar among the districts and can be listed on a template. Each district also will have an opportunity to add conditions of satisfaction unique to their district.

The discussions about conditions of satisfaction is one element of decision-making; however, this cycle of making conditions explicit and then declaring the extent of satisfaction cannot subsume the entire planning process. The enrollment planning process continues as it has in previous years because it yields the needed level of detail and new program ideas contributed by member district and District 287 program-level experts.

## Strategy 3

We will design and when necessary redesign a continuum of direct and indirect innovative services with the priority to ensure that each member district can meet the unique needs of its students.



*“Being innovative is about challenging what you take for granted.”*

Sir Ken Robinson, Keynote address, TIES Conference, December, 2010

## Result Focus for the Year

District 287 uses quality indicators to evaluate, modify, and continually improve a spectrum of cost-effective direct and indirect services.

## What We Accomplished

We confirmed that it will be the conditions of satisfaction made explicit by each district through the work of Strategy 2 that will comprise the quality indicators. Because districts will express the factors most important to them in serving their students and staff, we should evaluate against the standard created by this compiled list.

We identified *innovation indicators* to measure the extent to which we foster innovation. One primary indicator, staffing focus, has been addressed by allotting a total of 1.7 FTE for site-based innovation coaches. These coaches have a goal to help bring to fruition 100 new effective and efficient solutions during the 2010-2011 academic year.

Among the most exciting of the innovative solutions is the development of an iPod/iPad application called *Click 'n Talk*. This flexible and easy to use “app” authored by the augmentative communications team will have widespread instructional use.

## What We Learned

Systems for internal decision-making must promote both creativity and accountability. An on-line Innovation Forum invites more voices into a continuing dialogue and is intended to speed innovation and decision-making.

Assessing the extent to which the indicators of quality or innovation have been met requires integrating the results of existing assessment systems and creating others. For instance, professional learning community goals are becoming an increasingly reliable measure of academic success because now all PLCs use standardized assessments to report academic gains.

# Measurement of Strategic Objectives

## Results Focus for the Year

**Result 1:** All District 287 and key member district staff understand the mission and process for assessing the strategic objectives.

### What We Accomplished

Each District 287 administrator used the Year One printed report and videos made by the strategy team leaders to update staff and engage them in discussion about how the plan is affecting their work.

The Superintendent made presentations at all of the sites in Spring 2010, using the tailor metaphor to convey the essence of the plan. Tailors need to know:

- how to maximize fit
- how to match outcomes with expectations
- how to help the client articulate needs
- how to work with a range of materials and techniques

Also in Spring 2010, itinerant staff training conducted by Transformation Systems focused on individual education plan (IEP) meetings specific to itinerant service delivery and the paradigm shift that itinerants need to address: districts are the customers and the students are the clients. Itinerant staff also had follow up training this fall to continue to learn ways to be responsive, innovative and solutions-based.

The Superintendent's back-to-school presentations for 2010-2011 emphasized how four district goals—instruction, technology, innovation, and performance—are related to the plan.

Member district superintendents have received regular updates on progress and have named their Key Communicators.

### What We Learned

Because of the system-wide emphasis of the plan, we are seeing increased levels of system integration specifically designed to meet student achievement goals. District-wide literacy goals guided site-based PLC goals, and clearer connections are being made between PLCs and district curriculum and standards.

Itinerant specialist training has proven important in helping staff involved in IEP meetings frame the conversation with meeting conveners in advance, demonstrating the value of good communication and leadership principles even when one is not in charge of facilitating the meeting.

**Objective 1:** By 2013, each member district will declare satisfaction with the value and effectiveness of specialized services delivered to it by Intermediate District 287.

**Objective 2:** By 2013, each member district will declare that Intermediate District 287 services are vital to ensure that the member district can meet the unique learning needs of its students.

**Result 2:** Dynamic and flexible measurement tools essential for assessing the strategic objectives are being used by District 287 and member districts.

### What We Accomplished

The Measurement team reviewed the Decision Resources satisfaction survey conducted Fall 2009 and identified four goals to address areas identified as in need of improvement:

- (1) Communicate true costs and increase understanding of District 287 cost efficiencies and cost containment,
- (2) Increase recognition and understanding of the value of District 287 services and support,
- (3) Communicate about innovations and possibilities, and
- (4) Communicate about ability to consult with District 287 on best practices in particular areas of focus.

The administrative team identified efforts underway and offered additional ideas that are being integrated into strategy team planning.

The *Conditions of Satisfaction* pilot project directed through Strategy 2 is the manner in which Objective 1 will be assessed for all districts in the coming years. The pilot districts made their assessment through the use of a password-protected website where they also could access information related to how District 287 has addressed each condition.

Objective 2 was assessed by each member district Superintendent who was asked to respond either affirmatively or negatively to the statement *"I declare that Intermediate District 287 services are vital to ensure that my member district can meet the unique learning needs of our students."* The request was made in an email communication from the District 287 Superintendent and included a usage report specific to each district.

### What We Learned

The pilot to measure Objective 1 provided direction and practice in how to work with all districts in a focused cycle of conversation to better meet their identified needs. It is this process that provided the real learning, not analysis of individual assessments. Because the sample size is too small to generalize levels of satisfaction and such reporting might provide individually identifiable information, the extent to which pilot districts were satisfied in total, in each area, or with each item is not reported.

Regarding the measurement of Objective 2, there is considerable agreement that District 287 is vital in helping districts meet the unique learning needs of students. All who responded, 11 of 13, agreed with the statement.

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INTERMEDIATE DISTRICT 287

Strategic Plan Year 2 Progress Report 2010



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**Intermediate District 287**

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# Intermediate District 287

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## Measurement Brief

for the January 27, 2011 Meeting of the Strategic Plan Core Team

**Objective 1:** *Each member district will declare satisfaction with the value and effectiveness of specialized services delivered to it by Intermediate District 287.*

**Objective 2:** *Each member district will declare that Intermediate District 287 services are vital to ensure that the member district can meet the unique learning needs of its students.*

### We attempted...

Result 1: *All District 287 and key member district staff understand the mission and process for assessing the strategic objectives.*

Result 2: *Dynamic and flexible measurement tools essential for assessing the strategic objectives are being used by District 287 and member districts.*

### We achieved...

We developed written documents, videos and presentations to update staff and engage them in discussion about the essence of the plan and how it affects their work.

The Superintendent emphasized how four district goals - instruction, technology, innovation, and performance – relate to the plan. Member district superintendents received regular updates on progress and have named their Key Communicators.

Four goals were identified from the Decision Resources satisfaction survey to address areas in need of improvement: District 287 to communicate and increase awareness of costs, value, innovation & possibilities, best practices.

We piloted measurement tools in which member districts assess their conditions of satisfaction and vitality of District 287.

### We learned...

Because of the system-wide emphasis of the plan, we are seeing increased levels of system integration specifically designed to meet student achievement goals. Specialized training in Meeting Facilitation and Achieving Greatness has proven important even for staff regardless of role.

The process of declaring satisfaction with the value and effectiveness provided the real learning, not analysis of individual assessment.

District 287 is vital in helping districts meet the unique learning needs of its students.

### ...And therefore recommend...

1. the continuation of specialized training workshops for staff
2. further refinement of the *Conditions of Satisfaction* pilot project will assist with analysis



# Intermediate District 287

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## Strategy 1 Brief

for the January 27, 2011 Meeting of the Strategic Plan Core Team

**Strategy 1: *Design and implement communication systems to include accurate and trusted data that guide individual and collective decision-making and clarify perceptions.***

### We attempted...

Result 1: *District 287 and member districts participate in the development, selection and annual review of data elements critical to making decisions and clarifying perceptions about 287 programs and services and agreed upon ways to collect and measure those elements.*

Result 2: *Optimal web based and/or other tools have been selected and launched that visually present real time customized data for each district in order for them to make decisions.*

### We achieved...

We aligned the Data Analyst position to produce the data called for in Result 1. Cognos was identified as a data warehouse tool that could provide the dashboard to present customized data to member districts. To better use a data warehouse, we undertook a major audit of our core software systems, resulting in recommendations for efficient data management and work flow. As an interim step to providing real-time data, monthly enrollment reports for each district were made available on the district website.

As part of the conditions of satisfaction pilot, we developed 51 documents. These documents provided supporting data for member district key communicators as they indicated the extent to which District 287 had met their conditions of satisfaction.

### We learned...

Although Cognos, available through TIES, was identified early as the tool to provide data dashboards, implementing any data dashboard system relies on all data sources being integrated. This behind-the-scenes work is a more labor intensive process than was initially apparent.

In addition, security features on data dashboard systems built for education are based on the premise that school administrators will have access to all of the information in the school. In our case, there are students from many districts who attend one school. Developing the capability to give access to just some of the students in the school creates additional time and expense in working with the vendor.

### ...And therefore recommend...

1. an interim Year 3 result be inserted into the original timeline: *District 287 administrators pilot real time customized data tools displaying financial, human resource, and student data.*
2. current Year 3 and Year 4 results be moved to Year 4 and 5 respectively.



# Intermediate District 287

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## Strategy 2 Brief

for the January 27, 2011 Meeting of the Strategic Plan Core Team

**Strategy 2: Develop streamlined and transparent communication and decision-making systems to build trust and relationships to achieve our strategic objectives.**

### We attempted...

Result 2.1: *A system is in place for member districts and 287 to engage in professional learning, information sharing, collaboration, identification of needs and problem solving.*

Result 2.2: *A clear, concise system of communication is established, understood and used by District 287, member districts and their families.*

Result 2.4: *A clear, concise system of decision making is established, understood, and used to meet the unique needs of individual districts.*

### We achieved...

All District 287 administrative and over 100 instructional and support staff have attended training to improve skills in working with District 287 and member district colleagues.

Advisories are now information sharing and problem-solving groups. Minutes and meeting materials are posted on our District website for transparent communications.

The School Board streamlined its membership to 13, with two monthly meetings.

New communication tools (i.e. Facebook and Connect-ED) are supported by a culture that promotes their use. Redesign of our website provides clearer communication and includes enrollment and program usage reports by district.

The Osseo and Richfield Districts collaborated with us to revamp decision-making. Conditions of Satisfaction templates were designed for Special Education, Teaching & Learning, and Business Services, with options to add unique conditions. This decision-making structure will be used with all member districts in planning for FY 12.

### We learned...

1. Internal staff need additional customer service skills and tools.
2. Our enrollment planning process with member districts will be enhanced by the addition of explicitly stated Conditions of Satisfaction three areas of decision – making.
3. Advisory committees are reenergized, focusing on shared concerns and problem solving.

### ...And therefore recommend...

1. increasing focus upon developing our internal communication systems.
2. projecting enrollment and determining Conditions of Satisfaction remain as separate processes.
3. advisory committees continue to function as regional “think tanks.”



# Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

## Strategy 3 Brief

for the January 27<sup>th</sup>, 2011 Meeting of the Strategic Plan Core Team

**Strategy 3: Design and when necessary redesign a continuum of direct and indirect innovative services with the priority to ensure that each member district can meet the needs of its students.**

### We attempted...

Result 1: *District 287 has an established mechanism that responds to internal and external needs and ideas and generates innovative solutions.*

Result 3: *District 287 uses quality indicators to evaluate, modify, and continually improve a spectrum of cost-effective direct and indirect services.*

Result 5: *District 287 has a thriving, collaborative culture that embraces shared core values and is committed to achieving our mission.*

### We achieved...

District 287 now has an established mechanism in the form the *Innovation Forum* that responds to internal and external needs and generates innovative solutions. The forum is available on the District website and is becoming engrained in the 287 culture as the proper channel for engaging all staff in innovative questions, ideas, and solutions.

We confirmed that it will be the conditions of satisfaction made explicit by each district through the work of Strategy 2 that will comprise the quality indicators. Because districts will express the factors most important to them in serving their students and staff, we should evaluate against the standard created by this compiled list.

We have identified *innovation indicators* to measure the extent to which we foster innovation. One primary indicator, staff focus, has been addressed by allotting a total of 1.7 FTE for site based innovation coaches. These coaches, whose work is coordinated through the On-line Learning Facilitator, have a collective goal to help bring to fruition 100 new effective and efficient solutions during the 2010-2011 academic year. Among the most exciting of the innovative solutions is the development of an iPod/iPad application called *Click 'n Talk*.

### We learned...

Systems for internal decision-making must promote both creativity and accountability. An on-line Innovation Forum invites more voices into a continuing dialogue and is intended to speed innovation and decision making.

Assessing the extent to which the indicators of quality or innovation have been met requires integration among existing assessment systems and creation of others.

### ...And therefore recommend...

1. staff development to promote an innovative mindset.
2. continued championing of our strategic plan with all employee groups and in relation to all systems to assure systemic promotion of innovative solutions.



## **Intermediate School Districts**

**...Innovation through Collaboration**



### **2011 Legislative Session**

**Legislative proposals prepared by Intermediate School Districts #287, #916, and #917 for legislators and member districts to use as a resource in understanding the mission and critical needs of the Intermediates in serving career and technical, special education, and other academic needs of students. For questions or more information, please contact:**

**Superintendent Sandy Lewandowski, #287 (763.550.7100)  
Superintendent Connie Hayes, #916 (651.415.5656)  
Superintendent John Christiansen, #917 (651.423.8226)  
Valerie Dosland, Ewald Consulting (612.490.3052)**

## **THE ROLE OF INTERMEDIATE SCHOOL DISTRICTS**

The three Intermediate School Districts formed in the late 1960s at the request of local school districts to deliver vocational and technical education. This delivery model was intended to eliminate low-enrolled, costly programs and services offered in individual local school districts and replace them with higher-enrolled, more cost-effective programs and services at one or more of the Intermediate School District sites. Central to this strategy was an effort to avoid duplicating expensive equipment and specialized facilities in K-12 districts in which enrollment was not sufficient to support quality programs. Over time, experience confirmed the wisdom of this decision. Member districts reduced or eliminated high-cost, inefficient local programs and services in the areas of special education and career and technical education.

Meanwhile, the Intermediate School Districts continue to evolve to meet the changing needs of students and K-12 school districts by providing state-of-the-art curricula, equipment, shared services and technologies for students in their member districts with minimal duplication of programs and services. In fact, very distinct, non-competitive market niches exist for each category of programs and services. This is particularly true in the case of major program expansions for on-line learning, at-risk students, gifted and talented students, and low-incidence academics such as world languages.

### **2011 LEGISLATIVE PLATFORM**

Intermediate School Districts 287, 916, and 917 are vital resources to our member school districts and provide important programs and services to students. We are grateful for the Legislature's support and are well-positioned to continue and enhance our unique mission as both special school districts and regional service providers.

With continued support from the Legislature, the Intermediate School Districts can continue to provide quality programs and services in special education, career and technical education, and a variety of other specialty areas for our member districts and other customers. Responding to our legislative needs will also enhance our ability to serve as a model for the regional delivery of many of the programs and services needed by students and K-12 school districts. Collaborating in this manner provides significant economies of scale and enhanced opportunities for students.

The Intermediate School Districts understand the many challenges faced by state policy makers and will work collaboratively with policymakers and other education organizations sharing the goals of supporting a strong public education system. Here are the key initiatives supported by the Intermediate School Districts for the 2011 legislative session.

### **STABILIZATION OF EDUCATION FINANCE SYSTEM**

The Intermediate School Districts understand the state faces a historic budget challenge that has left school districts with fewer resources and greater challenges. It is critical that the Governor and Legislature take the steps necessary to stabilize education funding and increase flexibility for school districts as the state recovers from this economic crisis.

## **SUPPORT THE UNIQUE NEEDS OF THE INTERMEDIATE SCHOOL DISTRICTS**

Intermediate School Districts serve a set of learners with highly complex and specialized individual learning needs and the teacher skills needed are not the same as those needed for serving students in a more mainstream K-12 environment. In addition, member school districts ask the Intermediate School Districts to provide education services to their unique student populations. In order to reflect these needs, the Intermediate School Districts are requesting four changes:

### ***Change the language of alternative teacher compensation (or Q-Comp) to reflect the unique way in which Intermediate School Districts work***

Currently, Intermediate School Districts can participate in the Q-Comp program but cannot access adequate revenue to support a quality program because revenue is based on the number of students enrolled in a district. Because Intermediate School Districts are service providers and do not directly enroll students, they are unable to access the funds in a way that allows for the implementation of Q-Comp. The Intermediate School Districts are asking to have the funding formula based on the number of licensed teachers rather than per pupil so that Intermediate School Districts will qualify for \$3,800 per licensed teacher.

While the Intermediate School Districts support efforts to make the system equitable for all districts to participate, we would oppose efforts to make the Q-Comp program mandatory without the necessary formula change to meet the unique needs of the Intermediate School Districts.

### ***Continue to support the voluntary shared services efforts while looking at ways to remove barriers and provide incentives to encourage more shared services arrangements.***

The Intermediate School Districts have played a vital role over the years in providing shared services to their member school districts. They were able to achieve this because timing, fit and trust have been critical elements to these shared service arrangements. This work is ongoing and currently the Intermediate School Districts are exploring expanding the idea of shared services into the areas of pupil transportation, curriculum review and student support services.

The Intermediate School Districts support shared services but any efforts should be voluntary for school districts, should remove barriers and provide incentives.

### ***Explore the effect of cost shifting from human services and corrections on public education and the Intermediate School Districts.***

The Intermediate School Districts have expressed concern about the ever-increasing population of students who have mental health disorders, combined with high-risk behaviors and chemical abuse. Students with these needs are entering public school Special Education Setting 3 and 4 programs at an unprecedented rate due to recent county policy changes in juvenile corrections and children's mental health. We have been advised that budgetary constraints and the lack of

evidence to support the efficacy of residential placements for certain groups of children have led to these changes.

The influx of high-need students, coupled with the focus on increased student achievement, have given up reason to request a legislative audit to determine if our perception of this trend is accurate.

***Investigate ways to increase the number and retention of licensed special educators, provide more flexibility to focus on student needs rather than disability labels by creating a multi-disability special education license, and look at ways to remove barriers for teachers licensed in special education in other states to be licensed in Minnesota.***

The challenge in Minnesota is that it requires a license for specific disabilities whereas other states use a cross-categorical system. This may have made sense when special education programs were designed for students in distinct disability categories. However, many educational providers now assess the needs of students and develop programs around those with similar needs. This is important because the label of the disability does not drive the service anymore but rather the particular needs each child presents. Minnesota's special education licensing system needs to catch up to the more contemporary way of providing special education services.

In addition, out-of-state applicants find a number of challenges when they attempt to get their license in Minnesota so we must look at ways to remove those barriers.

**INTERMEDIATE DISTRICT 287  
PLYMOUTH, MINNESOTA  
BOARD OF EDUCATION**

Regular Meeting – January 27, 2011

AGENDA SECTION: ADMINISTRATIVE SERVICES REPORTS

ITEM: Approval of Routine Monthly Finance Report

PRESENTED BY: Janet A. Johnson, Director of Finance

**1. Background Information**

The December Budget vs. Actual Reports are presented for Board information and review. These reports indicate that year-to-date revenue in all funds totals \$37,007,009, or 48.9% of the Adopted Revenue Budget of \$75,670,471. The District’s monthly revenue report will continue to reflect the impact of our conversion to the MDE Special Education Uniform Tuition system and related payments coming from the State. Over the course of the year our revenue reflects the cash payments we receive from MDE. During FY09 we were receiving payments based upon 90% of the entitlement. That dropped to 73% in FY10 and to 70% in FY11. Revenue will be made whole at the end of each fiscal year as we calculate all of our receivables and recognize the revenue receivable as part of the audit.

Year-to-date expenditures in all funds, total \$31,309,719, or 42.5% of the Adopted Expenditure Budget of \$73,704,473. This includes the September 2010 purchase of the Hosterman land for \$1,132,399.50.

The FY10 year-end numbers are final audited amounts.

DDA

Attachments

**2. Fiscal Impact/Funding Source: None**

**3. RECOMMENDED ACTION: The Board approve the Finance & Donation Report items as presented.**

Motion by: \_\_\_\_\_ Yes \_\_\_\_ Passed \_\_\_\_

Second by: \_\_\_\_\_ Yes \_\_\_\_ Failed \_\_\_\_

Abstentions: \_\_\_\_\_

REPORT: EXPREV 900 REVENUE SUMMARY BY FUND - Board Report  
 STATEMENT OF REVENUE  
 DIST 0287 Intermediate District 287 ACCOUNTING PERIOD 12/01/10 TO 12/31/10

RUN: TUE 011811 11:55 PAGE 1

ACCT STATUS: All Account Statuses ACCOUNT RANGES: 01 TO 99-999  
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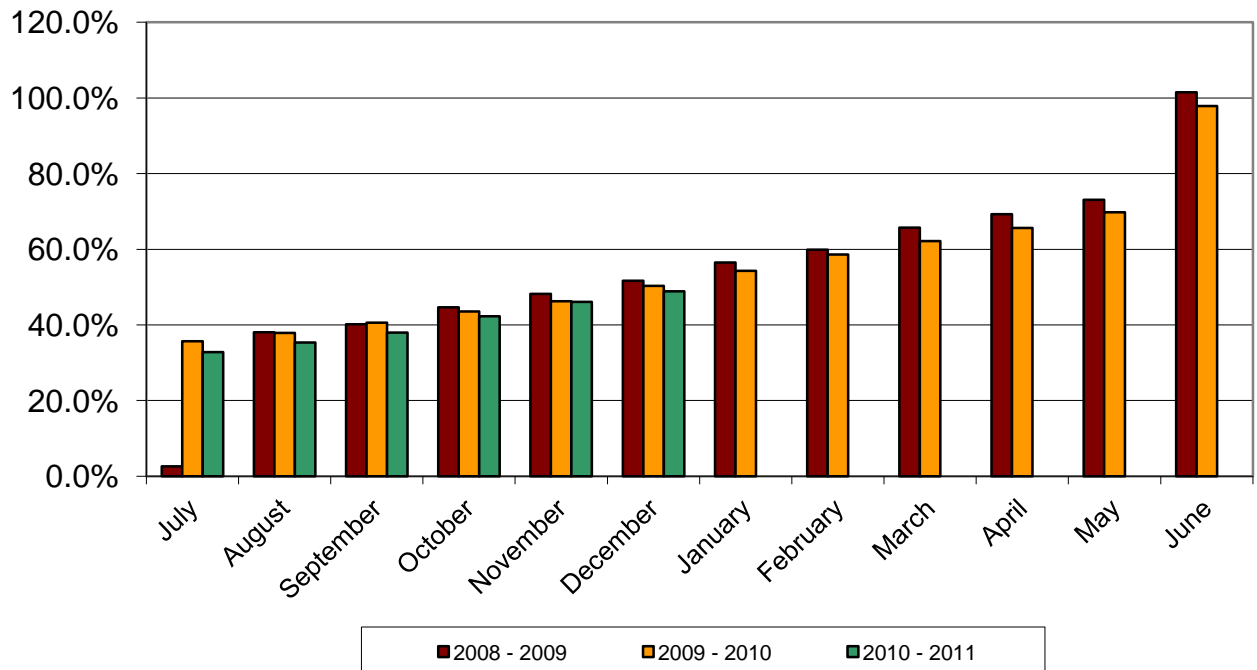
FD 01	PRIOR YEAR ACTUAL	FISCAL YEAR 201007				REMAINING ON 12/31/10	PERCENT REMAINING
		REVISED BUDGET	12/01/10 12/31/10	RECEIVED THRU 12/31/10			
01 GENERAL FUND	18,114,315.62	18,574,613	14,645,719.29-	9,496,882.95		9,077,730.05	48.87 %
02 FOOD SERVICE FUND	273,734.66	378,066	911.55	16,685.68		361,380.32	95.58 %
04 COMMUNITY SERVICE FUND	322,949.76	302,960	15,902.56	60,037.13		242,922.87	80.18 %
08 TRUST FUND	348,977.47	0	46,118.95	195,595.64		195,595.64-	0.00 %
10 BREN ROAD	0.00	0	50,000.00	50,000.00		50,000.00-	0.00 %
12 ALC-ACADEMIC	6,794,964.95	8,183,062	5,398,396.99	5,863,490.39		2,319,571.61	28.34 %
13 CAREER & TECH	1,808,549.33	1,926,354	1,303,021.70	1,360,350.43		566,003.57	29.38 %
14 SPECIAL EDUCATION	43,018,852.69	46,276,616	9,943,316.26	19,721,243.84		26,555,372.16	57.38 %
20 INTERNAL SERVICE FUND	429,114.66	0	0.00	166,439.50		166,439.50-	0.00 %
30 KEYSTONE ITD	1,110,881.59	0	0.00	68,349.00		68,349.00-	0.00 %
41 DONATIONS	2,134.55	0	50.00	263.20		263.20-	0.00 %
51 STUDENT CLUBS	30,806.68	28,800	2,811.23	7,670.76		21,129.24	73.36 %
*** REPORT TOTALS:	72,255,281.96	75,670,471	2,114,809.95	37,007,008.52		38,663,462.48	51.09 %

# DISTRICT 287

## REVENUE COMPARISON - ALL FUNDS EXCLUDING NEC BUILDING PROJECT

Month	2008 - 2009		2009 - 2010		2010 - 2011	
	\$ Amount	% of Budget	\$ Amount	% of Budget	\$ Amount	% of Budget
July	1,848,739	2.6%	26,328,904	35.7%	24,850,317	32.8%
August	25,269,197	38.1%	1,643,203	37.9%	1,917,864	35.4%
September	1,488,574	40.2%	1,997,224	40.6%	1,976,441	38.0%
October	3,156,289	44.6%	2,207,558	43.6%	3,267,074	42.3%
November	2,534,489	48.2%	1,982,827	46.3%	2,880,502	46.1%
December	2,467,467	51.6%	3,006,224	50.3%	2,114,810	48.9%
January	3,455,875	56.5%	2,910,074	54.3%		
February	2,420,448	59.9%	3,203,938	58.6%		
March	4,158,279	65.7%	2,630,766	62.2%		
April	2,528,874	69.3%	2,518,014	65.6%		
May	2,695,389	73.1%	3,090,652	69.8%		
June	20,246,471	101.5%	20,735,897	97.9%		
<b>TOTAL</b>	<b>72,270,091</b>	<b>101.5%</b>	<b>72,255,282</b>	<b>97.9%</b>	<b>37,007,009</b>	<b>48.9%</b>
<b>BUDGET</b>	<b>71,203,550</b>		<b>73,818,687</b>		<b>75,670,471</b>	

**REVENUE COMPARISON - ALL FUNDS  
(EXCLUDING NEC BUILDING PROJECT)  
YTD REVENUE BY MONTH**



REPORT: EXPREV 901 EXPENDITURE SUMMARY BY FUND - Board Rept  
STATEMENT OF EXPENDITURES  
DIST 0287 Intermediate District 287 ACCOUNTING PERIOD 12/01/10 TO 12/31/10

RUN: TUE 011811 11:57 PAGE 1

ACCT STATUS: All Account Statuses ACCOUNT RANGES: 01 TO 99-999  
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SERIES TOTALS: <None Selected>  
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FD	PRIOR YEAR ACTUAL	REVISED BUDGET	12/01/10 12/31/10	FISCAL YEAR 201007 EXPENDED THRU 12/31/10	ENCUMBERED THRU 12/31/10	REMAINING ON 12/31/10	PERCENT REMAINING
01 GENERAL FUND	17,552,587.26	18,486,175	1,098,554.33	8,841,112.65	1,937,306.46	7,707,755.89	41.69 %
02 FOOD SERVICE	273,734.66	378,066	26,693.01	110,215.77	53,550.62	214,299.61	56.68 %
04 COMMUNITY SERVICE FUND	302,879.76	294,105	10,819.61	106,942.44	67,918.56	119,244.00	40.54 %
08 TRUST FUND	353,766.11	0	46,118.95	195,595.64		195,595.64-	0.00 %
12 ALC-ACADEMIC	7,098,420.31	7,920,291	812,740.80	3,397,705.50	389,278.61	4,133,306.89	52.18 %
13 CAREER & TECH	1,814,407.48	1,835,278	126,572.32	593,731.23	33,702.00	1,207,844.77	65.81 %
14 SPECIAL EDUCATION	42,110,482.21	44,761,758	3,892,332.87	17,878,451.13	745,434.94	26,137,871.93	58.39 %
20 INTERNAL SERVICE FUND	393,229.80	0	0.00	144,688.69		144,688.69-	0.00 %
30 KEYSTONE IDT	1,110,881.59	0	35,000.00	35,000.00		35,000.00-	0.00 %
51 STUDENT CLUBS	33,230.14	28,800	340.47	6,275.93	4,561.15	17,962.92	62.37 %
*** REPORT TOTALS:	71,043,619.32	73,704,473	6,049,172.36	31,309,718.98	3,231,752.34	39,163,001.68	53.13 %

# DISTRICT 287

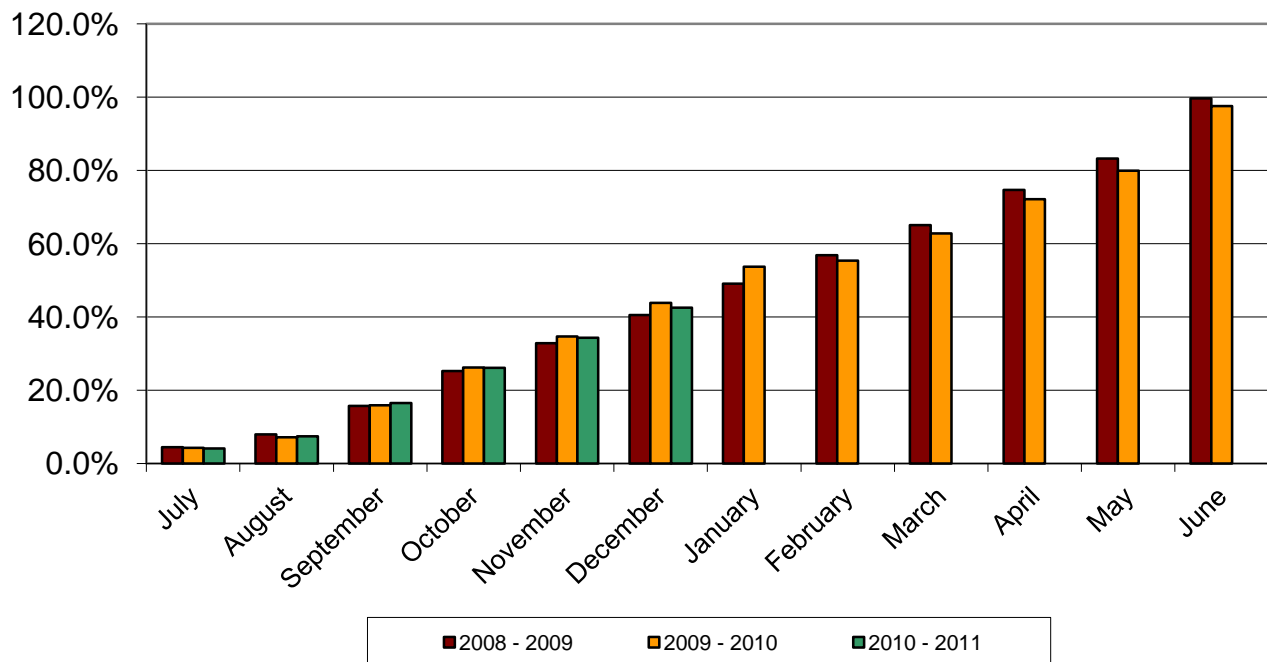
## EXPENDITURE COMPARISON - ALL FUNDS EXCLUDING NEC BUILDING PROJECT

Month	2008 - 2009		2009 - 2010		2010 - 2011	
	\$ Amount	% of Budget	\$ Amount	% of Budget	\$ Amount	% of Budget
July	3,131,464	4.5%	3,100,407	4.3%	2,997,044	4.1%
August	2,428,763	7.9%	2,090,194	7.1%	2,470,164	7.4%
September	5,457,295	15.7%	6,381,272	15.9%	6,695,052	16.5% **
October	6,728,518	25.3%	7,468,578	26.1%	7,071,964	26.1%
November	5,330,730	32.8%	6,212,868	34.7%	6,026,323	34.3%
December	5,361,530	40.5%	6,626,034	43.8%	6,049,172	42.5%
January	6,044,579	49.1%	7,212,163	53.7%		
February	5,459,050	56.8%	1,226,463	55.4% *		
March	5,770,557	65.1%	5,379,804	62.8%		
April	6,755,660	74.7%	6,840,093	72.1%		
May	6,017,108	83.2%	5,634,133	79.9%		
June	11,546,096	99.7%	12,871,609	97.6%		
<b>TOTAL</b>	<b>70,031,350</b>	<b>99.7%</b>	<b>71,043,619</b>	<b>97.6%</b>	<b>31,309,719</b>	<b>42.5%</b>
<b>BUDGET</b>	<b>70,271,671</b>		<b>72,817,617</b>		<b>73,704,473</b>	

\* Insurance Costing correction from 7/1/08-2/28/09

\*\* Includes \$1,132,399.50 payment for purchase of Hosterman land

### EXPENDITURE COMPARISON - ALL FUNDS (EXCLUDING NEC BUILDING PROJECT) YTD EXPENDITURES BY MONTH



# INTERMEDIATE DISTRICT 287

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*Partner in Education*

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DATE: **January 19, 2011**

TO: Members of the School Board

FROM: Janet A. Johnson, Director of Finance

RE: **Cash Report - December** Claims, Payroll, Receipts, Investments and Cash Position

A. Recommendation: Request the Board approve payment of the items listed below:

- |   |          |                               |
|---|----------|-------------------------------|
| 1. Claim payments for: <b>December 2010</b>   | Totaling | <u><u>\$ 4,260,588.94</u></u> |
| a) <i>Check #'s</i> <b>481042 - 481483, 70007503 - 70007699</b><br><i>and Electronic Wire Transfers out - #'s</i> <b>2202 - 2205, 80000099 - 80000108</b> |          |                               |
| 2. Payroll for: December 2010   | Totaling | <u><u>\$ 2,249,955.02</u></u> |
| a) <i>Check #'s</i> <b>675260 - 675283</b><br>b) <i>Direct Deposit #'s</i> <b>180816 - 182597</b>   |          |                               |
| 3. Receipts for: December 2010  | Totaling | <u><u>\$ 4,419,968.73</u></u> |
| a) <i>Receipt #'s</i> <b>127680 - 127879</b><br><i>and Electronic Wire Transfers in</i>   |          |                               |
| 4. Investments at end of month  | Totaling | <u><u>\$ -</u></u>            |

Expenditures, wire transfers, payroll, claims receipts and investments have been prepared under the direction of Dave Anderson and is presented for approval by the School Board. Dave and I would be glad to answer any questions.

# Intermediate District 287

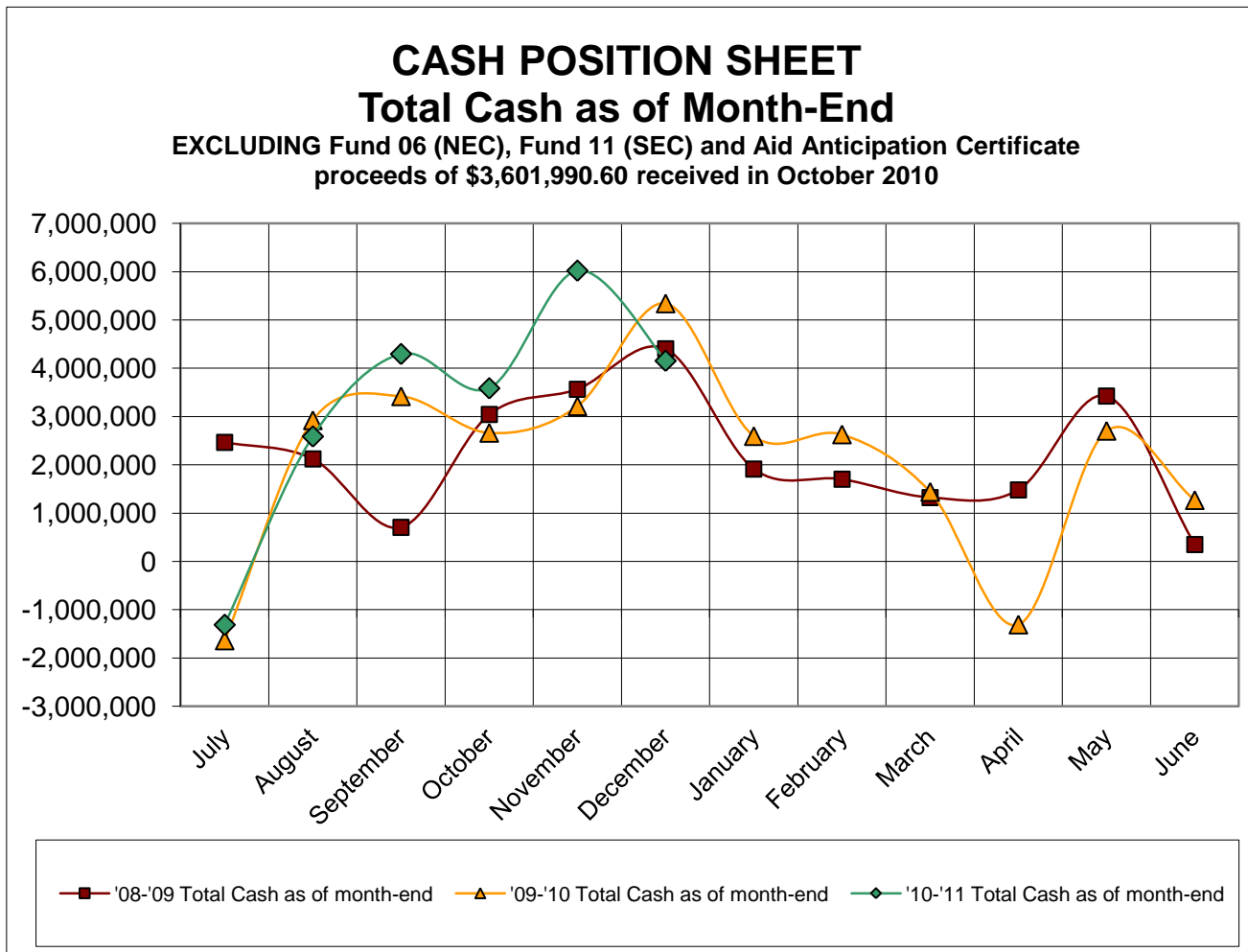
## Cash Position Sheet- Monthly Total Net Cash- All Accounts

- EXCLUDING Fund 06 (NEC Construction) and 11 (SEC Construction)

<u>Date</u>	<u>'08-'09 Total Cash as of month-end</u>	<u>'09-'10 Total Cash as of month-end</u>	<u>'10-'11 Total Cash as of month-end</u>
July	2,466,323	-1,635,886	-1,311,376 *
August	2,120,954	2,924,129	2,589,499 *
September	703,434	3,420,767	4,297,117
October	3,040,273	2,663,437 *	3,587,135 **
November	3,565,934	3,215,281 *	6,023,170 **
December	4,399,671	5,343,251 *	4,155,869 **
January	1,915,347	2,595,593 *	
February	1,701,975	2,630,541 *	
March	1,323,076	1,441,697 *	
April	1,481,056	-1,306,262 *	
May	3,423,055	2,705,205 *	
June	347,873	1,270,575 *	

\* excludes Aid Anticipation Certif. proceeds of \$4,902,195.65 in Oct. 2009, paid back in Sept. 2010

\*\* excludes Aid Anticipation Certif. proceeds of \$3,601,990.60 in Oct. 2010



**INTERMEDIATE DISTRICT 287**

**DECEMBER 2010 ACTIVITY**

**WIRE TRANSFERS IN:**

DATE	AGENCY	TO	EF#	AMOUNT	DESCRIPTION
12/02/10	MN DEPT OF HEALTH	MSDLAF	4983115	129.00	#67014 HEALTH CAREERS PROMOTION GRANT
12/07/10	MN DEPT OF HEALTH	MSDLAF	4991016	3,697.06	#67582 HEALTH CAREERS PROMOTION GRANT
12/14/10	EDUCATION AID	MSDLAF	5008147	67,224.75	01S211 GEN ED AID 11
12/14/10	EDUCATION AID	MSDLAF	5008147	1,704,803.55	01S360 SPEC EDUC 11
12/22/10	DEPT OF EDUCATION	MSDLAF	5024687	74,965.84	#67572 2010-00267 9/30/10 ARRA ENHANCING ED THRU
12/23/10	ST CLOUD UNIV OF	MSDLAF	5028605	75.00	STUDENT TEACHING SUPV STIPEND
12/29/10	EDUCATION AID	MSDLAF	5034453	36,668.04	01S211 GEN ED AID 11

<b>MTD TOTALS</b>	<b>1,887,563.24</b>			
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**WIRE TRANSFERS OUT:**

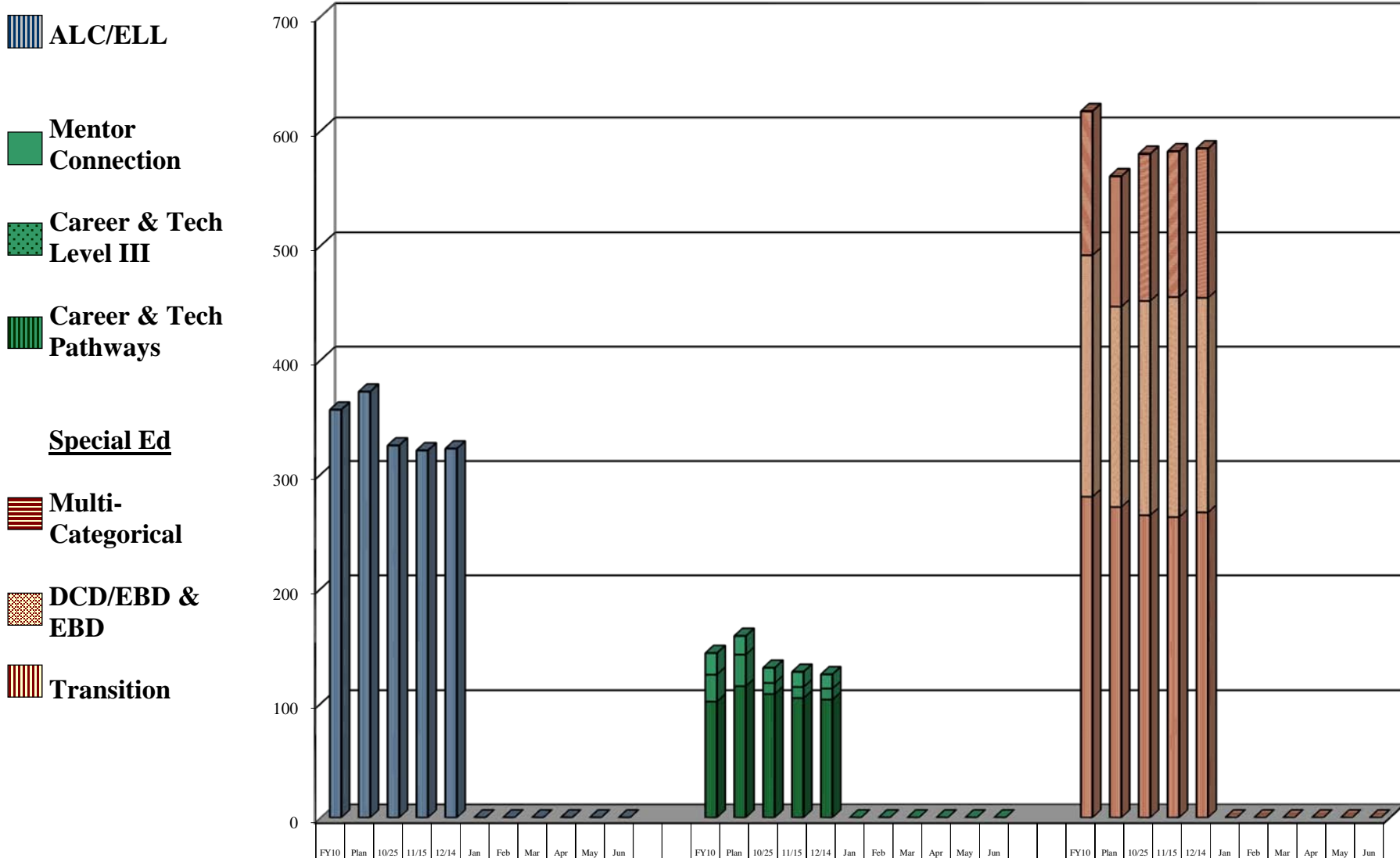
DATE	FROM	AGENCY	WIRE #	AMOUNT	DESCRIPTION
12/15/10	MSDLAF	BANK OF MONTREAL	2203	8,624.89	P-CARDS NOV 10
	MSDLAF	BANK CARD FEES	2202	303.86	MERCHANT CARD FEES NOV10
	MSDLAF	MN DEPT OF REV	80000103	67,326.94	STATE WITHHOLDING TAXES
	MSDLAF	US BANK	80000100	123,890.73	FEDERAL TAXES (EMPLOYER & EMPLOYEE)
	MSDLAF	US BANK	80000102	274,610.88	FEDERAL TAXES (EMPLOYER & EMPLOYEE)
	MSDLAF	EBC	80000099	19,011.15	EMPLOYEE & EMPLOYER 403B
	MSDLAF	EBC	80000101	74,628.51	EMPLOYEE & EMPLOYER 403B
	MSDLAF	EBC	EBC ADJ	-781.97	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK		1,107,096.85	DIRECT DEPOSIT PAYROLL
12/31/10	MSDLAF	US BANK		1,124,094.49	DIRECT DEPOSIT PAYROLL
	MSDLAF	US BANK	2204	46,118.95	CORP. HEALTH SYSTEMS DEC10
	MSDLAF	MN DEPT OF REV	80000106	69,064.72	STATE WITHHOLDING TAXES
	MSDLAF	US BANK	80000105	278,814.25	FEDERAL TAXES (EMPLOYER & EMPLOYEE)
	MSDLAF	US BANK	80000108	124,854.01	FEDERAL TAXES (EMPLOYER & EMPLOYEE)
	MSDLAF	EBC	80000104	50,464.00	EMPLOYEE & EMPLOYER 403B
	MSDLAF	EBC	80000107	21,381.52	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	2205	103.80	APR FEES VOUCHER OCT10
	MSDLAF	US BANK	3054	18.61	ARP FEES RECEIPT ACCT OCT10
	MSDLAF	US BANK	4066	90.47	ARP FEES PAYROLL ACCT OCT10

<b>MTD TOTALS</b>	<b>3,389,716.66</b>			
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# Intermediate District 287

## 2010-11 Monthly Program ADM Data by Division

(does not include services)



	ALC/ELL						CAREER & TECH						SPECIAL EDUCATION										
	FY10	Plan	10/25	11/15	12/14		FY10	Plan	10/25	11/15	12/14		FY10	Plan	10/25	11/15	12/14	Jan	Feb	Mar	Apr	May	Jun
Multi-Categorical													125.54	113.53	128.23	126.97	130.16	0.00	0.00	0.00	0.00	0.00	0.00
DCD/EBD & EBD													211.12	175.21	187.39	192.40	187.63	0.00	0.00	0.00	0.00	0.00	0.00
Transition													280.19	271.20	264.00	262.40	266.50	0.00	0.00	0.00	0.00	0.00	0.00
Mentor Connection							18.81	16.22	13.20	13.20	12.32	0.00	0.00	0.00	0.00	0.00							
Level III							23.58	27.57	9.66	9.66	9.66	0.00	0.00	0.00	0.00	0.00							
Pathways							101.47	115.00	108.10	104.58	103.26	0.00	0.00	0.00	0.00	0.00							
ALC/ELL	356.21	372.00	324.97	320.65	322.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							

DONATIONS  
INTERMEDIATE DISTRICT 287  
2010-2011

DECEMBER 2010

DON. DATE	DESCRIPTION	VIN#	EST VALUE	DONOR	SS# OR FED ID#	CAMPUS	PROGRAM
12/27/10	CHECK		\$ 9,500.00	3M FOUNDATION			DESTINATION IMAGINATION
12/17/10	CHECK		\$ 660.00	BARNES, DEB		SANDBURG	ATTAIN/CRC
11/30/10	CHECK		\$ 250.00	CITY OF BLOOMINGTON		SEC	SECA
11/07/10	CHECK		\$ 180.00	GAVARAS, JULIE		SANDBURG	STRIVE/CIPC
12/13/10	CHECK		\$ 30.00	GUSTAFSON, JEANNE & RICHARD		SEC	SUN
12/13/10	CHECK		\$ 25.00	HOCHREIN, PAM & WAYNE		SEC	PHASE SOUTH
12/02/10	CHECK		\$ 50,000.00	HORST REHELBACHER FOUNDATION		EPSILON	SCHOLARSHIP
12/03/10	CHECK		\$ 50.00	JAIYESIMI, SHERIFAT			GENERAL FUND
12/22/10	1996 NISSAN MAXIMA	JN1CA21D5TT708399	\$ 500.00	MIXON, DAVID		EPC	AUTO MECHANICS
12/22/10	TWO COATS		\$ 35.00	PERSZYK, CARA		SANDBURG	CRC
12/21/10	28 PRECISION TOOLS		\$ 4,242.00	PIERCE, RODERICK		EPSILON	TECH ED
12/02/10	CHECK		\$ 100.00	RESIDENTIAL MORTGAGE GROUP			VOS
11/25/10	CHECK		\$ 1,000.00	WAL MART, BLOOMINGTON		SEC	SECA
			\$ 66,572.00				

Management Report

for

Intermediate District No. 287  
Plymouth, Minnesota  
June 30, 2010



PRINCIPALS

Kenneth W. Malloy, CPA  
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

To the Board of Directors of  
Intermediate District No. 287  
Plymouth, Minnesota

We have prepared this management report in conjunction with our audit of Intermediate District No. 287's (the District) financial statements for the year ended June 30, 2010. The purpose of this report is to communicate information relevant to the financing of public education in Minnesota and to provide comments resulting from our audit process. We have organized this report into the following sections:

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

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.

This report is intended solely for the information and use of those charged with governance, the Board of Directors, management, and those who have responsibility for oversight of the financial reporting process and is not intended to be, and should not be, used by anyone other than these specified parties.

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

December 29, 2010

## AUDIT SUMMARY

We hereby provide you with the following summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the Board of Directors, administration, or those charged with governance of the District.

### **OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND THE U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133**

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, 2010. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the U.S. Office of Management and Budget Circular A-133, 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 letter to you dated July 12, 2010. 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 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, 2010:

- We have issued an unqualified opinion on the District's annual financial statements.
- We noted no matters involving the District's internal control over financial reporting that we consider 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 noted that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the District has complied, in all material respects, with the requirements applicable to each major federal program.
- We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses in our testing of major federal programs.
- We have reported one finding based on our testing of the District's compliance with Minnesota laws and regulations:
  - The District did not file a report of unclaimed property held for more than three years to the state Commissioner of Commerce as required by state statute.

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

## **ACCOUNTING ESTIMATES 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 Minnesota Department of Education (MDE). Because of the timing of the calculations, this adjustment for fiscal 2010 is not finalized until after the District has closed its financial records for the fiscal period. 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 Assets for separation 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 expenses for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies described in Governmental Accounting Standards Board (GASB) Statement Nos. 27 and 45. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, and employee turnover.

The District has recorded an amount for an allowance for doubtful accounts. This calculation is based on the probability of collection based on past experience with members, non-members, and other users of the District's services.

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

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

Management expects any differences between estimates and actual amounts of these estimates to be insignificant. We evaluated the key factors and assumptions used by management in the areas discussed above in determining that they are reasonable in relation to the financial statements taken as a whole.

## **CORRECTED AND UNCORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Where applicable, management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management, when applicable, were material, either individually or in the aggregate, to the financial statements taken as a whole.

During our audit we did not propose any audit adjustments.

## **DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

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

## **DISAGREEMENTS WITH MANAGEMENT**

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

## **MANAGEMENT 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.

## **MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the management representation letter dated December 29, 2010.

## 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. The last section of this report, which contains a summary of legislative changes affecting school districts, gives an indication of how complicated the funding system is. The following 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 fiscal year. We have adjusted the percentage change from year to year for non-comparable changes such as referendum reduction and aids that were previously separately funded and subsequently “rolled-in” or “rolled-out” to general education revenue.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2001	\$ 3,964	4.2 % (1)
2002	\$ 4,068	2.6 %
2003	\$ 4,601	2.6 % (1)
2004	\$ 4,601	– %
2005	\$ 4,601	– %
2006	\$ 4,783	4.0 %
2007	\$ 4,974	4.0 %
2008	\$ 5,074	2.0 %
2009	\$ 5,124	1.0 %
2010	\$ 5,124	– %
2011	\$ 5,124	– %

(1) Percentage adjusted to eliminate changes caused by referendum reduction and rolled-in (out) aids which do not affect total district revenue.

As noted in the table above, current legislation has frozen the basic formula allowance at the fiscal 2009 level for both fiscal 2010 and 2011. In general, the moderate increases in the formula allowance have forced districts to continually cut expenditure budgets or increase referendum revenue in order to maintain programs.

The table above does not reflect temporary funding changes such as the \$51 per pupil unit one-time additional general education aid school districts and charter schools received in 2008–2009, or the technology and operating capital aid received by school districts and charter schools in 2007–2008 (\$40 per pupil unit) and 2008–2009 (\$55 per pupil unit).

The table also does not reflect the one-time reduction to general education aid, totaling \$500 million, in fiscal 2010 that was offset dollar-for-dollar by federal fiscal stabilization funds.

## **STATE GENERAL FUND BUDGET OUTLOOK**

The state of Minnesota has experienced a series of major budget shortfalls and a steadily deteriorating financial condition in recent years. Local governments and other entities dependent on the state for funding have, in turn, had to deal with the resulting state aid cuts, holdbacks, and unallotments. For the fiscal year 2010–2011 biennium, the adopted state budget was balanced using several large accounting “shifts,” one-time federal stabilization funds, and aid reductions. The accounting shifts, further explained in the “Legislative Summary” section of this report, include delaying state aid payments to school districts and charter schools, and accelerating the recognition of districts’ tax levy revenue with an offsetting reduction in state aid. Both of these types of shifts typically do not reduce district or charter school revenues but significantly reduce their cash flow, forcing an increasing number to use short-term borrowing for daily cash-flow needs. The state intends to pay these shifts back when it has the financial ability.

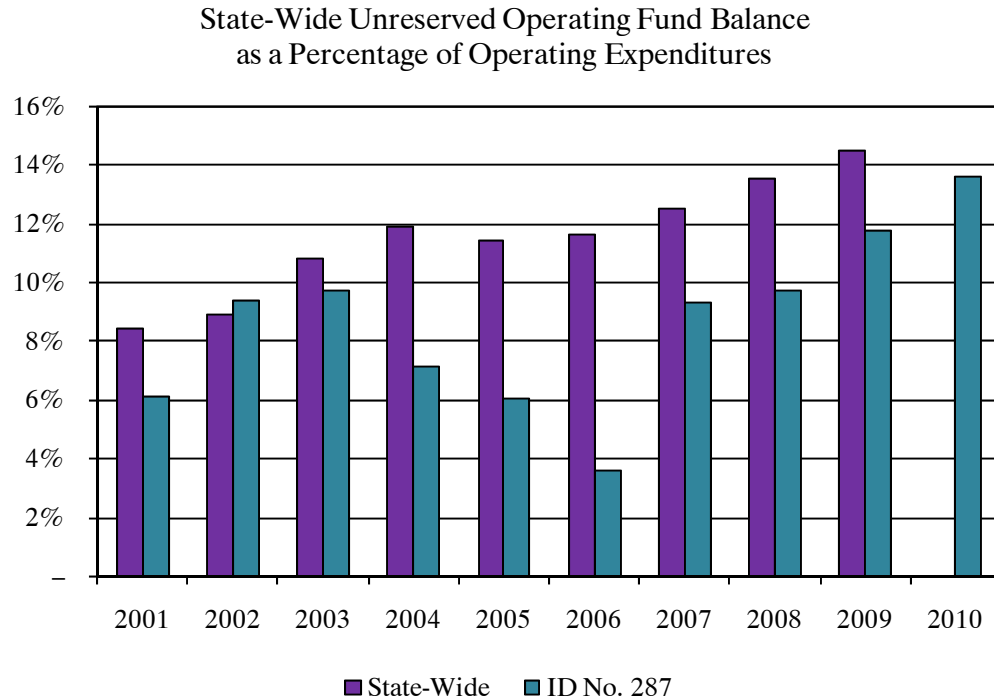
Current state budget projections for the fiscal year 2012–2013 biennium predict further significant shortfalls that will likely need to be addressed. Realistically, the state has already used up most of the accounting shifts available for this purpose, and additional federal assistance cannot be counted on. The recent election, which resulted in a new Governor and a number of new legislators, will have a substantial impact on how the state will address its budget predicament and the future direction of education funding. And of course the economy, while showing some signs of recovery, is unlikely to turn around quickly enough to solve the state’s budget issues in the short-term. All of this adds up to a period of continued financial uncertainty for Minnesota school districts and charter schools.

### **METERING OF STATE AID PAYMENTS**

In order to help reduce the state budget deficit, the 2009 Legislature changed the metering of state aid payments to Minnesota school districts beginning in 2009–2010. In past years, school districts have been paid 90 percent of their estimated state aid entitlements by June 30 each year, with the remaining 10 percent paid out in the following fiscal year. In 2009–2010, the state paid only 73 percent of estimated state aid entitlements by year-end, with the remaining 27 percent to be paid out in the following fiscal year. This change did not affect the accrual based revenue recorded by school districts for the year, but had a significant impact on their cash flow, greatly increasing the need for short-term cash flow borrowing among school districts. The holdback will increase to 30 percent of estimated state aids in fiscal 2011.

## STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

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



Note: State-wide information is not available for fiscal 2010.

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

Even with limited funding increases, school districts have maintained a relatively stable unreserved fund balance on a state-wide basis in recent years. This stability may be the result of districts adapting to funding restrictions, effective cost containment measures, and other factors.

## FINANCIAL TRENDS OF YOUR DISTRICT

### DISTRICT FINANCIAL POSITION

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

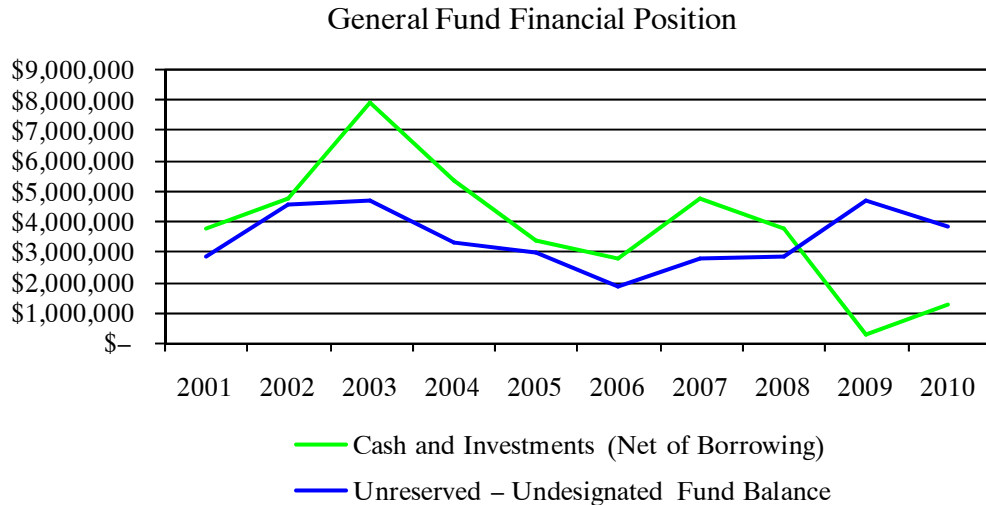
	Year Ended June 30,			
	2007	2008	2009	2010
Revenue	\$ 58,343,561	\$ 59,164,767	\$ 70,440,279	\$ 69,717,630
Expenditures (not including lease expenditures)	56,047,068	58,486,441	67,985,739	68,390,044
Excess (deficiency) of revenue over expenditures	2,296,493	678,326	2,454,540	1,327,586
Capital lease expenditures	(24,652,954)	-	-	-
Other financing sources (uses)	25,400,000	(135,499)	(155,476)	(167,090)
Net change in fund balance	3,043,539	542,827	2,299,064	1,160,496
Fund balances				
Beginning of year	1,903,933	4,947,472	5,490,299	7,789,363
End of year	<u>\$ 4,947,472</u>	<u>\$ 5,490,299</u>	<u>\$ 7,789,363</u>	<u>\$ 8,949,859</u>
Fund balances				
Reserved for health and safety	\$ -	\$ 1,245	\$ 1,243	\$ 1,236
Reserved for basic skills	-	-	-	10,742
Reserved for safe schools levy	-	-	115,044	130,292
Designated for severance	1,135,989	1,635,989	2,123,524	3,100,950
Designated for property	976,113	922,305	814,266	783,706
Designated for student clubs	38,772	41,074	43,911	41,489
Designated for North Education Center	-	-	-	1,000,000
Undesignated	2,796,598	2,889,686	4,691,375	3,881,444
Total fund balances	<u>\$ 4,947,472</u>	<u>\$ 5,490,299</u>	<u>\$ 7,789,363</u>	<u>\$ 8,949,859</u>
Unreserved – undesignated General Fund balances as a percentage of expenditures	<u>5.0%</u>	<u>4.9%</u>	<u>6.9%</u>	<u>5.7%</u>
Total fund balances as a percentage of expenditures	<u>8.8%</u>	<u>9.4%</u>	<u>11.5%</u>	<u>13.1%</u>

The District completed the year with a net increase in General Fund balance of \$1,160,496. This compares to a budget which projected an increase in fund balance of \$1,074,317.

The District continues to designate fund balance for property, severance, and student clubs. In the current year, they also designated an amount for the future costs they will incur with the building of the North Education Center. The amounts set aside for severance are important considering the District's increasing liability in this area. The liability for severance is discussed further in the government-wide financial statements section.

Unreserved – undesignated fund balance as a percentage of expenditures is one key measure of a district's financial health. 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 the impact of unexpected costs or funding shortfalls. For your district, this ratio is 5.7 percent for fiscal 2010. This ratio compares to the District's fund balance policy which suggests a fund balance as a percentage of expenditures of 6 percent.

The following graph summarizes the level of cash and investments, net of borrowing, and unreserved – undesignated fund balance in the General Fund:

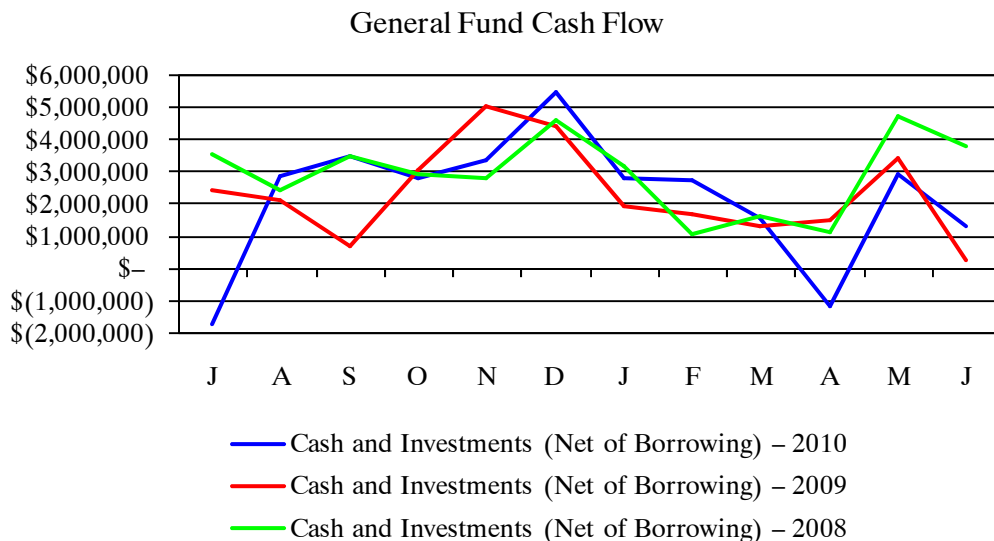


The above graph shows a decrease in fund balance and an increase in cash in 2010. The graph also shows significant fluctuations in year-end cash balances. These changes are caused by changes in the tuition billing cycles of the District. Changes in funding structure and state aid payment schedules significantly affect the cash flow of Minnesota school districts.

The decline in the cash balance at June 30, 2009 was the result of the negative impact the District experienced as a result of the change to the state’s special education tuition billing system.

**GENERAL FUND CASH FLOW**

In addition to changes in the level of cash and investments from year to year, this level varies considerably due to the timing of various revenues and expenditures during the year. The following graph summarizes the month-end cash and investments balance throughout the last three fiscal years:



The graph above shows the peaks and valleys of the General Fund cash and investment balance (net of borrowing) on a monthly basis. As discussed in the Legislative Summary section of this report, state aids normally paid on a 90–10 schedule were changed to a 73–27 schedule for fiscal year 2009–2010 and will be 70–30 for fiscal year 2010–2011.

The District also pre-bills the member districts for estimated current year services. At the end of the fiscal year, all billings are finalized and pre-billings are credited against these year-to-date bills. This type of billing system causes significant changes in cash balances from month to month and from year-end to year-end.

**GENERAL FUND OPERATIONS AND FINANCIAL POSITION BY ACCOUNT**

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

**Special Education Account**

	Year Ended June 30,			
	2007	2008	2009	2010
Revenue and other financing sources	\$ 43,280,372	\$ 44,253,319	\$ 43,835,531	\$ 43,020,988
Expenditures and other financing uses	41,920,547	43,848,645	41,446,051	42,792,799
Excess (deficiency)	1,359,825	404,674	2,389,480	228,189
Fund balances				
Beginning of year	981,534	2,341,359	2,746,033	5,135,513
End of year	\$ 2,341,359	\$ 2,746,033	\$ 5,135,513	\$ 5,363,702

In fiscal 2010, the Special Education Account revenues and other financing sources exceeded expenditures and other financing uses by \$228,189, while the District’s budget expected a surplus of \$633,208. Most of this increase was the result of better than projected final results in the special education state aid formulas for fiscal 2009.

Special Education Account revenue decreased about \$814,000, or about 1.9 percent. Tuition revenues decreased in 2010 about \$2.1 million in this account. This decrease is due to the District no longer charging assessment fees to its member districts, a decrease in the number of students in the Epsilon & Omegon program, and lower rate charges for itinerant services. State revenues increased about \$1.35 million related to compensatory aid being generated and paid directly to the District. Expenditures (excluding other financing uses) increased about \$1.0 million. Most of the increased costs were due to increases in salaries and benefits of about 4.4 percent due to normal salary inflationary increases and significant increases to health insurance costs.

## Career and Technical Education Account

	Year Ended June 30,			
	2007	2008	2009	2010
Revenue and other financing sources	\$ 3,793,132	\$ 2,973,031	\$ 2,082,716	\$ 1,808,548
Expenditures and other financing uses	<u>3,690,043</u>	<u>3,133,998</u>	<u>2,006,377</u>	<u>1,855,218</u>
Excess (deficiency)	103,089	(160,967)	76,339	(46,670)
Fund balances				
Beginning of year	<u>314,825</u>	<u>417,914</u>	<u>256,947</u>	<u>333,286</u>
End of year	<u>\$ 417,914</u>	<u>\$ 256,947</u>	<u>\$ 333,286</u>	<u>\$ 286,616</u>

In fiscal 2010, the Career and Technical Education Account fund balance decreased by \$46,670, which compares to a budgeted increase of \$218,368. Much of this difference relates to a portion of the pass-through levy that was originally budgeted to be revenue in the Career and Technical Account was moved to the Academic Education Account.

Revenues in this account decreased \$274,168, or 13.1 percent. Most of this decline is due to a decrease in tuition of \$183,434 due to declining enrollment. Expenditures (excluding other financing uses) in this account decreased \$191,970 due to cutbacks made in response to declining program revenues.

## Academic Education Account

	Year Ended June 30,			
	2007	2008	2009	2010
Revenue and other financing sources	\$ 7,330,762	\$ 7,576,436	\$ 7,079,992	\$ 6,794,965
Expenditures and other financing uses (net of capital lease activity)	<u>7,305,248</u>	<u>7,727,055</u>	<u>7,291,533</u>	<u>7,256,213</u>
Excess (deficiency)	25,514	(150,619)	(211,541)	(461,248)
Fund balances (deficit)				
Beginning of year	<u>11,811</u>	<u>37,325</u>	<u>(113,294)</u>	<u>(324,835)</u>
End of year	<u>\$ 37,325</u>	<u>\$ (113,294)</u>	<u>\$ (324,835)</u>	<u>\$ (786,083)</u>

The Academic Education Account's fund balance decreased by \$461,248 in fiscal 2010. This compares to a budgeted increase in fund balance of \$155,715. This difference occurred mostly due to lower than expected enrollment in the Alternative Learning Center, Online Learning state aid revenue being lower than projected due to an adjustment to prior year state aid revenue by the MDE, and lower than expected reimbursements from Hennepin County for daycare services at the North Vista site.

Revenue in this account decreased \$285,027, or 4.0 percent, in fiscal 2010 while expenditures and other financing uses (excluding capital lease expenditures) in this account decreased by \$35,320. Most of these declines relate to declining enrollment in the Alternative Learning Center program.

## District-Wide Account

This account includes costs for administration, district-wide operations, maintenance, and grants.

	Year Ended June 30,			
	2007	2008	2009	2010
Revenue	\$ 3,901,318	\$ 4,325,089	\$ 17,450,559	\$ 18,113,716
Expenditures	3,901,318	4,188,345	17,572,549	17,302,944
Other financing sources (uses)	—	(135,499)	(215,557)	(314,990)
Excess (deficiency)	—	1,245	(337,547)	495,782
Fund balances (deficit)				
Beginning of year	—	—	1,245	(336,302)
End of year	\$ —	\$ 1,245	\$ (336,302)	\$ 159,480

The Administrative Account fund balance increased \$495,782 in fiscal 2010. This compares to a budgeted increase in fund balance of \$97,586. This mainly occurred due to better than expected results in special education state aid from fiscal 2009.

Revenue in this account increased \$663,157, or 3.8 percent, in fiscal 2010. Most of this increase was the result of better than projected final results in the special education state aid formulas for fiscal 2009. This caused the District to receive an additional \$1.4 million in special education state aid in fiscal 2010. This increase was offset by credits given on fiscal 2009 non-member access fees during fiscal 2010 that impacted fiscal 2010 revenue amounts.

Expenditures in this account decreased \$269,605, or 1.5 percent. The most significant decrease relates to a significant math and science grant from the MDE being discontinued in fiscal 2010.

## **OTHER GOVERNMENTAL FUNDS**

### **Food Service Special Revenue Fund**

The District's Food Service Special Revenue Fund experienced a deficiency of revenues over expenditures of \$125,534. A permanent transfer was made from the General Fund to eliminate this deficit.

Over the years, we have emphasized to our school district clients that food service operations should be self-sustaining, and should not become an additional burden on general education funds. This would include the accumulation of fund balance for future capital improvements to food service facilities and to provide a cushion in the event of a negative trend in operations.

### **Community Service Special Revenue Fund**

The District's Community Service Special Revenue Fund experienced an increase in fund balance of \$20,070 for the year ended June 30, 2010, which was \$93,318 more than the \$73,248 planned decrease in fund balance. This was due to a permanent transfer of \$93,550 made from the General Fund to eliminate any deficit balance.

The Community Service Special Revenue Fund, like the Food Service Special Revenue Fund, needs to be self-sustaining. In addition to cost controls, financial analysis of the costs of providing programs, including overhead, is important. Fees and tuition charges should be sufficient to cover these costs as well as potential funding shortfalls from state or federal sources.

### **Capital Projects – Building Construction Fund**

The activity in this fund is largely controlled by various debt issues used for the acquisition or construction of major capital facilities. Total fund balance was a deficit of \$353,761 due to initial costs related to the North Education Center project.

### **Internal Service Fund**

The District maintains one internal service fund established to finance the costs of its dental self-insurance. The District's Dental Self-Insurance Internal Service Fund is used to account for dental insurance offered by the District to its employees as a self-insured plan. As of June 30, 2010, the fund had unrestricted net assets of \$100,019, an increase of \$35,884 from the prior year.

## 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 GASB Statement No. 34 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 statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net assets represent the resources the District has leftover to use for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, the statement divides net assets into three components: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The following table presents components of the District's net assets at year-end, along with a simplified reconciliation of the difference between the governmental fund balances and total net assets for each of the last three fiscal years:

	Year Ended June 30,		
	2008	2009	2010
Total fund balances – governmental funds	\$ 5,493,441	\$ 7,769,296	\$ 8,596,101
Net assets – governmental activities			
Net book value of capital assets	45,331,943	45,150,193	49,700,596
Capital lease obligations, including interest payable	(45,246,085)	(44,176,142)	(27,369,283)
Certificates of participation, including interest payable	–	–	(20,770,700)
Severance and compensated absences payable	(8,664,574)	(5,188,667)	(5,395,436)
Net OPEB and pension benefit obligations	–	(434,623)	(782,400)
Internal service fund net assets	101,248	64,135	100,019
Net debt issuance premiums and discounts	–	–	505,336
Total net assets – governmental activities	<u>\$ (2,984,027)</u>	<u>\$ 3,184,192</u>	<u>\$ 4,584,233</u>
Net assets			
Invested in capital assets, net of related debt	\$ 525,869	\$ 1,635,649	\$ 2,415,671
Restricted	45,460	160,198	182,523
Unrestricted	<u>(3,555,356)</u>	<u>1,388,345</u>	<u>1,986,039</u>
Total net assets	<u>\$ (2,984,027)</u>	<u>\$ 3,184,192</u>	<u>\$ 4,584,233</u>

The unrestricted net assets category consists mainly of the General Fund balances, offset against non-capital long-term obligations such as vacation and severance benefits payable. Consequently, many Minnesota school districts have accumulated deficits in this component of net assets.

Total net assets increased by \$1,400,041 during fiscal 2010. The amount invested in capital assets, net of related debt increased by \$780,022, mainly due to the relationship of debt retirement as compared to depreciation on capital assets. Restricted net assets increased by \$22,325. The unrestricted portion of net assets increased by \$597,694, mainly due to the increase in the General Fund balance.

## **ACCOUNTING AND AUDITING UPDATES**

### **GASB STATEMENT NO. 54 – FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS**

The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications (nonspendable, restricted, committed, assigned, and unassigned) that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The definitions of the General Fund, special revenue, capital projects, debt service, and permanent fund types are clarified by the provisions in this statement. Elimination of the reserved component of fund balance in favor of a restricted classification will enhance the consistency between information reported in the government-wide statements and information in the governmental fund financial statements and avoid confusion about the relationship between reserved fund balance and restricted net assets. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010.

### **GASB STATEMENT NO. 59 – FINANCIAL INSTRUMENTS OMNIBUS**

The objective of this statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. Applying the reporting provisions of Statement No. 31 for interest-earning investment contracts to unallocated insurance contracts improves consistency of investment measurements that are reported by pension and OPEB plans. Emphasizing the applicability of SEC requirements to 2a7-like external investment pools provides practitioners with improved guidance. Limiting interest rate risk disclosures for investments in mutual funds, external investment pools, and other pooled investments to debt investment pools provides better guidance regarding the applicability of interest rate risk disclosures. Finally, addressing the applicability of Statement No. 53 to certain financial instruments refines which financial instruments are within the scope of that statement. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010.

## LEGISLATIVE SUMMARY

The following is a brief summary of recent Minnesota legislative changes and issues affecting the funding of Minnesota school districts. More detailed and extensive summaries are available from the MDE.

**Basic General Education Revenue** – The basic general education formula allowance for fiscal year (FY) 2010 and FY 2011 is \$5,124, reflecting no increase from the FY 2009 level.

**FY 2010 One-Time General Education Aid Reduction Offset by Federal Fiscal Stabilization Funds** – Reduced the FY 2010 general education aid entitlement by \$500 million. The reduction is allocated among school districts and charter schools. This one-time reduction is offset on a dollar-for-dollar basis by federal fiscal stabilization funds.

The American Recovery and Reinvestment Act (ARRA) of 2009 provided additional federal funds to districts in the form of federal fiscal stabilization funds and additional grants. The ARRA mandates that there be an unprecedented level of oversight and transparency around the spending of these funds, including added audit and internal control requirements. In addition to increased accountability, districts have new reporting requirements for ARRA funds.

**Temporary Suspension of Reserved Revenue for Staff Development** – Temporarily suspends the staff development reserve for FY 2010 and FY 2011. The staff development reserve is equal to 2 percent of the district's basic general education revenue.

**Alternative Teacher Compensation Revenue (Q Comp)** – Clarification of change made reducing the basic Q Comp aid from 73.1 percent to 65 percent effective for FY 2010 and later. This results in a decrease in the basic aid, with a corresponding increase in the equalized levy revenue.

**Operating Capital Reserve Account Transfers** – Allowed districts to transfer up to \$51 per adjusted marginal cost pupil unit (AMCPU) from the operating capital reserved fund balance to its unreserved General Fund balance for FY 2010.

**Repeal of the Endowment Fund Reduction** – Beginning in FY 2010, districts no longer receive a reduction in their general education aid by the amount of endowment payments received. This increased revenue by about \$28 per resident ADM for FY 2010 (based on ADM for FY 2009).

**State Aid Payment Deferral** – All state aids normally paid on a 90–10 schedule is changed to a 73–27 schedule for FY 2010 and 70–30 for FY 2011. The 90–10 schedule is reinstated for FY 2012.

**Final Payment for Districts in SOD** – Districts in SOD as of June 30th of the previous year can receive an early final payment on June 20th to bring total general education aid up to 90 percent, but not exceeding the SOD amount.

**Additional State Aid Payment Delays** – Before the state needs to enter into short-term borrowing, it has the option to make additional payment delays to districts with General Fund balances of \$700 or more per resident pupil unit.

**Property Tax Revenue Recognition Change (Tax Shift)** – Beginning in FY 2011, 48.6 percent of property taxes levied for the next school year will be recognized as revenue in the current year, and state aids will be reduced by that same amount. This will be repaid (decreased) when the state attains certain specific financial goals, and the aid payment schedule is restored to 90–10.

**Safe Schools Levy** – Districts are required to set aside \$3 per AMCPU for specific costs and annual certifications on spending are required beginning in FY 2010.

**Safe Schools Levy – Maintenance of Effort (MOE)** – Beginning in FY 2010, districts are required to maintain effort at FY 2009 levels for licensed school support staff, including guidance counselors, nurses, social workers, and others from all funding sources other than the safe schools levy. This also modifies existing law requiring MOE to be calculated in terms of total spending. This provision adds a second option allowing districts to meet the MOE requirement in terms of number of full-time equivalent staff instead.

**Telecommunications/Internet Access Equity Aid** – Clarifies that intermediate school districts are eligible to receive telecommunications/internet access equity aid. Appropriates \$3.75 million for equity in telecommunications access aid for FY 2010 and for FY 2011 (versus \$8.7 million in FY 2009).

**Other Post-Employment Benefit (OPEB) Bonding and Levies** – New legislation approved in 2009 impacted existing legislation regarding OPEB in the following ways:

- Clarifies that districts may only levy for costs of employees who retired between July 1, 1992 and July 1, 1998, if the district has a sunset clause in their current bargaining agreement.
- Creates a new levy for districts to fund annual costs associated with OPEB expenses conditional on certain requirements, including a sunset clause in effect. Limits the total amount of this new levy to not more than \$9.242 million for taxes payable in 2010, \$29.863 million for taxes payable in 2011, and an amount equal to the previous year's levy plus \$14 million for taxes payable in 2012 and later.
- Required voter approval for any bonds to pay OPEB issued after October 1, 2009.

**Accounting for Separation and Retirement Benefits** – Clarifies accounting requirements for reserved and designated for separation and retirement benefits with the following:

- Designated for separation and retirement benefit account includes compensated absences, termination benefits, pension benefits, and OPEB not accounted for elsewhere.
- Designated account will no longer be limited to 50 percent of the amount necessary to meet obligations for the portion of severance pay that constitutes compensation for accumulated sick leave.
- MDE eliminated the reserve for severance account beginning with FY 2010 reporting.

**PERA and TRA Rates** – Contribution rates for employers and employees of the PERA Coordinated Plan increase by 0.25 percent effective January 1, 2011. Contribution rates for employers and employees for both the TRA Basic and Coordinated Plans increase by 0.5 percent each year through FY 2015. There is no additional aid to help fund these increases.

**Minnesota Department of Education Budget** – The MDE budget has been reduced by 3.8 percent for FY 2010 and 5.4 percent for FY 2011.

INTERMEDIATE DISTRICT NO. 287  
PLYMOUTH, MINNESOTA

Financial Report

Year Ended  
June 30, 2010

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INTERMEDIATE DISTRICT NO. 287

Board of Directors and Administration  
as of June 30, 2010

**BOARD OF DIRECTORS**

<u>Board of Directors</u>	<u>Member District</u>	<u>Position on Board</u>
Linda Johnson	Robbinsdale	Chairperson
Donald Draayer	Minnetonka	Vice Chairperson
Greg Thielsen	Brooklyn Center	Treasurer
Nancy Rowley	Richfield	Clerk
Steven Antolak	Osseo	Director
Carol Bomben	Eden Prairie	Director
Ann Bremer	Westonka	Director
Arlene Bush	Bloomington	Director
Sally Johnson	Hopkins	Director
Michéle Kunz	Orono	Director
Carter Peterson	Wayzata	Director
Peyton Robb	Edina	Director
Pam Rykken	St. Louis Park	Director

**ADMINISTRATION**

Sandy Lewandowski	Superintendent
Colleen Baumtrog	Executive Director of Administrative Services
Jane Holmberg	Executive Director of Teaching and Learning
Laura Keller-Gautsch	Executive Director of Special Education
Dolly Lastine	Assistant Director of Special Education
Anne Becker	Director of Human Resources
Janet A. Johnson	Director of Finance
Gloria Wilder	Assistant Director of Finance
Chad Maxa	Director of Information Technology
Charlene Myklebust	Director of Professional Learning
David Anderson	Fiscal Services Manager
Larry McAtee	Purchasing Manager
Thomas Shultz	Director of Facilities

FINANCIAL SECTION



PRINCIPALS

Kenneth W. Malloy, CPA  
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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Intermediate District No. 287  
Plymouth, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate District No. 287 (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information presented has been derived from the District's financial statements for the year ended June 30, 2009 and, in our report dated December 31, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements include prior year partial comparative information. Such information does not include all of the information required in 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, 2009, from which such partial information was derived.

(continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2010 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 this 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 internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining and individual fund statements and schedules and supplemental information, 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements of the District. 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 combining and individual fund statements and schedules and Schedule of Expenditures of Federal Awards 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. The 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 financial statements as a whole. The supplemental information and the UFARS Compliance Table 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.

*Malloy, Montague, Karnowski, Radosovich, & Co., P.A.*

December 29, 2010

## INTERMEDIATE DISTRICT NO. 287

### Management's Discussion and Analysis Year Ended June 30, 2010

This section of Intermediate District No. 287's (the District) annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2010. We encourage readers to consider the financial information presented here in conjunction with other components of the District's annual financial report.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report 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.

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

#### **Government-Wide Statements**

The government-wide statements (Statement of Net Assets 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 Assets includes *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net assets are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional non-financial factors such as changes in member district usage and 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 career and technical education, academic education, special education, student clubs, and administrative support services, are primarily financed with tuition, membership fees, access fees, and operating grants.

## 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, Community Service Special Revenue, and Capital Projects – Building Construction Funds) 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 combining and individual fund statements and schedules section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District may establish other funds to control and manage money for particular purposes.

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 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 statements, we provide additional information (reconciliation schedules) immediately following the governmental fund statements that explain the relationship (or differences) between these two types of financial statement presentations.

**Proprietary Funds** – The District maintains one type of proprietary fund. The Internal Service Fund is used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Fund to account for its dental self-insurance activities. These services have been included within governmental activities in the government-wide financial statements.

**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 Assets and a Statement of Changes in Fiduciary Net Assets. We excluded 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 Assets:

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current and other assets	\$ 26,708,246	\$ 20,409,112
Capital assets, net of accumulated depreciation	<u>49,700,596</u>	<u>45,150,193</u>
<b>Total assets</b>	<b><u>\$ 76,408,842</u></b>	<b><u>\$ 65,559,305</u></b>
<b>Liabilities</b>		
Current and other liabilities	\$ 17,856,512	\$ 13,237,279
Long-term liabilities, including due within one year	<u>53,968,097</u>	<u>49,137,834</u>
<b>Total liabilities</b>	<b><u>\$ 71,824,609</u></b>	<b><u>\$ 62,375,113</u></b>
<b>Net assets</b>		
Invested in capital assets, net of related debt	\$ 2,415,671	\$ 1,635,649
Restricted	183,762	160,198
Unrestricted	<u>1,984,800</u>	<u>1,388,345</u>
<b>Total net assets</b>	<b><u>\$ 4,584,233</u></b>	<b><u>\$ 3,184,192</u></b>

The District's financial position is the product of many factors. For example, the determination of the District's investment in capital assets, net of related debt 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 District's total net assets increased by \$1,400,041 during the year ended June 30, 2010. The amount invested in capital assets, net of related debt increased by \$780,022, mainly due to the relationship of debt retirement as compared to depreciation on capital assets. Restricted net assets increased by \$23,564. The unrestricted portion of net assets increased by \$596,455 in the current year.

As presented in the table above, all components of net assets experienced an increase over the prior year.

Table 2 presents a condensed version of the Change in Net Assets of the District:

<b>Table 2</b>		
<b>Change in Net Assets</b>		
<b>for the Years Ended June 30, 2010 and 2009</b>		
	<u>2010</u>	<u>2009</u>
<b>Revenue</b>		
Program revenues		
Charges for services	\$ 32,677,313	\$ 36,419,310
Operating grants and contributions	37,212,152	34,258,992
General revenues		
Other general revenues	192,654	111,300
Investment earnings	13,112	49,193
<b>Total revenue</b>	<u>70,095,231</u>	<u>70,838,795</u>
<b>Expenses</b>		
Career and technical education	1,799,980	2,031,279
Academic education	7,414,031	7,369,185
Special education	42,834,001	41,461,900
Student clubs	33,230	30,182
Administrative support services and operations and maintenance	14,177,454	14,507,409
Food service	271,290	302,050
Community service	302,778	289,497
Interest and fiscal charges on debt	1,862,426	2,603,436
<b>Total expenses</b>	<u>68,695,190</u>	<u>68,594,938</u>
<b>Change in net assets</b>	<u>\$ 1,400,041</u>	<u>\$ 2,243,857</u>

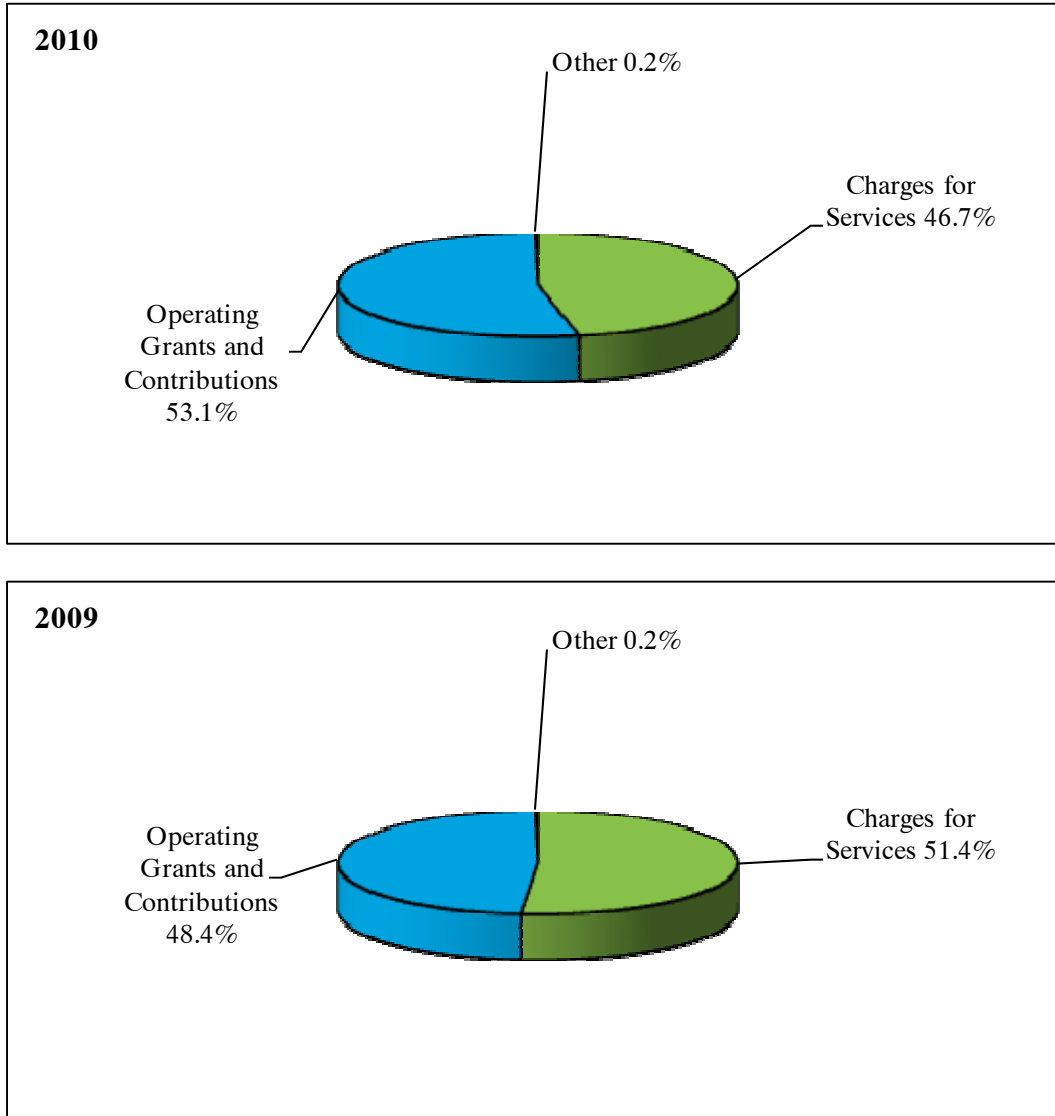
This statement is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The District's total revenues were \$70,095,231 for the year ended June 30, 2010. Charges for services account for 46.7 percent of total revenues for the year while operating grants and contributions accounted for 53.1 percent.

The total cost of all programs and services was \$68,695,190. The District's expenses are predominantly related to providing education services to students. In 2009–2010, 75.9 percent of the District's expenses were devoted to this purpose. The activity in the administrative support services and operations and maintenance includes building operations and maintenance of the District, which accounted for 20.6 percent of total expenses for the year.

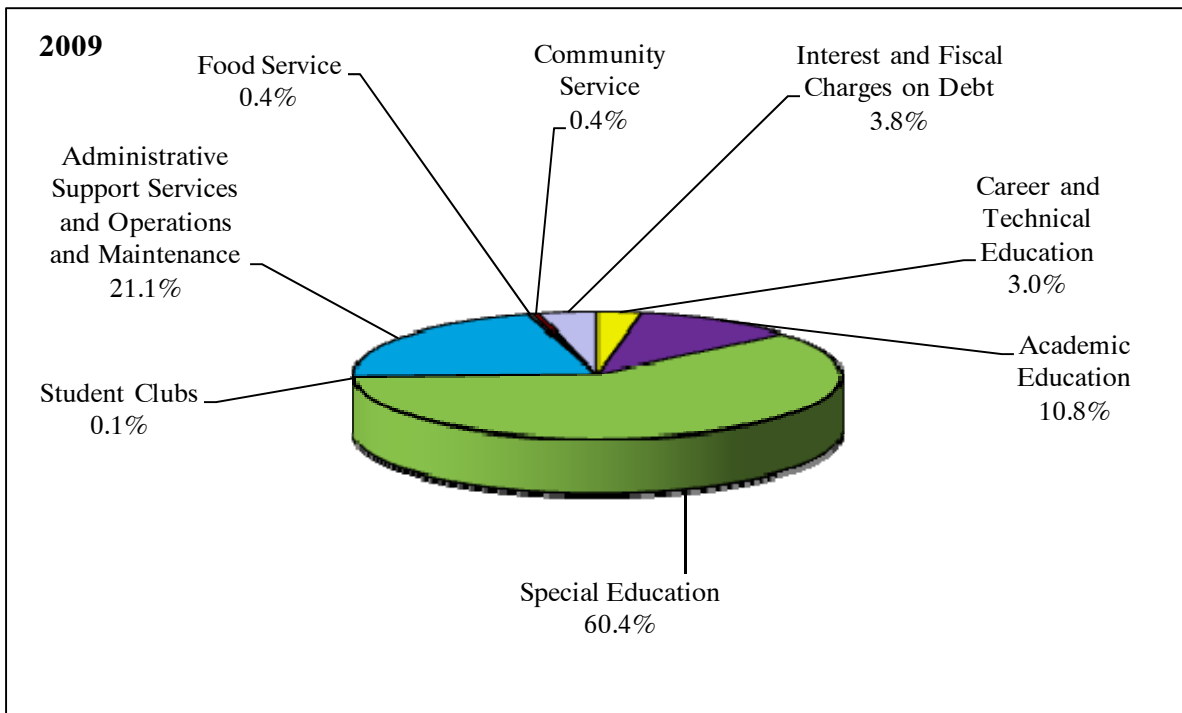
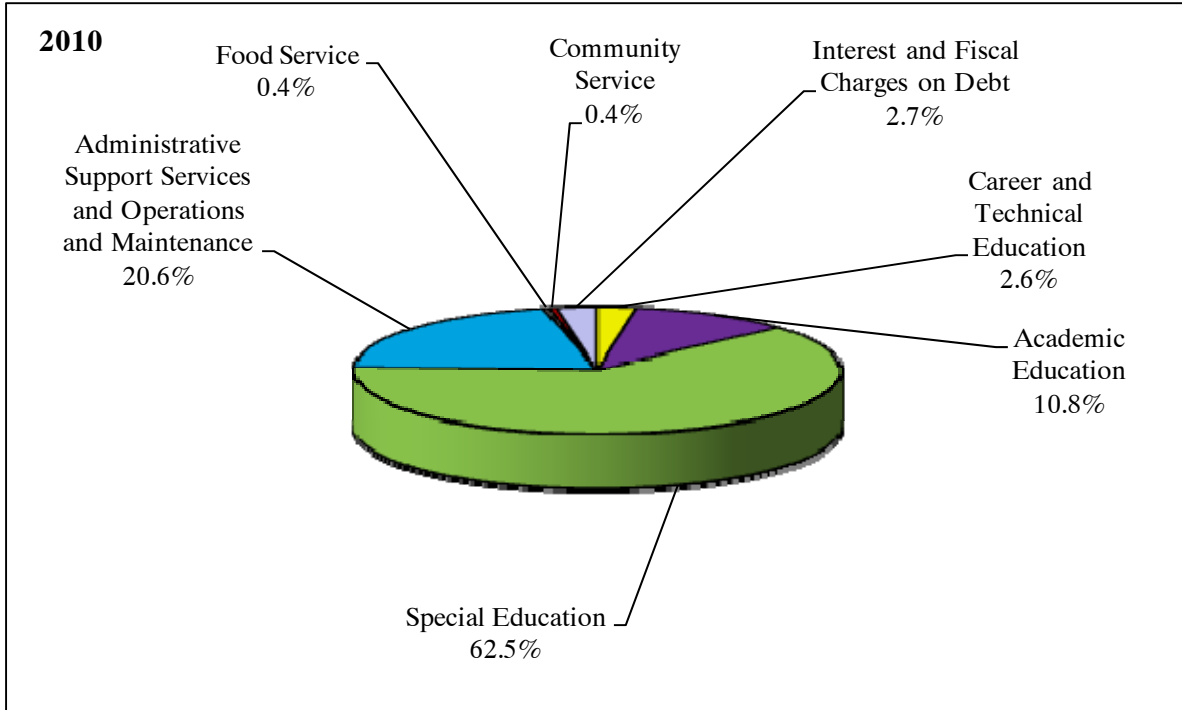
Figures A and B show further analysis of these revenue sources and expense functions:

**Figure A – Sources of Revenues for Fiscal Years 2010 and 2009**



The largest share of the District’s revenue results from services to member and non-member school districts that normally result in tuition charges and service fees. Special education tuition billing has been processed through the Minnesota Department of Education (MDE) since 2009. The MDE adjusts aid payments, taking them from districts served by the District and paying the District directly. Because these dollars flow through the state, they are classified as an operating grant rather than a charge for services.

**Figure B – Expenses for Fiscal Years 2010 and 2009**



The District's expenses are predominately related to categories that relate directly to providing instruction, which includes: special education, academic education, and career and technical education.

Table 3 presents the net cost of governmental activities by functional activity of the District:

	2010		2009	
	Total Cost of Services	Net (Expenses Over) Revenues From Services	Total Cost of Services	Net (Expenses Over) Revenues From Services
Governmental activities				
Career and technical education	\$ 1,799,980	\$ 6,343	\$ 2,031,279	\$ (42,542)
Academic education	7,414,031	(624,137)	7,369,185	(348,407)
Special education	42,834,001	88,543	41,461,900	2,087,359
Student clubs	33,230	(2,424)	30,182	2,836
Administrative support services and operations and maintenance	14,177,454	3,784,843	14,507,409	3,182,956
Food service	271,290	(123,089)	302,050	(172,144)
Community service	302,778	(73,378)	289,497	(23,258)
Interest and fiscal charges on debt	1,862,426	(1,862,426)	2,603,436	(2,603,436)
Total	\$ 68,695,190	\$ 1,194,275	\$ 68,594,938	\$ 2,083,364

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. Table 4 shows the change in total fund balances of each of the District's governmental funds:

	2010	2009	Increase (Decrease)
Major funds			
General	\$ 8,949,859	\$ 7,789,363	\$ 1,160,496
Nonmajor funds			
Community Service Special Revenue	3	(20,067)	20,070
Capital Projects – Building Construction Fund	(353,761)	–	(353,761)
Total governmental funds	\$ 8,596,101	\$ 7,769,296	\$ 826,805

There was a net increase in the General Fund balance of \$1,160,496 as shown above. The Board of Directors fund balance policy states: "To ensure the financial strength and stability of the District, the Board of Directors will endeavor to maintain an unappropriated fund balance of at least 6 percent of the District's General Fund operating budget, excluding operating capital programs." The District was also able to transfer an amount to unreserved – designated for the separation and severance fund balance to continue to fund future severance obligations, as well as to unreserved – designated for the North Education Center (NEC) to set aside dollars to be used in the construction and furnishing of the NEC.

## Analysis of the General Fund

Table 5 presents a summary of General Fund revenues:

	<u>2010</u>	<u>2009</u>	<u>Amount of Increase (Decrease)</u>
Local sources			
Pass-through levies	\$ 6,823,078	\$ 6,134,620	\$ 688,458
Tuition	23,511,263	28,370,605	(4,859,342)
Investment earnings	13,112	46,822	(33,710)
Other	2,735,809	2,394,942	340,867
State sources	35,631,298	33,178,712	2,452,586
Federal sources	<u>1,003,070</u>	<u>314,578</u>	<u>688,492</u>
 Total General Fund revenues	 <u>\$ 69,717,630</u>	 <u>\$ 70,440,279</u>	 <u>\$ (722,649)</u>

The District received approximately \$6.8 million in property taxes that were levied for by their member districts. The pass-through levies are authorized in Minnesota Statutes to cover the District's lease costs, safe schools initiatives, and health and safety programs.

Fiscal year 2009 was the first year that the MDE processed special education tuition billing on behalf of the District. In fiscal year 2010, there were prior year adjustments that caused the amount of tuition billed by the District to decrease, while offsetting billing dollars from the state increased. In addition, enrollments and costs were down in several areas where the District directly bills tuition. State sources also increased due to compensatory aid being generated and paid directly to the District. Federal sources increased due to an increase in Title II – Part B and Math and Science Partnership grant funding.

Table 6 presents a summary of General Fund expenditures:

	<u>2010</u>	<u>2009</u>	<u>Amount of Increase (Decrease)</u>
Salaries	\$ 38,758,428	\$ 38,003,379	\$ 755,049
Employee benefits	13,798,746	12,479,882	1,318,864
Purchased services	9,749,889	11,284,484	(1,534,595)
Supplies and materials	1,014,559	1,212,794	(198,235)
Other expenditures	427,351	266,417	160,934
Capital expenditures	869,915	1,065,404	(195,489)
Debt service	<u>3,771,156</u>	<u>3,673,379</u>	<u>97,777</u>
Total General Fund expenditures	<u>\$ 68,390,044</u>	<u>\$ 67,985,739</u>	<u>\$ 404,305</u>

Budget reductions were made in 2010 to essentially hold total expenditures flat compared to 2009. Salary and benefits increased, while purchased services decreased to a large extent due to hiring technology staff and eliminating the contracted service for information technology functions. Other salary and benefit increases were due to normal inflationary increases.

Table 7 shows the General Fund unreserved – undesignated fund balance as compared to expenditures:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Unreserved – undesignated fund balance	\$ 561,124	\$ 2,796,598	\$ 2,889,686	\$ 4,691,375	\$ 3,881,444
Unreserved – undesignated fund balance as a percentage of noncapital related expenditures	1.0%	5.0%	4.9%	6.9%	5.7%

Unreserved – undesignated fund balance as a percentage of noncapital related expenditures is one key measurement of a district’s financial health. The unreserved – undesignated fund balance of \$3,881,444 at June 30, 2010 represents 5.7 percent of annual expenditures. The District continues to monitor its fund balances closely. The Board of Directors policy sets a goal of 6.0 percent for the unreserved – undesignated fund balance.

## General Fund Budgetary Highlights

Table 8 summarizes the General Fund budget to actual comparison:

<b>Table 8 General Fund Budget</b>					
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>	
				<u>Amount</u>	<u>Percent</u>
Revenue	<u>\$ 68,055,161</u>	<u>\$ 73,226,011</u>	<u>\$ 69,717,630</u>	<u>\$ (3,508,381)</u>	<u>(4.8%)</u>
Expenditures (noncapital related)	<u>\$ 66,819,391</u>	<u>\$ 72,007,791</u>	<u>\$ 68,390,044</u>	<u>\$ (3,617,747)</u>	<u>(5.0%)</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.

General Fund revenue was under budgeted amounts due to lower than anticipated enrollments both in the District's average daily membership based programs and elective services programs. General Fund expenditures were under budget due to corresponding cost containment efforts that brought expenditures in line with the lower student enrollment numbers for the year.

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

Table 9 shows the District's capital assets, together with changes from the previous year. The table also shows total depreciation expense for fiscal years ending June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>	<u>Net Change</u>
Land	\$ 9,669,366	\$ 8,838,769	\$ 830,597
Buildings	41,686,261	12,740,489	28,945,772
Equipment	2,623,116	2,770,491	(147,375)
Construction in progress	-	24,483,794	(24,483,794)
Assets held under capital lease	1,820,432	1,820,432	-
Less accumulated depreciation	<u>(6,098,579)</u>	<u>(5,503,782)</u>	<u>(594,797)</u>
Total	<u>\$ 49,700,596</u>	<u>\$ 45,150,193</u>	<u>\$ 4,550,403</u>
Depreciation expense	<u>\$ 1,071,482</u>	<u>\$ 575,337</u>	<u>\$ 496,145</u>

The significant increase in the buildings category includes the completion of the South Education Center with the cost moving from construction in progress. Buildings also increased due to the purchase of the Edgewood School. The increase in land is also related to the purchase of the Edgewood School.

### Long-Term Liabilities

Table 10 illustrates the components of the District's long-term liabilities, together with the change from the prior year:

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease)</u>	<u>Total Percent Change</u>
Capital leases payable	\$ 27,125,261	\$ 43,514,544	\$ (16,389,283)	(37.7%)
Certificates of participation payable	20,665,000	-	20,665,000	100.0%
Severance benefits payable	5,017,828	4,895,311	122,517	2.5%
Compensated absences payable	377,608	293,356	84,252	28.7%
Net OPEB obligation	637,113	292,515	344,598	117.8%
Net pension obligation	<u>145,287</u>	<u>142,108</u>	<u>3,179</u>	<u>2.2%</u>
Total	<u>\$ 53,968,097</u>	<u>\$ 49,137,834</u>	<u>\$ 4,830,263</u>	<u>9.8%</u>

The increase in certificates of participation payable is due to the financing for the purchase of the Edgewood School. The District also refinanced two capital leases by issuing refunding certificates of participation in fiscal 2010. Previously, the District leased that building through an operating lease. With the purchase, that cost has decreased, stabilized, and will be paid in full in 2025. Additional details of the District's capital assets and long-term debt activity can be found in the notes to basic financial statements.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District is dependent on selling services to independent school districts throughout the state of Minnesota for its revenue. The majority of this revenue is generated through services provided to the member independent school districts of the District. Recent experience demonstrates that legislated revenue increases to these members for providing educational services have not been sufficient to meet instructional program needs and increased costs due to inflation. The District will be under continued pressure from the independent school districts to control costs in programs that are specialized and, in some cases, expensive to operate.

The District has received notice that one member district is withdrawing its membership as of June 30, 2011. This member district has been decreasing its involvement in special education programs over the last few years. This decrease in involvement has been managed within the budget planning processes and offset by enrollment increases from other member and non-member districts. The situation reinforces the District's need to control costs and deliver services efficiently.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, 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 this report or need additional financial information, contact the Business Services Office, Intermediate District No. 287, 1820 North Xenium Lane, Plymouth, Minnesota 55441.

BASIC FINANCIAL STATEMENTS

INTERMEDIATE DISTRICT NO. 287

Statement of Net Assets  
as of June 30, 2010  
(With Partial Comparative Information as of June 30, 2009)

	Governmental Activities	
	2010	2009
<b>Assets</b>		
Cash and temporary investments	\$ 6,394,714	\$ 383,665
Receivables		
Accounts and interest	377,078	325,891
Due from other governmental units	19,208,965	19,664,901
Inventory	1,526	755
Prepaid items	103,392	33,900
Unamortized discounts	622,571	—
Capital assets, net of depreciation		
Not depreciated	11,489,798	35,142,995
Depreciated, net of accumulated depreciation	38,210,798	10,007,198
Total capital assets, net of accumulated depreciation	<u>49,700,596</u>	<u>45,150,193</u>
<b>Total assets</b>	<u>\$ 76,408,842</u>	<u>\$ 65,559,305</u>
<b>Liabilities</b>		
Aid anticipation certificates	\$ 4,895,000	\$ —
Salaries and compensated absences payable	932,041	965,924
Accounts and contracts payable	852,979	828,199
Due to other governmental units	2,598,904	2,694,138
Unearned revenue	8,028,922	8,087,420
Accrued interest payable	431,431	661,598
Unamortized premiums	117,235	—
Long-term liabilities		
Due within one year	2,422,202	1,914,554
Due in more than one year	51,545,895	47,223,280
Total long-term liabilities	<u>53,968,097</u>	<u>49,137,834</u>
<b>Total liabilities</b>	71,824,609	62,375,113
<b>Net assets</b>		
Invested in capital assets, net of related debt	2,415,671	1,635,649
Restricted for		
Student clubs	41,489	43,911
Capital asset acquisition	—	116,287
Other purposes	142,273	—
Unrestricted	1,984,800	1,388,345
Total net assets	<u>4,584,233</u>	<u>3,184,192</u>
<b>Total liabilities and net assets</b>	<u>\$ 76,408,842</u>	<u>\$ 65,559,305</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Activities  
 Year Ended June 30, 2010  
 (With Partial Comparative Information for the Year Ended June 30, 2009)

Functions/Programs	2010			2009	
	Expenses	Program Revenues		Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets	Revenue and Changes in Net Assets
			Governmental Activities	Governmental Activities	
Governmental activities					
Career and technical education	\$ 1,799,980	\$ 1,797,147	\$ 9,176	\$ 6,343	\$ (42,542)
Academic education	7,414,031	6,169,755	620,139	(624,137)	(348,407)
Special education	42,834,001	13,907,935	29,014,609	88,543	2,087,359
Student clubs	33,230	28,116	2,690	(2,424)	2,836
Administrative support services and operations and maintenance	14,177,454	10,560,154	7,402,143	3,784,843	3,182,956
Food service	271,290	36,046	112,155	(123,089)	(172,144)
Community service	302,778	178,160	51,240	(73,378)	(23,258)
Interest and fiscal charges on debt	1,862,426	—	—	(1,862,426)	(2,603,436)
Total governmental activities	<u>\$ 68,695,190</u>	<u>\$ 32,677,313</u>	<u>\$ 37,212,152</u>	1,194,275	2,083,364
General revenues					
Other general revenues				192,654	111,300
Investment earnings				13,112	49,193
Total general revenues				<u>205,766</u>	<u>160,493</u>
Change in net assets				1,400,041	2,243,857
Net assets – beginning				<u>3,184,192</u>	<u>940,335</u>
Net assets – ending				<u>\$ 4,584,233</u>	<u>\$ 3,184,192</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Balance Sheet  
 Governmental Funds  
 as of June 30, 2010  
 (With Partial Comparative Information as of June 30, 2009)

	General Fund	Nonmajor Funds	Total Governmental Funds	
			2010	2009
Assets				
Cash and temporary investments	\$ 6,191,203	\$ 54,161	\$ 6,245,364	\$ 270,852
Receivables				
Accounts and interest	374,136	2,942	377,078	325,891
Due from other funds	174,465	—	174,465	50,350
Due from other governmental units	19,181,418	27,547	19,208,965	19,664,901
Inventory	—	1,526	1,526	755
Prepaid items	103,392	—	103,392	33,900
	<u>\$ 26,024,614</u>	<u>\$ 86,176</u>	<u>\$ 26,110,790</u>	<u>\$ 20,346,649</u>
Liabilities and Fund Balances				
Liabilities				
Aid anticipation certificates	\$ 4,895,000	\$ —	\$ 4,895,000	\$ —
Salaries and compensated absences payable	879,012	3,698	882,710	917,246
Due to other funds	—	174,465	174,465	50,350
Accounts and contracts payable	628,557	224,422	852,979	828,199
Accrued interest payable	81,709	—	81,709	—
Due to other governmental units	2,562,064	36,840	2,598,904	2,694,138
Unearned revenue	8,028,413	509	8,028,922	8,087,420
Total liabilities	<u>17,074,755</u>	<u>439,934</u>	<u>17,514,689</u>	<u>12,577,353</u>
Fund balances (deficit)				
Reserved for health and safety	1,236	—	1,236	1,243
Reserved for basic skills	10,742	—	10,742	—
Reserved for safe schools levy	130,292	—	130,292	115,044
Unreserved				
Designated for severance	3,100,950	—	3,100,950	2,123,524
Designated for property	783,706	—	783,706	814,266
Designated for student clubs	41,489	—	41,489	43,911
Designated for North Education Center	1,000,000	—	1,000,000	—
Unreserved – undesignated, reported in				
General fund	3,881,444	—	3,881,444	4,691,375
Special revenue funds	—	3	3	(20,067)
Capital project funds	—	(353,761)	(353,761)	—
Total fund balances (deficit)	<u>8,949,859</u>	<u>(353,758)</u>	<u>8,596,101</u>	<u>7,769,296</u>
	<u>\$ 26,024,614</u>	<u>\$ 86,176</u>	<u>\$ 26,110,790</u>	<u>\$ 20,346,649</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Reconciliation of the Balance Sheet to the  
Statement of Net Assets  
Governmental Funds  
as of June 30, 2010  
(With Partial Comparative Information as of June 30, 2009)

	<u>2010</u>	<u>2009</u>
Total fund balances – governmental funds	\$ 8,596,101	\$ 7,769,296
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets are included in net assets, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	55,799,175	50,653,975
Accumulated depreciation	(6,098,579)	(5,503,782)
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.		
	(349,722)	(661,598)
Long-term liabilities are included in net assets, but are excluded from fund balances until due and payable.		
Capital leases payable	(27,125,261)	(43,514,544)
Certificates of participation payable	(20,665,000)	–
Severance benefits payable	(5,017,828)	(4,895,311)
Compensated absences payable	(377,608)	(293,356)
Net other post-employment benefit obligation	(637,113)	(292,515)
Net pension obligation	(145,287)	(142,108)
Debt issuance premiums and discounts are included in the change in net assets 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.		
	505,336	–
The Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.		
	<u>100,019</u>	<u>64,135</u>
Total net assets – governmental activities	<u>\$ 4,584,233</u>	<u>\$ 3,184,192</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2010  
 (With Partial Comparative Information for the Year Ended June 30, 2009)

	General Fund	Nonmajor Funds	Total Governmental Funds	
			2010	2009
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 6,823,078	\$ —	\$ 6,823,078	\$ 6,134,620
Tuition	23,511,263	134,015	23,645,278	28,497,181
Investment earnings	13,112	—	13,112	46,822
Other	2,735,809	80,191	2,816,000	2,466,010
State sources	35,631,298	4,864	35,636,162	33,182,801
Federal sources	1,003,070	158,531	1,161,601	508,990
Total revenue	<u>69,717,630</u>	<u>377,601</u>	<u>70,095,231</u>	<u>70,836,424</u>
<b>Expenditures</b>				
Current				
Career and technical education	1,790,305	—	1,790,305	1,982,275
Academic education	7,081,001	—	7,081,001	7,207,247
Special education	41,957,754	—	41,957,754	40,891,197
Student clubs	33,230	—	33,230	30,182
Administrative support services and operations and maintenance	13,756,598	—	13,756,598	14,201,459
Food service	—	273,735	273,735	302,050
Community service	—	302,880	302,880	289,448
Capital outlay	—	5,720,996	5,720,996	—
Debt service				
Principal	1,596,854	—	1,596,854	1,291,530
Interest and fiscal charges	2,174,302	—	2,174,302	2,381,849
Total expenditures	<u>68,390,044</u>	<u>6,297,611</u>	<u>74,687,655</u>	<u>68,577,237</u>
Excess (deficiency) of revenue over expenditures	1,327,586	(5,920,010)	(4,592,424)	2,259,187
<b>Other financing sources (uses)</b>				
Refunding certificates of participation issued	15,975,000	—	15,975,000	—
Certificates of participation issued	—	5,250,000	5,250,000	—
Debt issuance premiums (discounts)	(622,571)	117,235	(505,336)	—
Payments on refunded debt	(15,352,429)	—	(15,352,429)	—
Transfers in	—	219,084	219,084	172,144
Transfers (out)	(219,084)	—	(219,084)	(172,144)
Sale of capital assets	51,994	—	51,994	16,668
Total other financing sources (uses)	<u>(167,090)</u>	<u>5,586,319</u>	<u>5,419,229</u>	<u>16,668</u>
Net change in fund balances	1,160,496	(333,691)	826,805	2,275,855
<b>Fund balances (deficit)</b>				
Beginning of year	<u>7,789,363</u>	<u>(20,067)</u>	<u>7,769,296</u>	<u>5,493,441</u>
End of year	<u>\$ 8,949,859</u>	<u>\$ (353,758)</u>	<u>\$ 8,596,101</u>	<u>\$ 7,769,296</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Reconciliation of the Statement of  
Revenue, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2010

(With Partial Comparative Information for the Year Ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
Total net change in fund balances – governmental funds	\$ 826,805	\$ 2,275,855
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net assets 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	5,730,762	530,189
Depreciation expense	(1,071,482)	(575,337)
The amount of debt proceeds is reported in the governmental funds as a source of financing. Debt proceeds are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
	(21,225,000)	–
Repayment of long-term debt principal does not affect the change in net assets. However, it reduces fund balances.		
Capital lease payable	16,389,283	1,291,530
Certificates of participation payable	560,000	–
Interest on long-term debt is included in the change in net assets as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	311,876	(221,587)
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 assets. However, only the sale proceeds are included in the change in fund balances.		
	(108,877)	(136,602)
The Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The change in net assets of the Internal Service Fund is included in the governmental activities in the Statement of Activities.		
	35,884	(37,113)
Debt issuance premiums and discounts are included in the change in net assets 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.		
	505,336	–
Certain expenses are included in the change in net assets, but do not require the use of current funds, and are not included in the change in fund balances.		
Severance benefits payable	(122,517)	(363,698)
Compensated absences payable	(84,252)	(84,757)
Net other post-employment benefit obligation	(344,598)	(292,515)
Net pension obligation	(3,179)	(142,108)
Change in net assets – governmental activities	<u>\$ 1,400,041</u>	<u>\$ 2,243,857</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 General Fund  
 Year Ended June 30, 2010

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 7,227,247	\$ 6,341,208	\$ 6,823,078	\$ 481,870
Tuition	25,008,400	26,086,315	23,511,263	(2,575,052)
Investment earnings	50,000	50,000	13,112	(36,888)
Other	2,109,355	3,074,549	2,735,809	(338,740)
State sources	32,703,173	36,337,619	35,631,298	(706,321)
Federal sources	956,986	1,336,320	1,003,070	(333,250)
Total revenue	<u>68,055,161</u>	<u>73,226,011</u>	<u>69,717,630</u>	<u>(3,508,381)</u>
<b>Expenditures</b>				
Current				
Career and technical education	1,766,431	2,014,161	1,790,305	(223,856)
Academic education	6,367,512	7,256,085	7,081,001	(175,084)
Special education	40,550,121	44,457,818	41,957,754	(2,500,064)
Student clubs	28,800	28,800	33,230	4,430
Administrative support services and operations and maintenance	14,433,149	14,603,572	13,756,598	(846,974)
Debt service				
Principal	1,360,902	1,596,854	1,596,854	—
Interest and fiscal charges	2,312,476	2,050,501	2,174,302	123,801
Total expenditures	<u>66,819,391</u>	<u>72,007,791</u>	<u>68,390,044</u>	<u>(3,617,747)</u>
Excess (deficiency) of revenue over expenditures	1,235,770	1,218,220	1,327,586	109,366
<b>Other financing sources (uses)</b>				
Refunding certificates of participation issued	—	—	15,975,000	15,975,000
Debt issuance premiums (discounts)	—	—	(622,571)	(622,571)
Payments on refunded debt	—	—	(15,352,429)	(15,352,429)
Transfers (out)	(176,313)	(143,903)	(219,084)	(75,181)
Sale of capital assets	—	—	51,994	51,994
Total other financing sources (uses)	<u>(176,313)</u>	<u>(143,903)</u>	<u>(167,090)</u>	<u>(23,187)</u>
Net change in fund balances	<u>\$ 1,059,457</u>	<u>\$ 1,074,317</u>	<u>1,160,496</u>	<u>\$ 86,179</u>
<b>Fund balances</b>				
Beginning of year			<u>7,789,363</u>	
End of year			<u>\$ 8,949,859</u>	

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 287

Statement of Net Assets  
 Proprietary Fund  
 Internal Service Fund  
 as of June 30, 2010  
 (With Partial Comparative Information for the Year Ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
Assets		
Current assets		
Cash and temporary investments	\$ 149,350	\$ 112,813
Liabilities		
Salaries and benefits payable	<u>49,331</u>	<u>48,678</u>
Net assets		
Unrestricted	<u>\$ 100,019</u>	<u>\$ 64,135</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 287

Statement of Revenue, Expenses, and Changes in Fund Net Assets  
 Proprietary Fund  
 Internal Service Fund  
 Year Ended June 30, 2010  
 (With Partial Comparative Information for the Year Ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
Operating revenue		
Contributions from governmental funds	\$ 429,114	\$ 452,782
Operating expenses		
Dental benefit claims and expenses	<u>393,230</u>	<u>492,266</u>
Operating income (loss)	35,884	(39,484)
Non-operating revenue		
Investment earnings	<u>-</u>	<u>2,371</u>
Change in net assets	35,884	(37,113)
Net assets		
Beginning of year	<u>64,135</u>	<u>101,248</u>
End of year	<u>\$ 100,019</u>	<u>\$ 64,135</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 287

Statement of Cash Flows  
 Proprietary Fund  
 Internal Service Fund  
 Year Ended June 30, 2010  
 (With Partial Comparative Information for the Year Ended June 30, 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 429,114	\$ 452,782
Payments for dental claims	<u>(392,577)</u>	<u>(443,588)</u>
Net cash provided (used) by operating activities	36,537	9,194
Cash flows from investing activities		
Interest on investments	<u>—</u>	<u>2,371</u>
Net change in cash and cash equivalents	36,537	11,565
Cash and temporary investments		
Beginning of year	<u>112,813</u>	<u>101,248</u>
End of year	<u><u>\$ 149,350</u></u>	<u><u>\$ 112,813</u></u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	\$ 35,884	\$ (39,484)
Increase in claims payable	<u>653</u>	<u>48,678</u>
Net cash provided by operating activities	<u><u>\$ 36,537</u></u>	<u><u>\$ 9,194</u></u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Fiduciary Net Assets  
as of June 30, 2010

	<u>Employee Benefit Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 70,039	\$ 231,462
Cash and investments held by trustee	—	2,019,367
Due from other governmental units	—	721,176
Prepaid items	<u>2,800</u>	<u>—</u>
Total assets	72,839	<u>\$ 2,972,005</u>
Liabilities		
Checks issued, but not presented for payment	—	\$ 292,574
Accounts and contracts payable	66,480	436,693
Due to other governmental units	<u>—</u>	<u>2,242,738</u>
Total liabilities	<u>66,480</u>	<u>\$ 2,972,005</u>
Net assets		
Held in trust for flexible benefits	<u>\$ 6,359</u>	

Statement of Changes in Fiduciary Net Assets  
Year Ended June 30, 2010

	<u>Employee Benefit Trust Fund</u>
Additions	
Plan member contributions	\$ 348,977
Deductions	
Benefits to plan members	<u>353,766</u>
Change in net assets	(4,789)
Net assets	
Beginning of year	<u>11,148</u>
End of year	<u>\$ 6,359</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Notes to Basic Financial Statements  
June 30, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The financial statements of Intermediate District No. 287 (the District) 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.

The District is an instrumentality of the state of Minnesota established to function as an educational institution. The District's Board of Directors is responsible for legislative and fiscal control of the District. A superintendent is appointed by the Board of Directors and is responsible for administrative control of the District.

**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, district school boards can elect to either control or not control extracurricular activities. The District's Board of Directors has elected to exercise control over extracurricular activities; therefore, the extracurricular student activity accounts are included in the District's General Fund.

**C. Government-Wide Financial Statement Presentation**

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. 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.

### D. 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. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. The proprietary fund (Internal Service Fund) is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the proprietary fund (Internal Service Fund) is consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

Proprietary funds distinguish operating revenues and expenses from 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 Fund is charges to employees for insurance. The District's only proprietary fund is the Internal Service Fund, which provides services to the governmental funds.

Governmental funds 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. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Federal revenue is recorded in the year in which the related expenditure is made. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Other revenue is considered available if collected within 60 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and severance and health benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and use the accrual basis of accounting as described earlier in these notes. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

### Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education. 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 has included in the General Fund subdivisions to account for revenue and expenditures for career and technical education, academic education, special education, district-wide (including administrative support services and operations and maintenance), severance and property, and student clubs.

#### Nonmajor Governmental Funds

**Food Service Special Revenue Fund** – The Food Service Special Revenue Fund is used primarily to record financial activities of the District's child nutrition program.

**Community Service Special Revenue Fund** – The Community Service Special Revenue Fund is used to account for services in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

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

#### Proprietary Fund

**Internal Service Fund** – The Internal Service Fund is used to account for and finance the uninsured risk of loss of the District's employee dental plan.

#### Fiduciary Fund

**Employee Benefit Trust Fund** – The Employee Benefit Trust Fund is used to administer resources received and held by the District as the trustee for others. The Employee Benefit Trust Fund includes the District's flexible benefit plan (Internal Revenue Code § 125 Cafeteria Plan).

**Agency Funds** – Agency funds are established to account for cash and other assets held by the District as an agent for others. These funds are used to account for the transactions of the District's capital lease escrows for the South Education Center Projects, Edgewood Building Projects, and the activities of the Keystone community services.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **E. Budgeting**

The budget for each fund is prepared on the same basis of accounting as the financial statements. Each June, the Board of Directors adopts an annual budget for the following fiscal year for the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund. Legal budgetary control is at the fund level. Supplemental budgetary appropriations included an increase in General Fund revenues of \$5,170,850 and an increase in expenditures of \$5,188,400. Budgeted appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the Capital Projects – Building Construction Fund by \$5,720,996.

### **F. Cash and 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 South Education Construction Agency Fund, an escrow account is established for future capital outlays. Interest earned on these investments was allocated directly to those accounts.

Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

### **G. Receivables**

All receivables are shown net of any allowance for uncollectibles; however, no allowance has been recorded. The District believes all receivables are fully collectible within one year.

### **H. Inventories**

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

### **I. Prepaid Items**

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

### **J. Capital Assets**

Capital assets are capitalized at historical cost or estimated historical cost for purchased or constructed assets. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial 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, ranging from 20 to 50 years for buildings, and 4 to 15 years for equipment.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital assets not being depreciated include land, construction in progress, and assets held under capital lease.

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.

### **K. Unearned Revenue**

The District bills member districts for fiscal 2011 services in advance to maintain adequate cash flow throughout the year. The District has recorded these amounts as unearned revenue until the services are provided.

### **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. Bond premiums and discounts, as well as issuance costs, if material, are deferred and amortized over the life of the bonds using the straight-line method.

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

### **M. Compensated Absences Payable**

- 1. Vacation Pay** – Employees are entitled to vacation based on length of employment, 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 earned or 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.
- 2. 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 and convertible sick leave payments for some employees upon termination.

### **N. Severance Benefits**

The District provides lump sum severance or retirement pay to eligible employees in accordance with provisions in certain collectively bargained contracts.

Members of certain employee groups within the District, including teachers, may become eligible to receive lump sum severance or retirement 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 employee can receive severance or retirement benefits that exceed one year's salary. Members of certain employee groups may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan. The amount of any severance or retirement benefit due an individual is reduced by the total matching contributions made by the District to such a plan over the course of that individual's employment.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Severance or retirement benefits are required to be paid out over a 21-month period following the effective date of retirement. Retirement benefits for eligible teachers are paid into a post-employment healthcare savings plan, administered by the Minnesota State Retirement System. For other employees, severance benefits are paid into a pay deferral plan or healthcare savings plan as directed by the individual retirees. Severance is recorded as a liability in the government-wide statements as it is earned and it becomes probable that it will vest at some point in the future. Severance or retirement pay is accrued in the governmental fund financial statements only when it becomes due and payable.

### O. Tuition Billings

The District's policy is to recognize tuition revenue in the fiscal year that corresponds with the fiscal year in which the educational services are rendered to resident districts. Therefore, tuition revenue for the year ended June 30, 2010 represents services performed during the 2009–2010 fiscal year.

Special education, career and technical, and academic tuition billings are based on a determination of the general education, categorical aids, prior legislative formulas for cooperation revenue, and any other pertinent levy dollars as provided by legislation to each student's resident local school district.

### P. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal 2010.

In fiscal 2008, the District started an Internal Service Fund to account for and finance its uninsured risk of loss for an employee dental plan. The Internal Service Fund is funded by the District, employee contributions, and interest income. The claims liability of \$49,331 reported in the Internal Service Fund at June 30, 2010 is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the loss can be reasonably estimated. Changes in the Internal Service Fund's claim liability were:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
June 30, 2010	\$ 48,678	\$ 393,230	\$ 392,577	\$ 49,331
June 30, 2009	\$ –	\$ 456,582	\$ 407,904	\$ 48,678

### Q. Statement of Cash Flows

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

### R. Net Assets

Net assets represent the difference between assets and liabilities in the government-wide and fiduciary fund financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### S. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Deposits

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

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 a deficit of (\$835,490) while the balance on the bank records was \$1,341. At June 30, 2010, all deposits were insured or collateralized by securities held by the District’s agent in the District’s name.

### B. Cash on Hand

Cash in the possession of the District, consisting of petty cash and change funds, totaled \$650 at year-end.

### C. Investments

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

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

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

**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, when purchasing investments the District considers such things as interest rates and cash flow needs.

**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 policy does not further address these potential risks.

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**D. Summary Information**

The following table presents the District’s deposit and investment balances at June 30, 2010, and information relating to potential investment risks:

Investment Type	Credit Risk		Interest	Carrying Value
	Credit Rating	Rating Agency	Rate Risk Maturity Date	
Negotiable certificates of deposit	N/A	N/A	< 1 year	\$ 1,227,168
Negotiable certificates of deposit	N/A	N/A	1 to 5 years	490,304
Investment pools/mutual funds				
Minnesota School District Liquid Asset Fund				
Liquid portfolio	AAAm	S&P	N/A	3,829,854
Max portfolio	AAAm	S&P	N/A	3,408,627
Money market accounts	AAAm	S&P	N/A	301,895
Total investments				9,257,848
Deposits				(835,490)
Cash on hand				650
Total cash and investments				<u>\$ 8,423,008</u>

N/A – Not Applicable

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool shares.

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

Cash and temporary investments – Statement of Net Assets	\$ 6,394,714
Cash and investments – Statement of Fiduciary Net Assets	
Employee Benefit Trust Fund	70,039
Agency Fund	231,462
Checks issued, but not presented for payment – Statement of Fiduciary Net Assets	
Agency Fund	(292,574)
Cash and investments held by trustee – Statement of Fiduciary Net Assets	
Agency Fund	2,019,367
Total cash and investments	<u>\$ 8,423,008</u>

### NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 8,838,769	\$ 830,597	\$ –	\$ –	\$ 9,669,366
Assets held under capital leases	1,820,432	–	–	–	1,820,432
Construction in progress	24,483,794	157,384	–	(24,641,178)	–
Total capital assets, not depreciated	35,142,995	987,981	–	(24,641,178)	11,489,798
Capital assets, depreciated					
Buildings	12,740,489	4,552,403	(247,809)	24,641,178	41,686,261
Equipment	2,770,491	190,378	(337,753)	–	2,623,116
Total capital assets, depreciated	15,510,980	4,742,781	(585,562)	24,641,178	44,309,377
Less accumulated depreciation for					
Buildings	(3,292,966)	(896,324)	315,723	–	(3,873,567)
Equipment	(2,210,816)	(175,158)	160,962	–	(2,225,012)
Total accumulated depreciation	(5,503,782)	(1,071,482)	476,685	–	(6,098,579)
Net capital assets, depreciated	10,007,198	3,671,299	(108,877)	24,641,178	38,210,798
Total capital assets, net	<u>\$ 45,150,193</u>	<u>\$ 4,659,280</u>	<u>\$ (108,877)</u>	<u>\$ –</u>	<u>\$ 49,700,596</u>

Depreciation expense for the year ended June 30, 2010 was charged to the following governmental functions:

Career and technical education	\$ 11,129
Academic education	333,632
Special education	396,086
Administrative support services and operations and maintenance	330,635
Total depreciation expense	<u>\$ 1,071,482</u>

### NOTE 4 – SHORT-TERM BORROWING

The District's utilization of aid anticipation certificates for cash flow purposes is summarized as follows:

Issue Date	Maturity Date	Interest Rate	June 30, 2009	Additions	Retirements	June 30, 2010
10/29/2009	09/30/2010	2.5%	\$ –	\$ 4,895,000	\$ –	\$ 4,895,000

Interest and fiscal charges of \$74,513 were charged to the General Fund in fiscal 2010.

## NOTE 5 – LONG-TERM LIABILITIES

### A. Components and Changes in Long-Term Liabilities

	June 30, 2009	Additions	Retirements	June 30, 2010	Due Within One Year
Capital leases payable	\$ 43,514,544	\$ –	\$ 16,389,283	\$ 27,125,261	\$ 844,863
Certificates of participation payable	–	21,225,000	560,000	20,665,000	810,000
Severance benefits payable	4,895,311	465,694	343,177	5,017,828	389,731
Compensated absences payable	293,356	103,370	19,118	377,608	377,608
Net other post-employment benefit obligation	292,515	790,451	445,853	637,113	–
Net pension obligation	142,108	38,152	34,973	145,287	–
	<u>\$ 49,137,834</u>	<u>\$ 22,622,667</u>	<u>\$ 17,792,404</u>	<u>\$ 53,968,097</u>	<u>\$ 2,422,202</u>

### B. Descriptions of Long-Term Liabilities

#### 1. Capital Leases Payable – The following capital leases are outstanding as of June 30, 2010:

Issue	Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding
Capital leases payable					
North Vector	02/15/2005	5.37%	\$ 96,000	01/15/2025	\$ 80,194
Technology	02/14/2006	4.78%	\$ 1,400,000	03/15/2013	659,645
South Education Center – construction	10/10/2006	5.30%	\$ 25,400,000	01/01/2032	26,385,422
Total capital leases payable					<u>\$ 27,125,261</u>

The assets acquired through the capital leases have been recorded in capital assets within land of \$8,430,597, building and equipment costs of \$38,627,971, and assets held under capital lease of \$1,820,432. The building and equipment costs are depreciated using the straight-line method over the life of the leases. The lease obligations will be repaid through the General Fund.

#### 2. Certificates of Participation Payable – The following certificates of participation are outstanding as of June 30, 2010:

Issue	Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding
Certificates of participation payable					
Refunding Certificate of Participation – 2009A (Bren Road)	07/15/2009	1.65–5.00%	\$ 8,570,000	02/01/2025	\$ 8,010,000
Refunding Certificate of Participation – 2010C (SEC Land)	06/30/2010	2.00–4.25%	\$ 7,405,000	02/01/2028	7,405,000
Certificate of Participation – 2010A	01/07/2010	2.40%	\$ 3,200,000	02/01/2020	3,200,000
Certificate of Participation – 2010B (Build America Bonds – Direct Pay)	01/07/2010	5.48%	\$ 2,050,000	02/01/2025	2,050,000
Total certificates of participation payable					<u>\$ 20,665,000</u>

The certificates of participation will be repaid by the General Fund. In fiscal 2010, the District sold two certificates of participation to finance the purchase of a building in the District. The District's 2010B Certificates of Participation were issued as Build America Bonds – Direct Pay, for which the District will receive a federal tax credit equal to 35 percent of the interest payment on this debt issue.

## NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

On July 15, 2009, the District issued \$8,570,000 of Refunding Certificates of Participation 2009A (Bren Road) to refund, in advance of its maturity, the 2010 through 2025 maturities of the District's Series 2004 (Bren Road) totaling \$8,047,974. On July 15, 2009, the proceeds were used to call the remaining principal of the lease agreement issues, and the District will assume the principal and interest payments on the 2009A issue. This refunding reduced the District's total future debt service payments by \$426,854 and resulted in a present value savings of \$395,526.

On June 30, 2010, the District issued \$7,405,000 of Refunding Certificates of Participation 2010C (SEC Land Purchase) to refund, in advance of its maturity, the 2010 through 2028 maturities of the District's Series 2006 (SEC Land Purchase) totaling \$7,600,000. On June 30, 2010, the proceeds were used to call the remaining principal of the lease agreement issues, and the District will assume the principal and interest payments on the 2010C issue. This refunding reduced the District's total future debt service payments by \$995,056 and resulted in a present value savings of \$808,133.

3. **Severance Benefits Payable** – Severance benefits payable consist of early retirement incentive benefits payable to former employees. Severance benefit liabilities are paid by the General Fund. Annual payments to retire the severance benefit liabilities have not been determined and will depend on actual employee turnover.
4. **Compensated Absences Payable** – Compensated absences payable represent accrued vacation payable at year-end. Compensated absences are paid by the General Fund. Annual payments to retire compensated absences payable have not been determined and will depend on employee turnover and actual employee absences.

### C. Minimum Debt Payments

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

Year Ending June 30,	Capital Leases		Certificates of Participation	
	Principal	Interest	Principal	Interest
2011	\$ 844,863	\$ 1,422,170	\$ 810,000	\$ 691,117
2012	889,087	1,377,946	1,050,000	769,160
2013	935,630	1,331,403	1,075,000	746,225
2014	743,126	1,285,271	1,095,000	719,488
2015	782,998	1,245,398	1,130,000	686,813
2016–2020	4,592,109	5,549,873	6,265,000	2,823,593
2021–2025	5,963,551	4,178,430	7,610,000	1,410,722
2026–2030	7,700,212	2,402,503	1,630,000	131,550
2031–2033	4,673,685	377,672	–	–
	<u>\$ 27,125,261</u>	<u>\$ 19,170,666</u>	<u>\$ 20,665,000</u>	<u>\$ 7,978,668</u>

**NOTE 6 – RESERVED AND DESIGNATED FUND BALANCES**

In the fund financial statements, fund balances are reserved based on state requirements to track special program funding, to provide funding for certain long-term liabilities, or as required by other outside parties. In addition, the District’s Board of Directors has designated portions of fund balance for specific future uses. At June 30, 2010, the District has recorded the following reservations and designations of fund balance:

	<u>Reserved</u>	<u>Designated</u>
General Fund		
Reserved for health and safety	\$ 1,236	\$ –
Reserved for basic skills	10,742	–
Reserved for safe schools levy	130,292	–
Designated for severance	–	3,100,950
Designated for property	–	783,706
Designated for student clubs	–	41,489
Designated for North Education Center	–	1,000,000
	<u>–</u>	<u>1,000,000</u>
Total General Fund	<u>\$ 142,270</u>	<u>\$ 4,926,145</u>

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

**A. Plan Description**

The District provides post-employment benefits to certain eligible employees through the District’s OPEB Plan, a single-employer defined benefit plan administered by the District. There are 730 active plan participants and 43 retired plan participants. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

**Post-Employment Insurance Benefits** – All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. 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.

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

**B. Funding Policy**

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

**C. Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 795,666
Interest on net OPEB obligation	11,701
Adjustment to annual required contribution	<u>(16,916)</u>
Annual OPEB cost (expense)	790,451
Contributions made	<u>445,853</u>
Increase in net other post-employment benefit obligation	344,598
Net other post-employment benefit obligation – beginning of year	<u>292,515</u>
Net other post-employment benefit obligation – end of year	<u><u>\$ 637,113</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net Other Post-Employment Benefit Obligation
June 30, 2009	\$ 481,823	\$ 189,308	39.3%	\$ 292,515
June 30, 2010	\$ 790,451	\$ 445,853	56.4%	\$ 637,113

The actuary reclassified certain healthcare benefits to the OPEB Plan from the Pension Benefits Plan in the July 1, 2009 actuarial valuation.

**D. Funded Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$7,189,279, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,189,279. The covered payroll (annual payroll of active employees covered by the plan) was \$33,086,201, and the ratio of the UAAL to the covered payroll was 21.7 percent.

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

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

### **E. Actuarial Methods and Assumptions**

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

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.0 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 4.0 percent rate of projected salary increases; an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after nine years. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period at July 1, 2009 was 30 years.

## **NOTE 8 – PENSION BENEFITS PLAN**

### **A. Plan Description**

The District provides post-employment pension benefits to certain eligible employees through the District's Pension Benefits Plan, a single-employer defined benefit plan administered by the District. There are 730 active plan participants and 43 retired plan participants. All pension benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

The District offers pension benefits to several individuals and employee groups. Eligible employees (contracts stipulate a minimum number of years of service and a minimum age), can earn a lump sum pension benefit that differs by individual and bargaining unit. Some contracts also reduce the pension benefits by the total matching contribution made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

### **B. Funding Policy**

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

## NOTE 8 – PENSION BENEFITS PLAN (CONTINUED)

### C. Annual Pension Cost and Net Pension Obligation

The District's annual pension cost (expense) is calculated based on ARC of the District, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement Nos. 27 and 50. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual pension cost for the year, the amount actually contributed to the plan, and the changes in the District's net pension obligation to the plan:

Annual required contribution	\$	40,686
Interest on net pension obligation		5,684
Adjustment to annual required contribution		(8,218)
Annual pension cost (expense)		<u>38,152</u>
Contributions made		<u>34,973</u>
Increase in net pension obligation		3,179
Net pension obligation – beginning of year		<u>142,108</u>
Net pension obligation – end of year	\$	<u><u>145,287</u></u>

The District's annual pension cost, the percentage of annual pension cost contributed to the plan, and the net pension obligation for the past two years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 418,680	\$ 276,572	66.1%	\$ 142,108
June 30, 2010	\$ 38,152	\$ 34,973	91.7%	\$ 145,287

The actuary reclassified certain healthcare benefits to the OPEB Plan from the Pension Benefits Plan in the July 1, 2009 actuarial valuation.

### D. Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$364,568, and the actuarial value of assets was \$0, resulting in an UAAL of \$364,568. The covered payroll (annual payroll of active employees covered by the plan) was \$33,086,201 and the ratio of the UAAL to the covered payroll was 1.10 percent.

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

## **NOTE 8 – PENSION BENEFITS PLAN (CONTINUED)**

### **E. Actuarial Methods and Assumptions**

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

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.0 percent investment rate of return (net of administrative expenses) based on the District's own investments and a 4.0 percent salary increase for all members. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period at July 1, 2009 was 30 years.

## **NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

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

### **Teachers' Retirement Association (TRA)**

#### **A. Plan Description**

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

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota 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.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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

**Tier I**

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

With these provisions:

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

**Tier II**

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Actuarially equivalent early retirement reduction factors with augmentation are used for early retirement before the normal age of 65. These reduction factors average approximately 4–5.5 percent per year.

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

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

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

## **NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

TRA publicly issues a CAFR presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at [tra.state.mn.us](http://tra.state.mn.us). Alternatively, a copy of the report may be obtained by writing TRA at Teachers' Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-4000 or by calling (651) 296-6449 or (800) 657-3853.

### **B. Funding Policy**

Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. These statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 5.5 percent and 9.0 percent, respectively, of their annual covered salary as employee contributions. The employer contribution rate for Coordinated Plan members was 5.5 percent and 9.5 percent for Basic Plan members. Legislation passed during the 2010 session increased member and employer contribution rates by 0.5 percent annually over a four-year period beginning July 1, 2011. Total covered payroll salaries for all TRA members state-wide during fiscal years June 30, 2009, 2008, and 2007 were approximately \$3.76 billion, \$3.65 billion, and \$3.53 billion, respectively.

The District's contributions for the years ended June 30, 2010, 2009, and 2008 were \$1,302,876, \$1,303,810, and \$1,223,130, respectively, equal to the contractually required contributions for each year as set by state statutes.

### **Public Employees' Retirement Association (PERA)**

#### **A. Plan Description**

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

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

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

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

## **NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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

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

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

### **B. Funding Policy**

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic and Coordinated Plan members were required to contribute 9.1 percent and 6.0 percent, respectively, of their annual covered salary in 2009. The contribution rate for Coordinated Plan members will increase to 6.25 percent effective January 1, 2011. The District is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan PERF members and 6.75 percent for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan increased to 7.00 percent effective January 1, 2010 and will increase to 7.25 percent effective January 1, 2011.

The District's contributions to PERF for the years ended June 30, 2010, 2009, and 2008 were \$912,890, \$830,999, and \$692,199, respectively, equal to the contractually required contributions for each year as set by state statutes.

## **NOTE 10 – FLEXIBLE BENEFIT PLAN**

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

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

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.

**NOTE 10 – FLEXIBLE BENEFIT PLAN (CONTINUED)**

Amounts withheld for medical reimbursement and dependant care are paid by the District and maintained by an outside administrator on a monthly basis. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity is included in the financial statements as an Employee Benefit Trust Fund.

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

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**A. Federal and State Revenue**

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

**B. Legal 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 adverse effect on its financial position.

**NOTE 12 – OPERATING LEASES**

The District is leasing equipment, buildings, and space in several locations. The District incurred costs of approximately \$2,461,997 for operating leases during the year ended June 30, 2010. These leases are scheduled to expire on various dates through 2014. Many of the leases are negotiated on a yearly basis and payment commitments extend out one year. The following is a summary of minimum lease payment commitments for all operating leases:

Year Ending June 30,	Amount
2011	\$ 765,451
2012	652,703
2013	330,769
2014	44,388
	<u>\$ 1,793,311</u>

### **NOTE 13 – SUBSEQUENT EVENTS**

In September 2010, the District issued \$3,590,000 of Aid Anticipation Certificates of Indebtedness, Series 2010D. The certificates will mature on September 1, 2011 and bear an interest rate of 2.0 percent.

In November 2010, the District issued certificates of participation for the financing of construction on the North Education Center. The District issued \$29,790,000 of Taxable Certificates of Participation, Series 2010E (Qualified School Construction Bonds – Direct Pay). The certificates will mature on February 1, 2029 and bear an interest rate of 6 percent.

### **NOTE 14 – INDIVIDUAL FUND DISCLOSURES**

#### **A. Interfund Transfers**

At June 30, 2010, the District's Food Service Special Revenue Fund and Community Service Special Revenue Fund transferred in \$125,534 and \$93,550, respectively, from the General Fund. These transfers were made to eliminate deficit fund balances in these funds.

#### **B. Interfund Balances**

During the year ended June 30, 2010, the General Fund had interfund borrowing of \$174,465 from the Capital Projects – Building Construction Fund. This borrowing was used for cash flow purposes.

#### **C. Deficit Fund Balances**

At June 30, 2010, the District reported a deficit fund balance of \$353,761 in its Capital Projects – Building Construction Fund.

### **NOTE 15 – CONTINGENCY**

Independent School District (ISD ) No. 271 withdrew as a member of the District effective June 30, 2011. As a result of this withdrawal, the District will need to enter into an agreement with ISD No. 271 to determine if any claims by ISD No. 271 exist pursuant to the joint powers agreement which governs the operation of the District.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 287

Schedules of Funding Progress  
June 30, 2010

The following schedules present trend information about the amounts contributed to the Other Post-Employment Benefits Plan and Pension Benefits Plan of Intermediate District No. 287:

**Other Post-Employment Benefits Plan**

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
July 1, 2006	\$ 3,789,783	\$ —	\$ 3,789,783	— %	\$ 32,746,105	11.6 %
July 1, 2009	\$ 7,189,279	\$ —	\$ 7,189,279	— %	\$ 33,086,201	21.7 %

**Pension Benefits Plan**

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
July 1, 2006	\$ 3,822,780	\$ —	\$ 3,822,780	— %	\$ 32,746,105	11.7 %
July 1, 2009	\$ 364,568	\$ —	\$ 364,568	— %	\$ 33,086,201	1.1 %

Note: The actuary reclassified certain healthcare benefits to the OPEB Plan from the Pension Benefits Plan in the July 1, 2009 actuarial valuation.

COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds  
 Combining Balance Sheet  
 as of June 30, 2010

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Total
Assets				
Cash and temporary investments	\$ 25,277	\$ 28,884	\$ –	\$ 54,161
Receivables				
Accounts and interest	12	2,930	–	2,942
Due from other governmental units	16,857	10,690	–	27,547
Inventory	1,526	–	–	1,526
	<u>43,672</u>	<u>42,504</u>	<u>–</u>	<u>86,176</u>
Total assets	<u>\$ 43,672</u>	<u>\$ 42,504</u>	<u>\$ –</u>	<u>\$ 86,176</u>
Liabilities and Fund Balances				
Liabilities				
Salaries and compensated absences payable	\$ 850	\$ 1,331	\$ 1,517	\$ 3,698
Due to other funds	–	–	174,465	174,465
Accounts and contracts payable	5,473	41,170	177,779	224,422
Due to other governmental units	36,840	–	–	36,840
Unearned revenue	509	–	–	509
Total liabilities	<u>43,672</u>	<u>42,501</u>	<u>353,761</u>	<u>439,934</u>
Fund balances (deficit)				
Unreserved – undesignated	–	3	(353,761)	(353,758)
	<u>–</u>	<u>3</u>	<u>(353,761)</u>	<u>(353,758)</u>
Total liabilities and fund balances	<u>\$ 43,672</u>	<u>\$ 42,504</u>	<u>\$ –</u>	<u>\$ 86,176</u>

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Year Ended June 30, 2010

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Total
<b>Revenue</b>				
Local sources				
Tuition	\$ –	\$ 134,015	\$ –	\$ 134,015
Other	36,046	44,145	–	80,191
State sources	4,864	–	–	4,864
Federal sources	107,291	51,240	–	158,531
Total revenue	<u>148,201</u>	<u>229,400</u>	<u>–</u>	<u>377,601</u>
<b>Expenditures</b>				
Current				
Food service	273,735	–	–	273,735
Community service	–	302,880	–	302,880
Capital expenditures	–	–	5,720,996	5,720,996
Total expenditures	<u>273,735</u>	<u>302,880</u>	<u>5,720,996</u>	<u>6,297,611</u>
Excess (deficiency) of revenue over expenditures	(125,534)	(73,480)	(5,720,996)	(5,920,010)
<b>Other financing sources</b>				
Certificates of participation issued	–	–	5,250,000	5,250,000
Debt issuance premiums (discounts)	–	–	117,235	117,235
Transfers in	125,534	93,550	–	219,084
Total other financing sources	<u>125,534</u>	<u>93,550</u>	<u>5,367,235</u>	<u>5,586,319</u>
Net change in fund balance	–	20,070	(353,761)	(333,691)
<b>Fund balances (deficit)</b>				
Beginning of year	–	(20,067)	–	(20,067)
End of year	<u>\$ –</u>	<u>\$ 3</u>	<u>\$ (353,761)</u>	<u>\$ (353,758)</u>

INTERMEDIATE DISTRICT NO. 287

General Fund  
Comparative Balance Sheet  
as of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and temporary investments	\$ 6,191,203	\$ 270,852
Receivables		
Accounts and interest	374,136	321,076
Due from other funds	174,465	50,350
Due from other governmental units	19,181,418	19,605,548
Prepaid items	<u>103,392</u>	<u>33,900</u>
Total assets	<u>\$ 26,024,614</u>	<u>\$ 20,281,726</u>
Liabilities and Fund Balances		
Liabilities		
Aid anticipation certificates	\$ 4,895,000	\$ -
Salaries and compensated absences payable	879,012	921,154
Accounts and contracts payable	628,557	802,739
Accrued interest payable	81,709	-
Due to other governmental units	2,562,064	2,682,689
Unearned revenue	<u>8,028,413</u>	<u>8,085,781</u>
Total liabilities	17,074,755	12,492,363
Fund balances		
Reserved for health and safety	1,236	1,243
Reserved for basic skills	10,742	-
Reserved for safe schools levy	130,292	115,044
Unreserved		
Designated for severance	3,100,950	2,123,524
Designated for property	783,706	814,266
Designated for student clubs	41,489	43,911
Designated for North Education Center	1,000,000	-
Undesignated	<u>3,881,444</u>	<u>4,691,375</u>
Total fund balances	<u>8,949,859</u>	<u>7,789,363</u>
Total liabilities and fund balances	<u>\$ 26,024,614</u>	<u>\$ 20,281,726</u>

INTERMEDIATE DISTRICT NO. 287

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2010  
 (With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Over (Under) Budget	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 6,341,208	\$ 6,823,078	\$ 481,870	\$ 6,134,620
Tuition	26,086,315	23,511,263	(2,575,052)	28,370,605
Investment earnings	50,000	13,112	(36,888)	46,822
Other	3,074,549	2,735,809	(338,740)	2,394,942
State sources	36,337,619	35,631,298	(706,321)	33,178,712
Federal sources	1,336,320	1,003,070	(333,250)	314,578
Total revenue	<u>73,226,011</u>	<u>69,717,630</u>	<u>(3,508,381)</u>	<u>70,440,279</u>
<b>Expenditures</b>				
Current				
Career and technical education	2,014,161	1,790,305	(223,856)	1,982,275
Academic education	7,256,085	7,081,001	(175,084)	7,207,247
Special education	44,457,818	41,957,754	(2,500,064)	40,891,197
Student clubs	28,800	33,230	4,430	30,182
Administrative support services and operations and maintenance	14,603,572	13,756,598	(846,974)	14,201,459
Debt service				
Principal	1,596,854	1,596,854	-	1,291,530
Interest and fiscal charges	2,050,501	2,174,302	123,801	2,381,849
Total expenditures	<u>72,007,791</u>	<u>68,390,044</u>	<u>(3,617,747)</u>	<u>67,985,739</u>
Excess (deficiency) of revenue over expenditures	1,218,220	1,327,586	109,366	2,454,540
<b>Other financing sources (uses)</b>				
Refunding certificates of participation issued	-	15,975,000	15,975,000	-
Debt issuance premiums (discounts)	-	(622,571)	(622,571)	-
Payments on refunded debt	-	(15,352,429)	(15,352,429)	-
Transfers (out)	(143,903)	(219,084)	(75,181)	(172,144)
Sale of capital assets	-	51,994	51,994	16,668
Total other financing sources (uses)	<u>(143,903)</u>	<u>(167,090)</u>	<u>(23,187)</u>	<u>(155,476)</u>
Net change in fund balances	<u>\$ 1,074,317</u>	<u>1,160,496</u>	<u>\$ 86,179</u>	<u>2,299,064</u>
<b>Fund balances</b>				
Beginning of year		<u>7,789,363</u>		<u>5,490,299</u>
End of year		<u>\$ 8,949,859</u>		<u>\$ 7,789,363</u>

INTERMEDIATE DISTRICT NO. 287

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account  
 Year Ended June 30, 2010

	Career and Technical Education Account	Academic Education Account	Special Education Account	District-Wide Account	Severance and Property Account	Student Clubs Account	Total
<b>Revenue</b>							
Local sources							
Pass-through levies	\$ -	\$ 266,056	\$ -	\$ 6,557,022	\$ -	\$ -	\$ 6,823,078
Tuition	1,596,392	5,383,293	13,470,937	3,060,641	-	-	23,511,263
Investment earnings	1,515	2,111	13,101	(3,615)	-	-	13,112
Other	201,465	645,047	474,128	1,384,362	-	30,807	2,735,809
State sources	-	476,414	28,997,808	6,157,076	-	-	35,631,298
Federal sources	9,176	22,044	13,620	958,230	-	-	1,003,070
Total revenue	<u>1,808,548</u>	<u>6,794,965</u>	<u>42,969,594</u>	<u>18,113,716</u>	<u>-</u>	<u>30,807</u>	<u>69,717,630</u>
<b>Expenditures</b>							
Current							
Career and technical education	1,790,305	-	-	-	-	-	1,790,305
Academic education	-	7,081,001	-	-	-	-	7,081,001
Special education	-	-	41,957,754	-	-	-	41,957,754
Student clubs	-	-	-	-	-	33,230	33,230
Administrative support services and operations and maintenance	-	-	-	13,726,038	30,560	-	13,756,598
Debt service							
Principal	20,191	14,593	127,943	1,434,127	-	-	1,596,854
Interest and fiscal charges	3,911	2,827	24,785	2,142,779	-	-	2,174,302
Total expenditures	<u>1,814,407</u>	<u>7,098,421</u>	<u>42,110,482</u>	<u>17,302,944</u>	<u>30,560</u>	<u>33,230</u>	<u>68,390,044</u>
Excess (deficiency) of revenue over expenditures	(5,859)	(303,456)	859,112	810,772	(30,560)	(2,423)	1,327,586
<b>Other financing sources (uses)</b>							
Refunding certificates of participation issued	-	-	-	15,975,000	-	-	15,975,000
Debt issuance premiums (discounts)	-	-	-	(622,571)	-	-	(622,571)
Payments on refunded debt	-	-	-	(15,352,429)	-	-	(15,352,429)
Interfund transfers	(40,811)	(157,792)	(682,317)	(96,506)	977,426	-	-
Transfers (out)	-	-	-	(219,084)	-	-	(219,084)
Sale of capital assets	-	-	51,394	600	-	-	51,994
Total other financing sources (uses)	<u>(40,811)</u>	<u>(157,792)</u>	<u>(630,923)</u>	<u>(314,990)</u>	<u>977,426</u>	<u>-</u>	<u>(167,090)</u>
Net change in fund balances	(46,670)	(461,248)	228,189	495,782	946,866	(2,423)	1,160,496
<b>Fund balances (deficit)</b>							
Beginning of year	<u>333,286</u>	<u>(324,835)</u>	<u>5,135,513</u>	<u>(336,302)</u>	<u>2,937,790</u>	<u>43,911</u>	<u>7,789,363</u>
End of year	<u>\$ 286,616</u>	<u>\$ (786,083)</u>	<u>\$ 5,363,702</u>	<u>\$ 159,480</u>	<u>\$ 3,884,656</u>	<u>\$ 41,488</u>	<u>\$ 8,949,859</u>

INTERMEDIATE DISTRICT NO. 287

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

Year Ended June 30, 2010

(With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Over (Under) Budget	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 152,500	\$ –	\$ (152,500)	\$ –
Tuition	1,871,281	1,596,392	(274,889)	1,779,826
Investment earnings	–	1,515	1,515	24,191
Other	227,000	201,465	(25,535)	231,356
Federal sources	5,850	9,176	3,326	5,805
Total revenue	<u>2,256,631</u>	<u>1,808,548</u>	<u>(448,083)</u>	<u>2,041,178</u>
<b>Expenditures</b>				
Career and technical education				
Salaries and wages	1,289,578	1,116,188	(173,390)	1,231,364
Employee benefits	333,861	305,361	(28,500)	315,505
Purchased services	242,392	248,391	5,999	264,786
Supplies and materials	114,342	97,748	(16,594)	142,306
Capital expenditures	28,208	22,517	(5,691)	–
Other	5,780	100	(5,680)	28,314
Debt service				
Principal	20,191	20,191	–	19,259
Interest and fiscal charges	3,911	3,911	–	4,843
Total expenditures	<u>2,038,263</u>	<u>1,814,407</u>	<u>(223,856)</u>	<u>2,006,377</u>
Excess (deficiency) of revenue over expenditures	218,368	(5,859)	(224,227)	34,801
Other financing sources (uses)				
Interfund transfers	–	(40,811)	(40,811)	41,538
Net change in fund balances	<u>\$ 218,368</u>	<u>(46,670)</u>	<u>\$ (265,038)</u>	<u>76,339</u>
<b>Fund balances</b>				
Beginning of year		<u>333,286</u>		<u>256,947</u>
End of year		<u>\$ 286,616</u>		<u>\$ 333,286</u>

INTERMEDIATE DISTRICT NO. 287

General Fund – Academic Education Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2010  
 (With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010			2009
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Pass-through levies	\$ 97,500	\$ 266,056	\$ 168,556	\$ 283,510
Tuition	5,884,656	5,383,293	(501,363)	5,634,523
Investment earnings	–	2,111	2,111	39,121
Other	812,210	645,047	(167,163)	767,619
State sources	339,200	476,414	137,214	355,219
Federal sources	295,654	22,044	(273,610)	–
Total revenue	<u>7,429,220</u>	<u>6,794,965</u>	<u>(634,255)</u>	<u>7,079,992</u>
Expenditures				
Academic education				
Salaries and wages	4,838,469	4,893,471	55,002	5,011,949
Employee benefits	1,413,917	1,425,166	11,249	1,365,875
Purchased services	659,683	584,354	(75,329)	706,103
Supplies and materials	245,417	142,588	(102,829)	109,641
Capital expenditures	72,998	20,050	(52,948)	12,832
Other	25,601	15,372	(10,229)	847
Debt service				
Principal	14,593	14,593	–	13,920
Interest and fiscal charges	2,827	2,827	–	3,500
Total expenditures	<u>7,273,505</u>	<u>7,098,421</u>	<u>(175,084)</u>	<u>7,224,667</u>
Excess (deficiency) of revenue over expenditures	155,715	(303,456)	(459,171)	(144,675)
Other financing (uses)				
Interfund transfers	–	(157,792)	(157,792)	(66,866)
Net change in fund balances	<u>\$ 155,715</u>	<u>(461,248)</u>	<u>\$ (616,963)</u>	<u>(211,541)</u>
Fund balances (deficit)				
Beginning of year		<u>(324,835)</u>		<u>(113,294)</u>
End of year		<u>\$ (786,083)</u>		<u>\$ (324,835)</u>

INTERMEDIATE DISTRICT NO. 287

General Fund – Special Education Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2010  
 (With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Over (Under) Budget	2009
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Tuition	\$ 14,023,978	\$ 13,470,937	\$ (553,041)	\$ 15,607,113
Investment earnings	–	13,101	13,101	241,458
Other	68,326	474,128	405,802	320,873
State sources	31,137,830	28,997,808	(2,140,022)	27,646,667
Federal sources	13,620	13,620	–	19,420
Total revenue	<u>45,243,754</u>	<u>42,969,594</u>	<u>(2,274,160)</u>	<u>43,835,531</u>
<b>Expenditures</b>				
Special education				
Current				
Salaries and wages	29,623,612	28,640,270	(983,342)	27,990,327
Employee benefits	11,128,099	10,686,427	(441,672)	9,678,046
Purchased services	1,860,184	1,907,778	47,594	2,090,333
Supplies and materials	614,866	469,130	(145,736)	547,020
Capital expenditures	1,212,917	221,190	(991,727)	574,778
Other	18,140	32,959	14,819	10,693
Debt service				
Principal	127,943	127,943	–	122,040
Interest and fiscal charges	24,785	24,785	–	30,688
Total expenditures	<u>44,610,546</u>	<u>42,110,482</u>	<u>(2,500,064)</u>	<u>41,043,925</u>
Excess (deficiency) of revenue over expenditures	633,208	859,112	225,904	2,791,606
<b>Other financing sources (uses)</b>				
Interfund transfers	–	(682,317)	(682,317)	(402,126)
Sale of assets	–	51,394	51,394	–
Total other financing sources (uses)	<u>–</u>	<u>(630,923)</u>	<u>(630,923)</u>	<u>(402,126)</u>
Net change in fund balances	<u>\$ 633,208</u>	228,189	<u>\$ (405,019)</u>	2,389,480
<b>Fund balances</b>				
Beginning of year		<u>5,135,513</u>		<u>2,746,033</u>
End of year		<u>\$ 5,363,702</u>		<u>\$ 5,135,513</u>

INTERMEDIATE DISTRICT NO. 287

General Fund – District-Wide Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2010  
 (With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		2009	
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 6,091,208	\$ 6,557,022	\$ 465,814	\$ 5,851,110
Tuition	4,306,400	3,060,641	(1,245,759)	5,349,143
Investment earnings	50,000	(3,615)	(53,615)	(257,948)
Other	1,938,213	1,384,362	(553,851)	1,042,075
State sources	4,860,589	6,157,076	1,296,487	5,176,826
Federal sources	1,021,196	958,230	(62,966)	289,353
Total revenue	<u>18,267,606</u>	<u>18,113,716</u>	<u>(153,890)</u>	<u>17,450,559</u>
<b>Expenditures</b>				
Administrative support services and operations and maintenance				
Current				
Salaries and wages	4,125,440	4,108,499	(16,941)	3,769,739
Employee benefits	1,322,016	1,381,792	59,776	1,120,456
Purchased services	7,626,851	7,009,366	(617,485)	8,223,262
Supplies and materials	381,128	305,093	(76,035)	413,827
Capital expenditures	875,470	606,158	(269,312)	477,794
Other	242,107	315,130	73,023	88,342
Debt service				
Principal	1,434,127	1,434,127	–	1,136,311
Interest and fiscal charges	2,018,978	2,142,779	123,801	2,342,818
Total expenditures	<u>18,026,117</u>	<u>17,302,944</u>	<u>(723,173)</u>	<u>17,572,549</u>
Excess (deficiency) of revenue over expenditures	241,489	810,772	569,283	(121,990)
<b>Other financing sources (uses)</b>				
Refunding certificates of participation issued	–	15,975,000	15,975,000	–
Debt issuance premiums (discounts)	–	(622,571)	(622,571)	–
Payments on refunded debt	–	(15,352,429)	(15,352,429)	–
Interfund transfers	–	(96,506)	(96,506)	(60,081)
Transfers out	(143,903)	(219,084)	(75,181)	(172,144)
Sale of assets	–	600	600	16,668
Total other financing (uses)	<u>(143,903)</u>	<u>(314,990)</u>	<u>(171,087)</u>	<u>(215,557)</u>
Net change in fund balances	<u>\$ 97,586</u>	<u>495,782</u>	<u>\$ 398,196</u>	<u>(337,547)</u>
<b>Fund balances (deficit)</b>				
Beginning of year		<u>(336,302)</u>		<u>1,245</u>
End of year		<u>\$ 159,480</u>		<u>\$ (336,302)</u>

INTERMEDIATE DISTRICT NO. 287

General Fund – Severance and Property Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2010  
 (With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010			2009
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures				
Administrative support services and operations and maintenance				
Allocated costs	<u>30,560</u>	<u>30,560</u>	<u>-</u>	<u>108,039</u>
Excess (deficiency) of revenue over expenditures	(30,560)	(30,560)	-	(108,039)
Other financing sources				
Interfund transfers	<u>-</u>	<u>977,426</u>	<u>977,426</u>	<u>487,535</u>
Net change in fund balances	<u>\$ (30,560)</u>	<u>946,866</u>	<u>\$ 977,426</u>	<u>379,496</u>
Fund balances				
Beginning of year		<u>2,937,790</u>		<u>2,558,294</u>
End of year		<u>\$ 3,884,656</u>		<u>\$ 2,937,790</u>

INTERMEDIATE DISTRICT NO. 287

General Fund – Student Clubs Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2010  
 (With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Over (Under) Budget	2009
	Budget	Actual		Actual
Revenue				
Local sources				
Other	\$ 28,800	\$ 30,807	\$ 2,007	\$ 33,019
Expenditures				
Student clubs				
Pupil support services	28,800	33,230	4,430	30,182
Net change in fund balances	\$ —	(2,423)	\$ (2,423)	2,837
Fund balances				
Beginning of year		43,911		41,074
End of year		\$ 41,488		\$ 43,911

INTERMEDIATE DISTRICT NO. 287

Food Service Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2010  
 (With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Over (Under) Budget	2009
	Budget	Actual		Actual
Revenue				
Local sources				
Other – primarily meal sales	\$ 14,595	\$ 36,046	\$ 21,451	\$ 36,103
State sources	4,575	4,864	289	4,089
Federal sources	154,600	107,291	(47,309)	89,714
Total revenue	<u>173,770</u>	<u>148,201</u>	<u>(25,569)</u>	<u>129,906</u>
Expenditures				
Current				
Food service	<u>330,873</u>	<u>273,735</u>	<u>(57,138)</u>	<u>302,050</u>
Excess (deficiency) of revenue over expenditures	(157,103)	(125,534)	31,569	(172,144)
Other financing sources				
Transfers in	<u>157,103</u>	<u>125,534</u>	<u>(31,569)</u>	<u>172,144</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 DISTRICT NO. 287

Community Service Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2010  
 (With Comparative Actual Amounts for the Year Ended June 30, 2009)

	2010		Over (Under) Budget	2009
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 165,795	\$ 134,015	\$ (31,780)	\$ 126,576
Other	44,767	44,145	(622)	34,965
Federal sources	51,240	51,240	—	104,698
Total revenue	<u>261,802</u>	<u>229,400</u>	<u>(32,402)</u>	<u>266,239</u>
Expenditures				
Current				
Community service	<u>335,050</u>	<u>302,880</u>	<u>(32,170)</u>	<u>289,448</u>
Excess (deficiency) of revenue over expenditures	(73,248)	(73,480)	(232)	(23,209)
Other financing sources				
Transfers in	<u>—</u>	<u>93,550</u>	<u>93,550</u>	<u>—</u>
Net change in fund balances	<u>\$ (73,248)</u>	<u>20,070</u>	<u>\$ 93,318</u>	<u>(23,209)</u>
Fund balances (deficit)				
Beginning of year		<u>(20,067)</u>		<u>3,142</u>
End of year		<u>\$ 3</u>		<u>\$ (20,067)</u>

INTERMEDIATE DISTRICT NO. 287

Capital Projects – Building Construction Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue			
Other	\$       –	\$       –	\$       –
Expenditures			
Capital outlay			
Capital expenditures	–	5,720,996	5,720,996
Excess (deficiency) of revenue over expenditures	–	(5,720,996)	(5,720,996)
Other financing sources			
Certificates of participation issued	–	5,250,000	5,250,000
Debt issuance premiums (discounts)	–	117,235	117,235
Total other financing sources	–	5,367,235	5,367,235
Net change in fund balances	<u>\$       –</u>	<u>(353,761)</u>	<u>\$ (353,761)</u>
Fund balances (deficit)			
Beginning of year		–	
End of year		<u>\$ (353,761)</u>	

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Fiduciary Net Assets  
 Agency Funds  
 as of June 30, 2010

	South Education Construction	Keystone	Edgewood Building	Total
<b>Assets</b>				
Cash and investments	\$ 231,462	\$ -	\$ -	\$ 231,462
Cash and investments held by trustee	1,957,356	-	62,011	2,019,367
Due from other governmental units	-	721,176	-	721,176
<b>Total assets</b>	<b>\$ 2,188,818</b>	<b>\$ 721,176</b>	<b>\$ 62,011</b>	<b>\$ 2,972,005</b>
<b>Liabilities</b>				
Checks issued, but not presented for payment	\$ -	\$ 292,574	\$ -	\$ 292,574
Accounts and contracts payable	8,091	428,602	-	436,693
Due to other governmental units	2,180,727	-	62,011	2,242,738
<b>Total liabilities</b>	<b>\$ 2,188,818</b>	<b>\$ 721,176</b>	<b>\$ 62,011</b>	<b>\$ 2,972,005</b>

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2010

	Balance – July 1, 2009	Additions	Deletions	Balance – June 30, 2010
<b>South Education Construction</b>				
Assets				
Cash and investments	\$ 227,156	\$ 4,306	\$ –	\$ 231,462
Cash and investments held by trustee	2,198,829	13,760	255,233	1,957,356
Total assets	<u>\$ 2,425,985</u>	<u>\$ 18,066</u>	<u>\$ 255,233</u>	<u>\$ 2,188,818</u>
Liabilities				
Accounts and contracts payable	\$ 76,789	\$ –	\$ 68,698	\$ 8,091
Due to other governmental units	2,349,196	18,066	186,535	2,180,727
Total liabilities	<u>\$ 2,425,985</u>	<u>\$ 18,066</u>	<u>\$ 255,233</u>	<u>\$ 2,188,818</u>
<b>Keystone</b>				
Assets				
Due from other governmental units	\$ 453,321	\$ 268,795	\$ 940	\$ 721,176
Liabilities				
Checks issued, but not presented for payment	\$ 121,171	\$ 171,403	\$ –	\$ 292,574
Accounts and contracts payable	332,150	97,392	940	428,602
Total liabilities	<u>\$ 453,321</u>	<u>\$ 268,795</u>	<u>\$ 940</u>	<u>\$ 721,176</u>
<b>Edgewood</b>				
Assets				
Cash and investments held by trustee	\$ –	\$ 21,227,220	\$ 21,165,209	\$ 62,011
Liabilities				
Due to other governmental units	\$ –	\$ 21,227,220	\$ 21,165,209	\$ 62,011
<b>Totals</b>				
Assets				
Cash and investments	\$ 227,156	\$ 4,306	\$ –	\$ 231,462
Cash and investments held by trustee	2,198,829	21,240,980	21,420,442	2,019,367
Due from other governmental units	453,321	268,795	940	721,176
Total assets	<u>\$ 2,879,306</u>	<u>\$ 21,514,081</u>	<u>\$ 21,421,382</u>	<u>\$ 2,972,005</u>
Liabilities				
Checks issued, but not presented for payment	\$ 121,171	\$ 171,403	\$ 21,165,209	\$ 292,574
Accounts and contracts payable	408,939	97,392	69,638	436,693
Due to other governmental units	2,349,196	21,245,286	186,535	2,242,738
Total liabilities	<u>\$ 2,879,306</u>	<u>\$ 21,514,081</u>	<u>\$ 21,421,382</u>	<u>\$ 2,972,005</u>

SUPPLEMENTAL INFORMATION

(UNAUDITED)

INTERMEDIATE DISTRICT NO. 287

Government-Wide Revenue by Type  
Last Eight Fiscal Years

Year Ended June 30,	Program Revenues		General Revenues	Total
	Charges for Services	Operating Grants and Contributions	Investment Earnings and Other	
2003	\$ 45,543,791 92.3%	\$ 3,159,139 6.4%	\$ 647,017 1.3%	\$ 49,349,947 100.0%
2004	41,996,429 92.5%	2,756,719 6.1%	623,995 1.4%	45,377,143 100.0%
2005	47,413,226 94.5%	2,293,614 4.6%	439,826 0.9%	50,146,666 100.0%
2006	49,930,353 90.6%	2,906,526 5.3%	2,260,010 4.1%	55,096,889 100.0%
2007	55,612,063 94.9%	2,103,610 3.6%	897,863 1.5%	58,613,536 100.0%
2008	56,134,852 94.3%	2,250,947 3.8%	1,112,200 1.9%	59,497,999 100.0%
2009	36,419,310 51.4%	34,258,992 48.4%	160,493 0.2%	70,838,795 100.0%
2010	32,677,313 46.7%	37,212,152 53.1%	205,766 0.2%	70,095,231 100.0%

Note 1: The District implemented GASB Statement No. 34 in fiscal year 2003. This information is not available for previous fiscal years.

Note 2: In fiscal 2009, the state of Minnesota converted special education tuition billing to a state-wide system. This caused the charges for services to be converted to operating grants and contributions.

INTERMEDIATE DISTRICT NO. 287

Government-Wide Expenses by Program  
Last Eight Fiscal Years

Year Ended June 30,	Career and Technical Education	Academic Education	Special Education	Student Clubs	Administrative Support Services and Operations and Maintenance	Food Service	Community Service	Interest and Fiscal Charges	Total
2003	\$ 4,356,137 8.7%	\$ 7,002,333 14.1%	\$ 32,059,974 64.4%	\$ 38,417 0.1%	\$ 6,101,185 12.3%	\$ – –	\$ 197,598 0.4%	\$ – –	\$ 49,755,644 100.0%
2004	4,588,551 9.4%	6,330,023 13.1%	32,740,095 67.4%	33,366 0.1%	4,622,662 9.5%	– –	251,475 0.5%	– –	48,566,172 100.0%
2005	4,219,192 8.2%	6,405,770 12.5%	35,375,418 68.9%	41,228 0.1%	4,577,203 8.9%	– –	282,810 0.6%	415,940 0.8%	51,317,561 100.0%
2006	4,706,613 8.5%	6,772,182 12.1%	38,064,507 68.1%	44,698 0.1%	5,335,417 9.5%	– –	240,626 0.4%	718,712 1.3%	55,882,755 100.0%
2007	3,660,269 6.2%	7,392,457 12.6%	41,075,618 69.9%	37,721 0.1%	4,318,523 7.3%	– –	285,398 0.5%	1,991,349 3.4%	58,761,335 100.0%
2008	3,174,598 5.3%	7,709,078 12.8%	43,046,317 71.8%	34,590 0.1%	3,485,015 5.8%	204,638 0.3%	228,778 0.4%	2,087,803 3.5%	59,970,817 100.0%
2009	2,031,279 3.0%	7,369,185 10.7%	41,461,900 60.4%	30,182 0.1%	14,507,409 21.2%	302,050 0.4%	289,497 0.4%	2,603,436 3.8%	68,594,938 100.0%
2010	1,799,980 2.6%	7,414,031 10.8%	42,834,001 62.5%	33,230 –	14,177,454 20.6%	271,290 0.4%	302,778 0.4%	1,862,426 2.7%	68,695,190 100.0%

Note 1: In fiscal 2009, the state of Minnesota converted special education tuition billing to a state-wide system. This resulted in a movement of expenses to administrative support services and operations and maintenance from career and technical education, academic education, and special education.

Note 2: The District implemented GASB Statement No. 34 in fiscal year 2003. This information is not available for previous fiscal years.

INTERMEDIATE DISTRICT NO. 287

General Fund Revenue by Source  
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Pass-Through Levies</u>	<u>Tuition</u>	<u>Federal Revenue</u>	<u>State Revenue</u>	<u>Other Revenue</u>	<u>Total</u>
2001	\$ -	\$ 40,714,719	\$ 1,491,305	\$ 563,009	\$ 4,464,181	\$ 47,233,214
2002	-	44,420,375	3,082,337	219,320	3,798,370	51,520,402
2003	-	42,778,773	2,302,717	129,047	3,937,814	49,148,351
2004	-	39,429,451	951,089	3,691	4,720,625	45,104,856
2005	-	43,441,164	936,502	737,618	4,783,694	49,898,978
2006	-	49,739,735	1,183,461	339,795	3,561,285	54,824,276
2007	-	53,841,584	1,316,431	187,727	2,997,819	58,343,561
2008	-	54,145,979	1,209,303	523,268	3,286,217	59,164,767
2009	6,134,620	28,370,605	314,578	33,178,712	2,441,764	70,440,279
2010	6,823,078	23,511,263	1,003,070	35,631,298	2,748,921	69,717,630

Note 1: During fiscal year 2009, the District began to report pass-through levies separately. In the past, these amounts were included in tuition.

Note 2: In fiscal 2009, the state of Minnesota converted special education tuition billing to a state-wide system. This caused the tuition to be converted to state revenue.

SINGLE AUDIT AND OTHER REQUIRED REPORTS

INTERMEDIATE DISTRICT NO. 287

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
<b>U.S. Department of Agriculture</b>		
Passed through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	\$ 31,750
National School Lunch Program	10.555	<u>75,541</u>
Total child nutrition cluster		107,291
<b>U.S. Department of Education</b>		
Direct		
Funds for the Improvement of Education	84.215	330,123
Passed through Minnesota Department of Education		
Special education cluster		
Special Education – Grants to States	84.027	38,040
Title II, Part D cluster		
ARRA – Education Technology State Grants	84.386	22,044
Mathematics and Science Partnerships	84.366	572,598
Improving Teacher Quality State Grants	84.367	1,223
English Language Acquisition Grants	84.365	29,117
Safe and Drug-Free Schools and Communities State Grants	84.186	53,713
Passed through Independent School District No. 284		
Career and Technical Education – Basic Grants to States	84.048	<u>9,176</u>
Total federal awards		<u><u>\$ 1,163,325</u></u>

Note 1: This Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: Non-monetary assistance of \$477 is reported in this schedule, representing the value of commodities received and disbursed for the U.S. Department of Agriculture National School Lunch Program (CFDA No. 10.555).

Note 3: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.



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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 Board of Directors of  
Intermediate District No. 287  
Plymouth, Minnesota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate District No. 287 (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 29, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as previously defined.

(continued)

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 is required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate report dated December 29, 2010.

This report is intended solely for the information and use of management, the Board of Directors, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

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

December 29, 2010



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of  
Intermediate District No. 287  
Plymouth, Minnesota

**Compliance**

We have audited Intermediate District No. 287's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

(continued)

## Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the School Board, others within the District, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

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

December 29, 2010



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH MINNESOTA STATE LAWS AND REGULATIONS

To the Board of Directors of  
Intermediate District No. 287  
Plymouth, Minnesota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate District No. 287 (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 29, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Governments*, promulgated by the Office of the State Auditor pursuant to Minnesota Statute § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Governments* covers seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, the District complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Questioned Costs.

The District's corrective action plan related to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's corrective action plan and, accordingly, we express no opinion on it.

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

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

December 29, 2010

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010

**A. SUMMARY OF AUDIT RESULTS**

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

**Financial Statements**

What type of auditor's report is issued?  Unqualified  
 Qualified  
 Adverse  
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No  
 Significant deficiencies identified?  Yes  None reported  
 Noncompliance material to the financial statements noted?  Yes  No

**Federal Awards**

Internal controls over major federal award programs:

Material weakness(es) identified?  Yes  No  
 Significant deficiencies identified?  Yes  None reported  
 Type of auditor's report issued on compliance for major programs?  Unqualified  
 Qualified  
 Adverse  
 Disclaimer  
 Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?  Yes  No

Programs tested as major programs:

<u>Program or Cluster</u>	<u>CFDA No.</u>
U.S. Department of Education Mathematics and Science Partnerships	84.366

Threshold for distinguishing type A and B programs. \$300,000

Does the auditee qualify as a low-risk auditee?  Yes  No

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2010

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None.

**D. FINDINGS – MINNESOTA LEGAL COMPLIANCE AUDIT**

**2010-1 UNCLAIMED PROPERTY**

**Criteria** – Per Minnesota Statutes § 345.41 and § 345.43.

**Condition** – Minnesota Statutes require schools to file a report of unclaimed property held for more than three years to the state Commissioner of Commerce. Intermediate District No. 287 (the District) had checks outstanding from fiscal year 2006 through 2009.

**Questioned Costs** – Not applicable.

**Context** – This is a current year finding.

**Cause** – The District did monitor unclaimed property held to ensure the proper reports were filed with the state Commissioner of Commerce.

**Effect** – The District did not properly file a report of unclaimed property to the state Commissioner of Commerce.

**Recommendation** – We recommend that the District review unclaimed property regularly to ensure that the appropriate filings are completed with the state.

**Corrective Action Plan**

**Actions Planned** – The District will regularly review unclaimed property to ensure that appropriate filings are completed with the state.

**Official Responsible** – Janet Johnson, Director of Finance.

**Planned Completion Date** – June 30, 2011.

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

**Plan to Monitor** – Janet Johnson, Director of Finance, will monitor the unclaimed property regularly to ensure appropriate filings are completed with the state.

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2010

**E. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – MAJOR FEDERAL AWARD  
PROGRAMS AUDIT**

No audit findings for the year ended June 30, 2009.

INTERMEDIATE DISTRICT NO. 287

Uniform Financial Accounting and Reporting Standards  
Compliance Table  
June 30, 2010

		Audit	UFARS	Audit – UFARS
<b>General Fund</b>				
Total revenue		\$ 69,717,630	\$ 69,717,630	\$ -
Total expenditures		\$ 68,390,044	\$ 68,390,044	\$ -
Reserved				
403	Staff development	\$ -	\$ -	\$ -
405	Deferred maintenance	\$ -	\$ -	\$ -
406	Health and safety	\$ 1,236	\$ 1,236	\$ -
407	Capital projects levy	\$ -	\$ -	\$ -
408	Cooperative revenue	\$ -	\$ -	\$ -
411	Severance pay	\$ -	\$ -	\$ -
414	Operating debt	\$ -	\$ -	\$ -
416	Levy reduction	\$ -	\$ -	\$ -
417	Taconite building maintenance	\$ -	\$ -	\$ -
419	Encumbrances	\$ -	\$ -	\$ -
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	\$ 10,742	\$ 10,742	\$ -
445	Career and technical programs	\$ -	\$ -	\$ -
446	First grade preparedness	\$ -	\$ -	\$ -
449	Safe school crime	\$ 130,292	\$ 130,292	\$ -
450	Pre-kindergarten	\$ -	\$ -	\$ -
451	QZAB payments	\$ -	\$ -	\$ -
452	OPEB liability not in trust	\$ -	\$ -	\$ -
453	Unfunded severance and retirement levy	\$ -	\$ -	\$ -
Unreserved				
418	Severance – insurance premiums	\$ 3,100,950	\$ 3,100,950	\$ -
422	Unreserved – undesignated	\$ 5,706,639	\$ 5,706,639	\$ -
<b>Food Service</b>				
Total revenue		\$ 148,201	\$ 148,201	\$ -
Total expenditures		\$ 273,735	\$ 273,735	\$ -
Reserved				
411	Severance pay	\$ -	\$ -	\$ -
419	Encumbrances	\$ -	\$ -	\$ -
452	OPEB liability not in trust	\$ -	\$ -	\$ -
Unreserved				
418	Severance – insurance premiums	\$ -	\$ -	\$ -
422	Unreserved – undesignated	\$ -	\$ -	\$ -
<b>Community Service</b>				
Total revenue		\$ 229,400	\$ 229,400	\$ -
Total expenditures		\$ 302,880	\$ 302,880	\$ -
Reserved				
411	Severance	\$ -	\$ -	\$ -
419	Encumbrances	\$ -	\$ -	\$ -
426	\$25 taconite	\$ -	\$ -	\$ -
431	Community education	\$ -	\$ -	\$ -
432	ECFE	\$ -	\$ -	\$ -
444	School readiness	\$ -	\$ -	\$ -
447	Adult basic education	\$ -	\$ -	\$ -
452	OPEB liability not in trust	\$ -	\$ -	\$ -
Unreserved				
418	Severance – insurance premiums	\$ -	\$ -	\$ -
422	Unreserved – undesignated	\$ 3	\$ 3	\$ -
<b>Building Construction</b>				
Total revenue		\$ -	\$ -	\$ -
Total expenditures		\$ 5,720,996	\$ 5,720,997	\$ (1)
Reserved				
407	Capital projects levy	\$ -	\$ -	\$ -
409	Alternative facility program	\$ -	\$ -	\$ -
413	Project funded by COP	\$ -	\$ -	\$ -
419	Encumbrances	\$ -	\$ -	\$ -
Unreserved				
422	Unreserved – undesignated	\$ (353,761)	\$ (353,761)	\$ -

INTERMEDIATE DISTRICT NO. 287

Uniform Financial Accounting and Reporting Standards  
 Compliance Table (continued)  
 June 30, 2010

	Audit	UFARS	Audit – UFARS
<b>Debt Service</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Reserved			
425 Bond refundings	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
Unreserved			
422 Unreserved – undesignated	\$ –	\$ –	\$ –
<b>Trust</b>			
Total revenue	\$ 348,977	\$ 348,977	\$ –
Total expenditures	\$ 353,766	\$ 353,766	\$ –
Reserved			
419 Encumbrances	\$ –	\$ –	\$ –
Unreserved			
422 Unreserved – undesignated	\$ 6,359	\$ 6,359	\$ –
<b>Agency</b>			
Unreserved			
422 Unreserved – undesignated	\$ –	\$ –	\$ –
<b>Internal Service</b>			
Total revenue	\$ 429,114	\$ 429,115	\$ (1)
Total expenditures	\$ 393,230	\$ 393,230	\$ –
Reserved			
419 Encumbrances	\$ –	\$ –	\$ –
Unreserved			
422 Unreserved – undesignated	\$ 100,019	\$ 100,019	\$ –
<b>OPEB Revocable Trust</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Reserved			
419 Encumbrances	\$ –	\$ –	\$ –
Unreserved			
422 Unreserved – undesignated	\$ –	\$ –	\$ –
<b>OPEB Irrevocable Trust</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Reserved			
Unreserved			
422 Unreserved – undesignated	\$ –	\$ –	\$ –
<b>OPEB Debt Service</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Reserved			
425 Bond refundings	\$ –	\$ –	\$ –
Unreserved			
422 Unreserved – undesignated	\$ –	\$ –	\$ –
<p>Note 1: The District may report certain additional reserved and designated fund balances for financial reporting purposes that are reported to the Minnesota Department of Education as unreserved for purposes of this table.</p>			
<b>Unaudited Data Reporting Elements</b>			
<b>Fiscal Year 2010 Operating Capital Transfer</b>			
Per pupil amount	\$ –		
Adjusted marginal cost pupil unit	–		
Total transfer	\$ –		

# Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

**GROUP:** Facilities Committee

**DATE:** December 21, 2010

**TIME:** 8:30 – 10:50 a.m

**LOCATION:** DSC Board Room

**PROTOCOLS:**

Decisions will be made via consensus on the agenda items.

**CONVENER:** Tom Shultz

**FACILITATOR:** Peyton Robb

**ATTENDING:** Don Draayer, Peyton Robb, Steve Antolak, Michele Kunz, Linda Johnson, Sandy Lewandowski, Tom Shultz, Lea Dahl, Rick Wessling, Mark Thiede, Justine Pliska

**LONG TERM PURPOSE**

The Facilities Committee for the North Education Center project will provide oversight and direction to administration and bring recommendations to the full Board for approval as needed.

AGENDA ITEMS	OUTCOMES	TIME BUDGETED	ACTION
1. Best Value Process	<ul style="list-style-type: none"> <li>Committee members will discuss the 12-15 meeting with potential bidders for NEC, the Best Value training session and understand the timeline for bidding.</li> </ul>	20 minutes Peyton R & Tom S	<p>Committee members viewed the Hostermann/NEC transition slideshow highlighting the groundbreaking and the demolition. Thank you Julie Bess.</p> <p>The project proposal and Best Value (BV) process and timelines was shared with potential general contractors last week. A handout listing all contractors, subs and more was distributed. Tom &amp; Peyton shared that we had a good response and that our project is a very attractive one at this time in Minnesota.</p> <p>The top proposals (2 page submission maximum, deadline February 7) will be read and likely 2-6 interviews will be held on 2/18. BV conference attendees will be back in time for the interviews.</p> <p>Sandy requested that TSP give us a “mock up” of what a good proposal looks like for the committee to review and further understand the process.</p> <p>Tom offered that interviews will be conducted separately for the site superintendent and the general contractor for assurance to us of continuity of project understanding and implementation.</p>
2. Best Value Conference 2/14-17/11	<ul style="list-style-type: none"> <li>Board member to attend this conference will be identified</li> </ul>	10 minutes Group	<p>BV conference attendees from 287: Janet Johnson, David Anderson and Gloria Wilder TSP: Mark Thiede Potential 287 Board attendees: Steve, Don and/or Linda have expressed some interest and will let Sandy know.</p>
3. Construction Summary Weekly Report and Risk Report	<ul style="list-style-type: none"> <li>Committee members will discuss what a Board report on NEC should contain and sample reports</li> </ul>	30 minutes	<p>The committee reviewed sample Rochester weekly construction reports and found it to be useful information that could be replicated for our project and shared electronically.</p> <p>TSP would like to add a reporting column to the unforeseen risk spreadsheet. There was much discussion on being clear with our</p>

The mission of Intermediate District 287 Is to be the premier provider of innovative specialized services to ensure that each member district can meet the unique learning needs of its students.

	from the Rochester School District utilizing the Best Value approach will be shared.		<p>expectations for the general contractor and consequences for not meeting those expectations.</p> <p>Mark listed six risk categories: change of scope, unforeseen conditions, agency changes, our choice change, TSP oops, and general conditions.</p>
4. NEC Interior Materials / Colors	<ul style="list-style-type: none"> <li>Committee members will understand colors and patterns directions</li> </ul>	<p>15 minutes</p> <p>Tom S</p>	<p>Mark and Justine reviewed the exterior and interior color and material choices and committee recommendations. There are three potential vendors who can provide comparable materials. There was some discussion on walkway and building materials, terrazzo etc. Color choices will be confirmed in March. Generally the first floor will be primary colors and more neutral on floors 2 &amp; 3. The cafeteria will have more color than SEC. Michele asked about the wall covering at SEC and its potential at NEC. Justine said it won't be the same at NEC. Carpet colors/styles will designate office space and floor.</p>
5. Hosterman Demo Progress	<ul style="list-style-type: none"> <li>Committee members will be updated on demo progress</li> </ul>	<p>10 minutes</p> <p>Tom S</p>	<p>Demolition is in progress. Peyton asked about timeline and Tom said we are on time.</p>
6. Latest Budget Estimate	<ul style="list-style-type: none"> <li>Committee members will review and understand the latest budget figures from TSP</li> </ul>	<p>15 minutes</p> <p>Mark T</p>	<p>Mark reviewed the NEC project budget document which remains very similar to previous versions. He asked the Committee for approval of the 12-21-10 TSP estimated Project Budget document so that the bid materials can be issued on 1/17/11. Outcome: it was determined that we do not need the full Board approval ahead of time for distribution of the bid proposals because the project budget remains very close to \$38M as it was on 9-23-10. Consensus was reached by the Facilities Committee to approve the estimated project budget as brought forth by TSP today.</p> <p>For future facilities committee meetings, the finance threshold chart will be added to the 3-ring binder.</p> <p>Linda asked the committee to consider enhancing the sound system at NEC in the gymnasium if resources allow for greater district use.</p> <p>CUP is formally approved and in place.</p> <p>Committee members discussed the additional costs on the 12-21-10 budget for playground equipment. This was tabled until we see the bids come in on 2/7/10.</p> <p>Additional: Sandy wants to be very clear about the sequence of events needed after January 1<sup>st</sup> for all approvals. Specifically, getting the 3<sup>rd</sup> floor change submission to MDE for Review &amp; Comment approval in early February and how that will fit in with the other due dates. 287 can't award the contract until the Review and Comment process is complete. Discussion at January board regarding a "not to exceed" total project cost including 3<sup>rd</sup> floor is possible. Bid proposals from contractors are due 2/7, Board meets 2/10. Peyton said that a discussion at the January Board meeting about the 3rd floor take place with a final decision on February 10th. 287 must award the bid to a general</p>

			<p>contractor by 3/24. Don stated that a special board meeting could be added if needed. Linda suggests addressing 3<sup>rd</sup> floor concerns with Board in January and asking them to consider approving with a “not to exceed” amount. Sandy wants to clarify to the board specifically how much financing will be needed and the impact of any new financing on the total budget &amp; member districts lease costs.</p>
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Outcome: Sandy will check in with MDE to alert them that this request is coming and refamiliarize them with our plans to potentially add a 3<sup>rd</sup> floor. The Facility committee meeting will be moved (due to constrained timelines) from 2/15 to 2/8 and so that a recommendation can be brought to the Board for a decision on 2/10.

Final thoughts: Michelle mentioned that she hopes Steve will continue to serve on the 287 board.

Meeting adjourned 10:50 am

**HANDOUTS:**

1. [Tom Shultz Memo for 12/9/10 Board Meeting \(Best Value Dates\)](#)
2. [February 2011 Best Value Conference Information](#)
3. [Construction Summary Weekly Report](#)
4. [Risk Detail Report](#)
5. [North Education Story](#)
6. [Fact Sheet #3 - November](#)

# Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

**GROUP:** Facilities Committee

**DATE:** January 18, 2010

**TIME:** 8:30 – 10:30 a.m

**LOCATION:** DSC Board Room

**PROTOCOLS:**

Decisions will be made via consensus on the agenda items.

**CONVENER:** Tom Shultz

**FACILITATOR:** Peyton Robb

**ATTENDING:** Lea Dahl, Don Draayer, Linda Johnson, Michele Kunz, Sandy Lewandowski, Peyton Robb, Tom Shultz, Mark Thiede (TSP) Rick Wessling (TSP)

**LONG TERM PURPOSE**

The Facilities Committee for the North Education Center project will provide oversight and direction to administration and bring recommendations to the full Board for approval as needed.

AGENDA ITEMS	OUTCOMES	TIME BUDGETED	ACTION
1. Best Value Process	<ul style="list-style-type: none"> <li>Committee members be provided an example of a Proposal, RAVA Plan and Interview Questions for familiarization purposes</li> </ul>	20 minutes Tom S	Tom S reviewed the Best Value documents, process and reasoning behind process. <ul style="list-style-type: none"> <li>Forms are posted on web site under RFP</li> <li>RAVA = <i>Risk Assessment Value Add</i></li> <li>Value Add = better option; may be add or deduct</li> </ul>
2. Best Value Conference 2/14-17/11	<ul style="list-style-type: none"> <li>Committee members will learn who might be attending.</li> </ul>	10 minutes Group	District 287 staff attending: Dave Anderson, Manager A/P; Gloria Wilder, Assistant Director A/R Facilities Committee Member attending: Linda Johnson
3. Best Value & Financing Timelines	<ul style="list-style-type: none"> <li>Committee members will review an updated NEC Best Value &amp; Financing Timeline document and understand the latest financing information on a new financing graph.</li> <li>Committee members will determine what information should be presented to the full Board on 1-27-11 so that a decision regarding 3<sup>rd</sup> floor can be done on 2-10-11.</li> </ul>	40 minutes Janet & Tom	Janet J led discussion: <ul style="list-style-type: none"> <li>Timeline is tight – we would need MDE approval of Review and Comment by March to adhere to our schedule to open school in the fall of 2012.</li> <li>If we do not need the additional \$5 million, we would not need to submit another Review and Comment to MDE.</li> <li>10% of QSCB funds must be committed within 6 months (May 2011).</li> <li>Less will be earned in interest on escrowed funds as rates are lower now than when SEC was built (\$300,000 vs. \$1,000,000).</li> <li>The updated <i>Total Lease Cost Comparison</i> shows the total NEC borrowing paid off in 19 years rather than 17 years originally projected, decreasing the annual payments.</li> <li>In addition to the land purchase, the funds borrowed will be at an interest rate of 3.2% vs. the 5% rated secured for the construction of SEC.</li> <li>Subsidy from SEC escrow FY12 now calculated at \$1.2 million. It was noted that we have a total of \$2.1 million, in this account.</li> </ul>

The mission of Intermediate District 287 Is to be the premier provider of innovative specialized services to ensure that each member district can meet the unique learning needs of its students.

			<ul style="list-style-type: none"> <li>In determining the best estimate used for graph 9/23/10, we did not know the interest rate or “sinking fund” amount</li> </ul> <p>Regarding the financing graphs and what should be presented to the Board, Janet J noted:</p> <ul style="list-style-type: none"> <li>These are indicative of operating costs, not total construction costs.</li> <li>It was suggested that when presenting to Board, the TSP Budget Construction table be presented first, then segue into financing graphs.</li> <li>Noted to add date column headings on 2<sup>nd</sup> page of TSP budget table.</li> <li>Mention 90% recycling of material in demo as noted in bullet point below.</li> <li>Mention number of fewer trips by trucks hauling, resulting in less damage to city streets.</li> </ul>
4. Hosterman Demo Progress	<ul style="list-style-type: none"> <li>Committee members will be updated on demo progress</li> </ul>	10 minutes Tom S	<p>Tom S updated the Committee:</p> <ul style="list-style-type: none"> <li>Hosterman demo is at 40-50% complete.</li> <li>More equipment and men have been secured since December 2010.</li> <li>Cameras to follow demo progress are not yet up and running.</li> <li>There have been no complaints from neighbors.</li> <li>Concrete and masonry are being processed on-site and used as fill (90% recycled).</li> <li>Tom S to contact Doboszinski &amp; Sons and get information on number of haul trips made with debris and/or other recyclable materials.</li> </ul>
5. Lease Space at Edgewood	<ul style="list-style-type: none"> <li>Committee members will be informed of Hennepin County program interested in leasing space at Edgewood</li> </ul>	10 minutes Tom S	<p>This item was not included on original agenda; Tom S informed Committee of request to lease space at Edgewood Tuesday through Saturday from 2:30 – 10:00 PM.</p> <ul style="list-style-type: none"> <li>This is for a LINK program that would benefit a maximum of 30 students.</li> <li>A similar program is currently in place on the south side of Hennepin County.</li> <li>Some of the students are already day students that would remain for the PM program.</li> <li>Population includes those on probation or in X-Track program.</li> <li>No student drivers; transportation would be provided</li> <li>Osseo will provide bag lunches.</li> <li>Revenue generated would be \$1,000/month.</li> <li>It was agreed by the Committee to present Action Item at the January 27 Board meeting.</li> </ul>

**HANDOUTS:**

1. Best Value Proposal
2. Best Value RAVA
3. Best Value Interview Guide
4. Best Value & Financing Timelines 2-18-11
5. Finance Graph from 9-10-10
6. Finance Graph from 1-11-11

# Intermediate District 287

## RESPONSIVE. INNOVATIVE. SOLUTIONS.

### NEC Best Value & Financing Timelines January 18, 2011

Date	Action Taken	Status
12-1-2010	RFP Released	Completed
12-15-2010	Education Meeting and Pre-Bid Meeting	Completed
12-21-10	Revised TSP Construction Budget	Approved
1-3-2011	Plans to 287 from TSP for final review	Completed
1-7-2011	287 meets with TSP to discuss any issues found in drawings and specifications	Completed
1-17-2011	Bid Documents for General Contractor & Demountable Walls Released	Completed
1-18-11	Board Facilities Committee Meeting	
1-24-2011	Last Day for Questions from General Contractors & Demountable Wall Suppliers	
1-27-2011	Board Meeting <span style="float: right;">(full Board)</span>	
2-4-2011	Critical Subcontractors RAVA Plan Due (2:00 P.M.)	
2-7-2011	Bid Proposals Due (2:00 P.M.)	
2-8-2011	Review of Proposals by 287 (4 days ) <span style="float: right;">(Review Comm.-Peyton)</span>	
2-8-2011	Facilities Committee Meeting – 3 <sup>rd</sup> floor recommendation	
2-10-2011	Board Meeting – 3 <sup>rd</sup> floor, financing authorization, Review & Comment <span style="float: right;">(full Board)</span>	
2-11-2011 – if needed	Addendum Review & Comment for 3 <sup>rd</sup> Floor to MDE	
2-(14-17)-2011	Best Value Conference	
2-18-2011	Interview of Shortlisted General Contractors <span style="float: right;">(Review Comm.-Peyton)</span>	
2-18-2011	Identification of Potential Best Value Contractor	
3-21-2011	Pre Award Meeting(s) with General Contractor	
TBD – if needed	MDE Approves Addendum to Review & Comment	
3/24/2011	District 287 Board Approval of contract <span style="float: right;">(full Board)</span>	
TBD –if needed	Board Approves Resolution for Sale of Bonds & Financing Parameters <span style="float: right;">(full Board)</span>	
TBD – if needed	Board Approves Resolution for Sale of COPs <span style="float: right;">(full Board)</span>	

**Intermediate District 287**  
**North Education Center**  
**Project Budget**  
 March 1, 2010  
 June 18, 2010  
 September 23, 2010  
 December 21, 2010



		3/1/2010 122,143 sf		6/18/2010 129,630 sf		9/23/2010 132,000 sf		12/21/2010 132,000 sf
<b>CONSTRUCTION</b>								
Site Construction Cost	\$	1,800,000	\$	2,365,558	\$	2,244,239	\$	2,364,427
Building Demolition Cost	\$	-	\$	307,318	\$	323,000	\$	323,000
Building Construction Cost	\$	20,770,000	\$	23,954,250	\$	27,749,514	\$	27,464,896
General Conditions (in construction costs)	\$	-	\$	-	\$	-	\$	-
<b>Construction Cost</b>	<b>\$</b>	<b>22,570,000</b>	<b>\$</b>	<b>26,627,126</b>	<b>\$</b>	<b>30,316,753</b>	<b>\$</b>	<b>30,152,323</b>
Construction Contingency 5%	\$	-	\$	1,315,990	\$	1,515,838	\$	1,507,616
Construction Market Discount (12%)	\$	-	\$	(3,195,255)	\$	(3,638,010)	\$	(3,618,279)
<b>Subtotal Construction Cost</b>	<b>\$</b>	<b>22,570,000</b>	<b>\$</b>	<b>24,747,861</b>	<b>\$</b>	<b>28,194,580</b>	<b>\$</b>	<b>28,041,660</b>

<b>DESIGN AND CONSULTANT FEES</b>								
Architects and Engineers	\$	1,435,625	\$	1,435,625	\$	1,885,875	\$	1,885,875
Reimbursable Expenses	\$	33,746	\$	33,746	\$	33,746	\$	33,746
Plan Reproduction	\$	55,000	\$	55,000	\$	55,000	\$	55,000
Furniture Design	\$	24,500	\$	24,500	\$	24,500	\$	24,500
Technology and Security Consultant	\$	81,400	\$	81,400	\$	96,790	\$	96,790
Review and Comment	\$	2,500	\$	2,500	\$	2,500	\$	2,500
Commissioning	\$	100,000	\$	100,000	\$	100,000	\$	100,000
Energy Modeling	\$	10,000	\$	10,000	\$	10,000	\$	10,000
LEED Certification	\$	75,000	\$	-	\$	-	\$	-
<b>Subtotal Fees</b>	<b>\$</b>	<b>1,817,771</b>	<b>\$</b>	<b>1,742,771</b>	<b>\$</b>	<b>2,208,411</b>	<b>\$</b>	<b>2,208,411</b>

<b>OWNER ADMINISTRATIVE COSTS</b>								
Permits and Plan Review Fees	\$	135,263	\$	135,263	\$	135,263	\$	135,263
Hazardous Material (by others)	\$	-	\$	-	\$	-	\$	-
Site Survey	\$	22,900	\$	-	\$	-	\$	-
Environmental Consultant: Phase 1 Environmental Assessment	\$	19,179	\$	-	\$	-	\$	-
Builder's Risk Insurance	\$	60,743	\$	60,743	\$	60,743	\$	60,743
Liability Insurance	\$	-	\$	-	\$	-	\$	-
Quality Testing	\$	65,060	\$	65,060	\$	65,060	\$	65,060
Misc Admin and Legal	\$	-	\$	-	\$	50,000	\$	50,000
<b>Subtotal Owner Administrative Costs</b>	<b>\$</b>	<b>303,144</b>	<b>\$</b>	<b>261,066</b>	<b>\$</b>	<b>311,066</b>	<b>\$</b>	<b>311,066</b>

<b>FURNISHINGS, FIXTURES, &amp; EQUIPMENT (FF&amp;E)</b>								
Furniture	\$	350,000	\$	350,000	\$	350,000	\$	350,000
Owner Equipment	\$	-	\$	350,000	\$	350,000	\$	350,000
Computers	\$	-	\$	-	\$	-	\$	-
Security Systems	\$	214,174	\$	135,000	\$	135,000	\$	191,251
Signage	\$	35,000	\$	35,000	\$	35,000	\$	35,000
Technology	\$	600,000	\$	858,000	\$	821,500	\$	822,101
Classroom A/V Systems	\$	-	\$	367,000	\$	368,000	\$	508,622
Gymnasium A/V Systems	\$	-	\$	-	\$	-	\$	110,000
<b>Subtotal FF&amp;E</b>	<b>\$</b>	<b>1,199,174</b>	<b>\$</b>	<b>2,095,000</b>	<b>\$</b>	<b>2,059,500</b>	<b>\$</b>	<b>2,366,974</b>

<b>Site Purchase</b>	<b>\$</b>	<b>1,250,000</b>	<b>\$</b>	<b>1,175,000</b>	<b>\$</b>	<b>1,175,000</b>	<b>\$</b>	<b>1,175,000</b>
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<b>Subtotal Project Cost</b>	<b>\$</b>	<b>27,140,089</b>	<b>\$</b>	<b>30,021,698</b>	<b>\$</b>	<b>33,948,557</b>	<b>\$</b>	<b>34,103,111</b>
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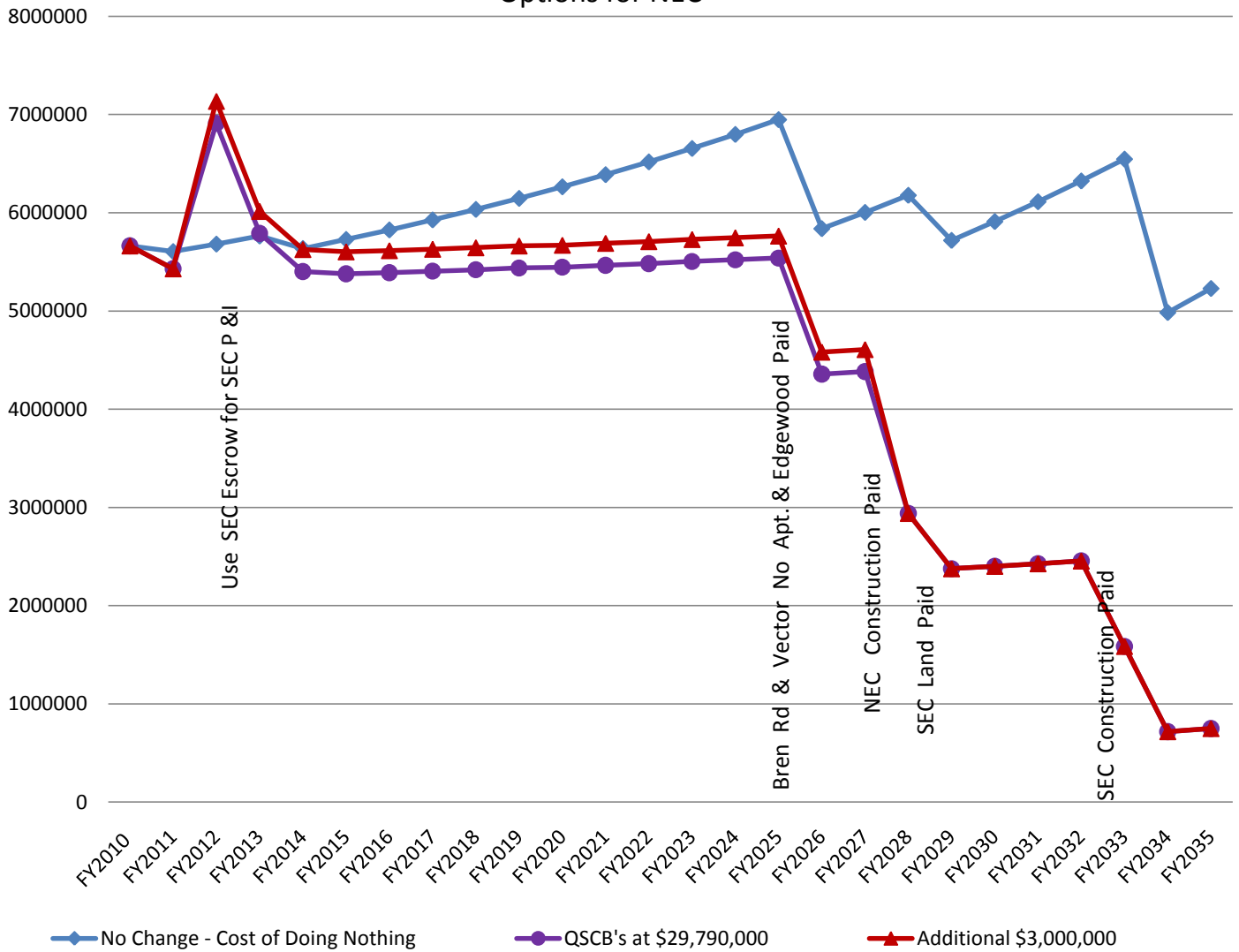
	3/1/2010	6/18/2010	9/23/2010	12/21/2010
<b>THIRD FLOOR ALTERNATE</b>				
		22,940 sf	25,521 sf	25,521 sf
Shell Space Construction Cost	\$	2,440,000		
Build-out Construction Cost	\$	1,812,260		
Subtotal-Shell and Build-out Construction Cost	\$	4,252,260	\$ 4,235,778	\$ 3,840,503
Technology			\$ 128,400	\$ 110,932
Security			\$ 25,500	\$ 17,749
Construction Cost	\$	4,252,260	\$ 4,389,678	\$ 3,969,184
Construction Contingency 5%	\$	212,613	\$ 219,484	\$ 198,459
Construction Market Discount (12%)	\$	(510,271)	\$ (526,761)	\$ (476,302)
<b>Total Construction Cost for Third Floor Alternate</b>	<b>\$</b>	<b>3,954,602</b>	<b>\$ 4,082,401</b>	<b>\$ 3,691,341</b>
"DIRTT" Alternate (modular wall system)	\$	1,258,716	Included above	Included above
Playground Equipment	\$	32,000	\$ 32,000	\$ 32,000
Playground Equipment				\$ 44,584
<b>Total Project Cost</b>	<b>\$ -</b>	<b>\$ 35,267,016</b>	<b>\$ 38,062,958</b>	<b>\$ 37,871,037</b>

Amended w/Const Cont added

**\*Costs that are to be covered by other District Resources**

Fund Balance	307,318.00	323,000.00
Interest Earnings on Construction Escrow Account	1,315,990.00	1,515,838.00
FY 11, 12, 13 MA Revenue and Fund Balance	2,095,000.00	2,059,500.00
FY 10 MA Revenue	1,175,000.00	1,175,000.00
Interest Earnings on Construction Escrow Account	212,613.00	219,484.00
	<b>5,105,921.00</b>	<b>5,292,822.00</b>
Amount to be financed	30,161,094.68	32,770,135.83
Qualified School Construction Bond Allocation	(29,790,000.00)	(29,790,000.00)
Potential Additional Financing	371,094.68	2,980,135.83

## Total Lease Cost Comparison Options for NEC



**ASSUMPTIONS:**

- \* Finance amount based upon TSP's estimates for project costs with 3rd floor alternate with District payments from other resources as planned
- \* \$29,790,000 of financing completed prior to 12/31/10 using QSCB allocation
- \* Total NEC borrowing is paid off in 17 years (FY27).
- \* Debt runs factor in first payment in FY12 with SEC P&I payments from SEC Escrow.

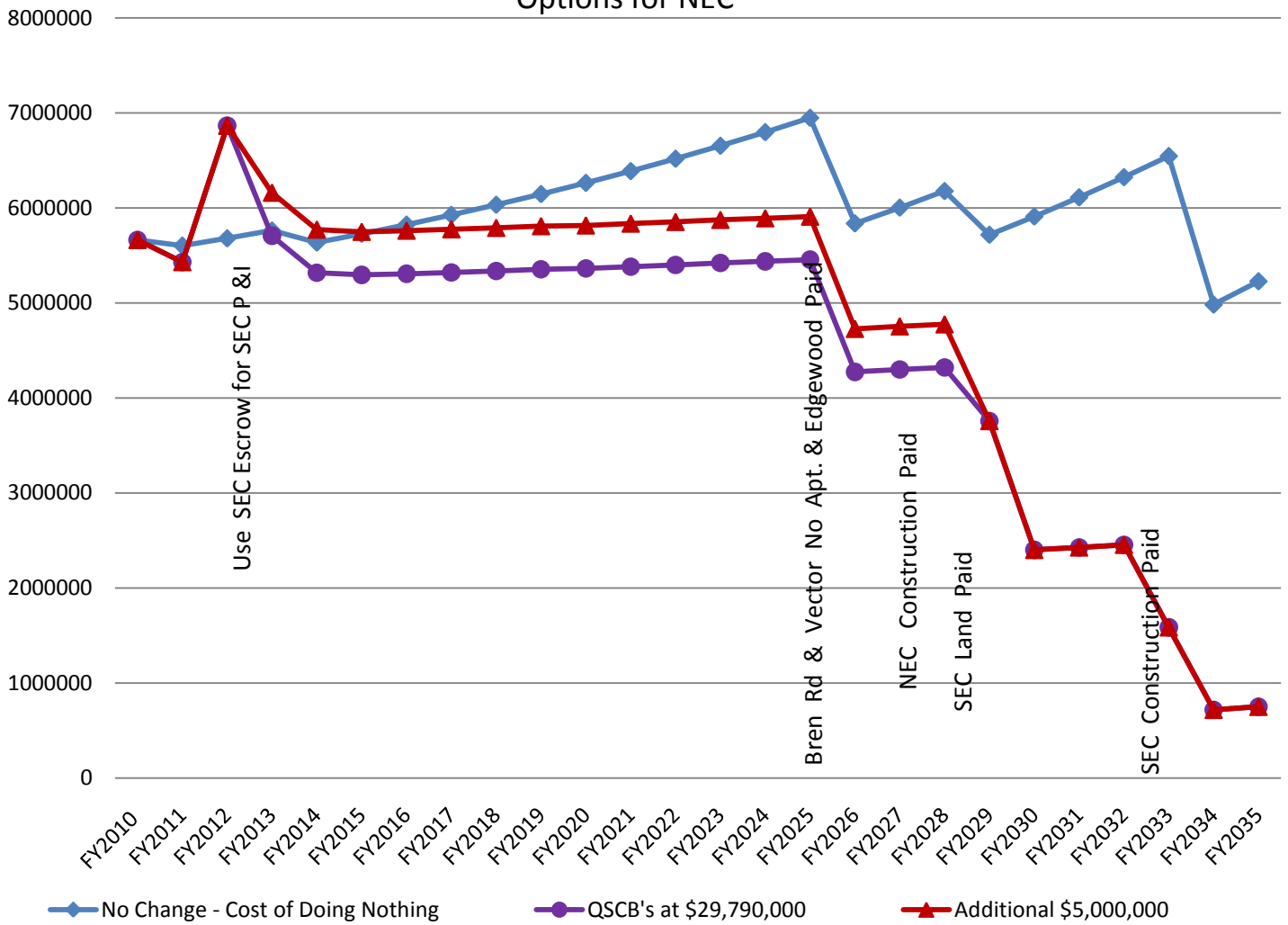
\* **Financing:** \$29,790,000 QSCB's only  
Subsidy to cover additional cost in first year:  
\$1.5 million from SEC escrow FY12

\* **Financing:** \$29,790,000 QSCB's plus \$3,000,000 additional  
Subsidy to cover additional cost in first year:  
\$1.5 million from SEC escrow FY12

FY34 and beyond shows all current capital leases (Principal & Interest) paid off and continued  
 \* operating leases on 2 sites.

# Total Lease Cost Comparison

## Options for NEC



**ASSUMPTIONS:**

- \* Finance amount based upon TSP's estimates for project costs with 3rd floor alternate with District payments from other resources as planned
- \* \$29,790,000 of financing completed 10/28/10 using QSCB allocation
- \* Total NEC borrowing is paid off in 19 years (FY29).
- \* Debt runs factor in first payment in FY12 with SEC P&I payments from SEC Escrow.
- \* **Financing:** **\$29,790,000 QSCB's only**  
**Subsidy to cover additional cost in first year:**  
**\$1.2 million from SEC escrow FY12**
- \* **Financing:** **\$29,790,000 QSCB's plus \$5,000,000 additional**  
**Subsidy to cover additional cost:**  
**\$1.75 million from SEC escrow FY12-FY15**
- \* FY34 and beyond shows all current capital leases (Principal & Interest) paid off and continued operating leases on 2 sites.

**INTERMEDIATE DISTRICT 287**  
**PLYMOUTH, MINNESOTA**  
**BOARD OF EDUCATION**

**Regular Meeting – January 27, 2011**

**AGENDA SECTION:** Administrative Services / Facilities Report

**ITEM:** Leasing of Edgewood Space

**PRESENTED BY:** Thomas Shultz

**1. Background Information**

Recommend approval of a One-Year Lease with The Link, a non-profit community program that proposes to lease space at Edgewood Education Center to accommodate a maximum of 30 students in an evening program Tuesdays through Saturdays. Students will be on-site from 3:00 – 8:00 PM. The student population consists of those currently on probation (including some students already attending programs such as X-Track at that site during the day). Osseo will provide bag lunches. There will be no student drivers on site; transportation will be provided.

Revenue generated would be \$1,000 per month.

This site currently houses the following programs: Explore Middle, Phase North, STRIVE Transition North, SUN Transition North and X-Track.

**2. Fiscal Impact/Funding Source:** See above

**3. RECOMMENDED ACTION:** Board Approval of a one-year lease with The Link for classroom and office space at Edgewood Education Center located at 6601 Xylon, Brooklyn Park, MN 55428

Motion by: \_\_\_\_\_ Yes \_\_\_\_ Passed \_\_\_\_

Second by: \_\_\_\_\_ Yes \_\_\_\_ Failed \_\_\_\_

Abstentions: \_\_\_\_\_

# Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

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## M E M O R A N D U M

Date: January 18, 2011  
To: Sandra Lewandowski, Superintendent  
From: Thomas Shultz, Director of Facilities  
RE: Recommendation for Approval to Lease Space at Edgewood Education Center

I am recommending that the Board approve of a One-Year Lease with The Link, a non-profit community organization, proposing to lease space in the Edgewood Education Center located at 6601 Xylon Avenue North, Brooklyn Park, MN 55428. The lease term is from January 15, 2011 to December 31, 2011 for approximately 1,000 sq. ft. of space. Revenue generated is \$1,000 per month.

The Board Facilities Committee recommends Board approval of this lease at their meeting scheduled for January 27, 2011.

## AMSD Calendar

### Legislative Preview January 7, 2011

8:00 a.m.—10:00 am  
Grand Hall  
TIES Building, St. Paul

### January 19, 2011 8:00 AM—12:00 PM

**2010 AMSD Winter  
Conference**  
*"Building a Bridge to  
the Next Generation of  
Public Education"*  
Grand Hall,  
TIES Building, St. Paul

### January 28, 2011 Executive/Legislative Committee Meeting,

7:30 a.m., TIES Building,  
St. Paul

### February 4, 2011

**Board of Directors  
Meeting,** 7:00 a.m., TIES  
Building, St. Paul

## AMSD's Mission

*To advocate for state  
education policy that enables  
metropolitan school districts to  
improve student learning.*



Association of  
Metropolitan School Districts

## Brooklyn Center:

### There is life after SEVEN levy defeats!

**B**rooklyn Center School District is an exceptional place providing an exceptional, personalized educational experience for children. Those from outside the district feel the same way. Thirty five percent of the 1,800 students in this small, 2.8 square mile district are open-enrolled. Through our seven levy defeats, it seems that many of the residents in our district don't see the "gem" that exists in their midst.

Seven times we have gone to the voters asking for levy support. Seven times the voters said no. The eighteen hundred young people, 75% of whom live in poverty, 75% are "non-white," and 15% special education students, continue to trust in the district and staff. The students rely on the dedicated and caring people in our district, whose salaries are among the lowest in the metro, have had budgets slashed, and class sizes continue to grow.

Fortunately, a strong characteristic of this small, hardworking district is that, in Brooklyn Center, "you can have a good idea in the morning and have it implemented by noon." We innovate. We create. We take risks. And we continue to grow without the levy support of our residents.

Thanks to grants and hard work our elementary school, Earle Brown (EB), is an authorized International Baccalaureate PYP (Primary Years Program) World



*Continued on page 2*

## From the Chair:

**T**he 2011 legislative session promises to be full of challenges as the governor and legislators face a projected \$6.2 billion budget shortfall. It has never been more important for AMSD board members and citizens concerned about the vitality of public education to be actively engaged in the legislative process. I encourage AMSD board members to attend the AMSD session preview on January 7. This will be a great opportunity to meet many of the newly elected legislators and re-connect with others.

During the session, AMSD offers board members a variety of ways to stay connected:

Website: <http://www.amsd.org/>

Blog: <http://amsdmn.blogspot.com/>

Facebook: In search box, type in AMSD

Twitter: <http://twitter.com/amsdmn>

In addition, you can sign up to receive action alerts on the AMSD web page. Your involvement truly does make a difference!

*Patsy Green, school board member from Robbinsdale Area Schools, is chair of AMSD.*

## Brooklyn Center innovates, creates and takes risks to help students achieve

Continued from page 1

School and Brooklyn Center High School (BCHS) is an authorized International Baccalaureate MYP (Middle Years Program) World School. The high school is also an Arts Magnet, recognized as two-time national award winning Magnet School of Excellence two years in a row.

Having re-examined our approach to teaching and learning in the district, we have become the first school district in Minnesota to implement full service community schools district-wide. Read on to learn more about the “what,” “how,” and particularly the “why” of this approach.

### Why

Children come to school every day with a variety of barriers to learning (and living). These may be medical, mental illness, dental, homelessness, victims of abuse, chemical addiction, bullying, teen pregnancy/parenting and many more as outlined by UCLA reports. When students are dealing with these barriers, even the finest curriculum and best instruction won't create the learning necessary for them to become successful, productive adults/citizens. There are many agencies, including schools that provide support for children and adults with these barriers, but they are often not connected, aren't easily accessible, and rarely talk to each other.

### What

Community Schools are an approach that seeks to work with partners to create meaningful and timely connections and collaborations to better serve students and families. Action taken in Brooklyn Center includes:

- Convening 100+ partners from public, non-profit, & private agencies.
- Opened a “gold standard” Health Resource Center at Brooklyn Center High School. All construction costs have been donated. All children, infancy to high school, now have access to free or low-cost medical, dental, mental health, and vision services.
- Expanded services at our family resource center, Community Corner. Family Resource Rooms are also open in each building (EB and HS).
- Tutoring/mentoring opportunities for children by BBBS, Life Coaches, Sanneh Foundation, Finley Foundation).
- Providing after school programs that are tied to academics (50% of students participating). Elementary “extended day” includes YMCA and Targeted Services. At the high school activities and tutoring are provided by 21st Century Learning Center and Athletics.
- Addressing employee wellness and reducing health care costs through NeoPath, a telemedicine program with a physician on-site once a week.
- A comprehensive Teen Parent & Child Care Center serving pre-natal through kindergarten, is in development. However, much of it is already in place and being provided by the district and multiple partners.

### How Much

It makes strong fiscal sense to leverage our collaborative partnerships in this manner. Consider:

- When all partners providing similar programs (such as mentoring) to students are convened, services aren't duplicated, and partners work together, rather than competing with one another. Reducing duplication allows us to use energy and resources in other areas.
- With multiple partners involved in an effort the total costs can be reduced by using already committed funds to create a new, more effective and efficient “whole.”
- With many of the services being provided onsite, transportation costs are greatly reduced for families and the service providers.
- Shared space means reduced costs for all partners.

If done correctly, community schools can be a money-saver – as it is the ultimate in “shared services.”

Links: MSBA Journal, “Putting on a Clinic” page 14: <http://issuu.com/msbajournal/docs/2010novdecjournal>

Star Tribune Articles:

<http://www.startribune.com/local/north/43234902.html>

<http://www.startribune.com/local/north/102737234.html>

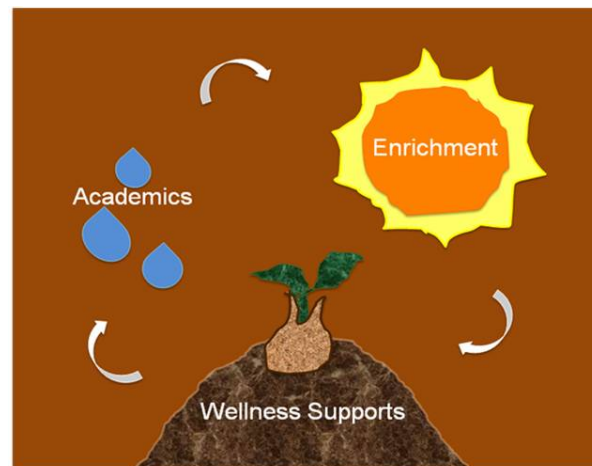
<http://www.startribune.com/local/north/110713069.html>

MN Medicine Article:

<http://www.minnesotamedicine.com/PastIssues/September2010/CoverStorySept2010/tabid/3545/Default.aspx>

District Website:

[www.brookentr.k12.mn.us](http://www.brookentr.k12.mn.us)



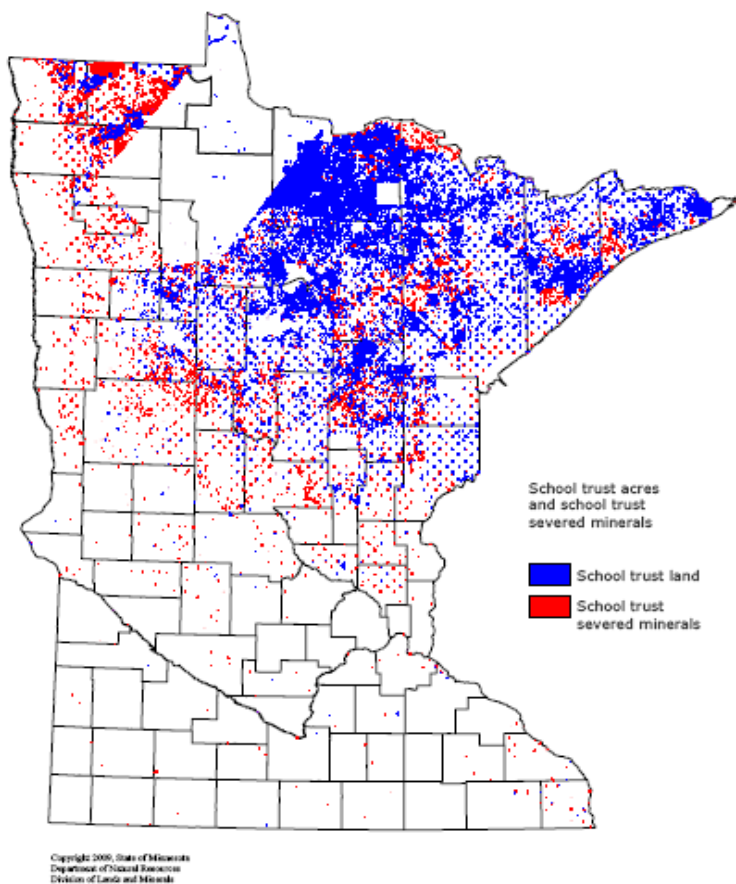
This month's member spotlight was submitted by Keith Lester, Superintendent of Brooklyn Center Community Schools and Julie Ha Truong, Brooklyn Center Community School Project Manager.

## School Trust Lands: Ensuring the Legacy for Our Students

In 2008, Minnesota voters passed the Clean Water, Land and Legacy Amendment, dedicating funding to protect the environment and preserve cultural heritage. This notion of dedicated funding is not a new phenomenon in state government, and in fact, began with our state's inception. When Minnesota became a state, the federal government granted Minnesota more than 2.5 million acres of land and 1 million acres of mineral rights to be constitutionally dedicated "for the benefit of schools" and thus creating what is now known as, "school trust lands."

While school trust lands have been around since the beginning of statehood, many Minnesotans are unaware of their existence and further unaware of the value they bring to Minnesota schools. The school trust lands are primarily located in the northeastern portions of the state in 56 different counties. The lands are managed by the Minnesota Department of Natural Resources (DNR).

### Minnesota School Trust Lands and School Trust Severed Mineral Rights



Source: Minnesota's School Trust Lands Biennial Report, Minnesota Department of Natural Resources, December 2009

*Continued on page 4*

**AMSD Members:** Anoka-Hennepin, Bloomington, Brooklyn Center, Burnsville, Columbia Heights, East Metro Integration District 6067, Eden Prairie, Edina, Elk River, Fridley, Hopkins, Intermediate District 287, Intermediate District 917 (Associate Member), Inver Grove Heights, Mahtomedi, Minneapolis, MSU Mankato Center for Engaged Leadership (Associate Member), Minnetonka, Mounds View, Intermediate School North St. Paul/Maplewood/Oakdale, Northeast Metro District 916 (Associate Member), Northwest Suburban Integration District (Associate Member), Orono, Osseo Area Schools, Richfield, Robbinsdale, Roseville, Rosemount-Apple Valley-Eagan, Shakopee, South St. Paul, Spring Lake Park, St. Anthony/New Brighton, St. Cloud, St. Louis Park, St. Paul, Stillwater, TIES (Associate Member), Wayzata, West Metro Education Program, West St. Paul, and White Bear Lake.

## Better management of school trust lands needed

*Continued from page 3*

Revenue from the lands are generated from the sale of timber, wild rice leases, mining leases, state forest camp-ground fees, lakeshore leases, easements across state trust land, utility licenses, sale of land, surface use and rents and royalties on taconite iron ore that is removed from the land. Forest management costs and mineral management expenses are taken first from the revenue. The remaining revenue is then invested by the State Board of Investment and is deposited into the permanent school trust fund. The permanent school trust fund is over \$600 million. The interest and earnings made on the permanent school trust fund go directly to Minnesota school districts. Management of the investments and market conditions greatly affect the outcome for the schools. Before the State Board of Investment took over in the 1990's, investments were limited. Up until 2010, the revenue school districts received from the trust fund was directly offset against other funds. In 2010, the school trust fund will pay out \$28 per pupil and schools may use it for any purpose.

In 1998, the Legislative Auditor published a report on the state's management of the school trust fund lands and the permanent school trust fund. The report highlighted the need for reform of the Permanent School Fund Advisory Committee (PSFAC) including increased reporting by the DNR and improved management. Reform efforts on permanent school trust fund oversight were passed by the legislature in 2008 and the legislature ended the practice of offsetting revenue school districts received from the trust fund. The efforts, led by the Permanent School Fund Advisory Committee (PSFAC), have sought to bring new energy and attention to school trust lands. Their goal for reform includes improving oversight and management of the lands. Partnering with the legislature and the DNR, PSFAC has also explored working on ways to exchange lands that currently generate little or no revenue for students. In August of 2010, lands in Koochiching County and Cass County were approved for exchange by the PSFCA so that more profitable lands could be acquired as school trust lands. PSFAC cites this most recent exchange proposal as an example of the need for increased management reform and making sure that the lands are being used to their highest potential and bringing the most dollars into the classroom. The group is currently working with the U.S. Forest Service to sell and exchange 86,000 acres of school trust lands that are located in the Boundary Waters Canoe Area Wilderness.

PSFAC has also looked at other state models to redefine management and accountability of school trust lands in Minnesota. One example of success in school trust land management has been in Utah. There, the Children's Land Alliance Supporting Schools (CLASS) and the Utah School and Institutional Trust Lands Administration have worked together to create a separate, independent agency that oversees the trust fund and runs it with a business model perspective. This new model has turned Utah's interests and dividends from \$8 million into \$120 million for their schools.

During the 2010 Session, Rep. Denise Dittrich (District 47A) and Sen. Charles Wiger (District 55) introduced [HF 3475](#) and [SF 3042](#). The legislation created an independent agency (separate from the DNR) that would administer and manage the school trust lands in hopes of greatly enhancing the trust fund's earnings potential. The bill did not pass last year but legislators plan to pursue this important issue again during the 2011 session.

### Minnesota School Trust Lands by County

County	School Trust Land Acres	County	School Trust Land Acres
AITKIN	134,849	LAKE OF THE WOODS	4,636
ANOKA	644	LESUEUR	80
BECKER	16,081	MAHONOMEN	7,307
BELTRAMI	60,843	MARSHALL	22,398
BENTON	120	MARTIN	51
BIG STONE	94	MCLEOD	1
BLUE EARTH	7	MEEKER	41
CARLTON	21,851	MILLE LACS	4,478
CASS	150,753	MORRISON	2,884
CHIPPEWA	11	NICOLLET	1
CHISAGO	120	NORMAN	320
CLAY	321	OTTER TAIL	2,562
CLEARWATER	21,558	PENNINGTON	2,340
COOK	121,635	PINE	22,985
CROW WING	24,013	POLK	1,135
DAKOTA	110	POPE	80
DOUGLAS	160	RED LAKE	760
FILLMORE	120	ROSEAU	46,569
GOODHUE	227	SAINT LOUIS	481,828
HOUSTON	220	SCOTT	1
HUBBARD	29,346	SHERBURNE	1,156
ISANTI	200	SIBLEY	41
ITASCA	293,646	STEARNS	495
KANABEC	3,731	TODD	3,267
KANDIYOHI	200	TRAVERSE	40
KITSON	14,929	WADENA	6,128
KOOCHICHING	854,137	WINONA	122
LAKE	159,251	YELLOW MEDICINE	2

Note: The 31 counties not listed in this table do not contain school trust land.

Source: Minnesota's School Trust Lands Biennial Report, Minnesota Department of Natural Resources, December 2009

# School Board Planning Calendar 2011

1 <sup>st</sup> Meeting of the Month		2 <sup>nd</sup> Meeting of the Month	
<p><del><b>JANUARY 13, 2011</b></del>  <b>Board meeting has been <u>CANCELED</u> due to MSBA Leadership Conference</b>  <b>JANUARY 27, 2011 (Start Time 6:30 PM)</b>  <i>Organizational Meeting</i></p>			
<p>Oath of Office                      Bloomington Withdrawal Update                      Financial Report December                      Legislative Initiatives</p>		<p>Election of Board Officers                      FY10 Audit                      NEC Facility Committee Report                      Strategic Plan Review &amp; Measurement Report - Steve will be here.</p>	
<p><b>FEBRUARY 10, 2011</b>                      Superintendent Mid-Year Evaluation Procedure                      NEC Vote                      Transportation Presentation                      Communication with Local Boards</p>		<p><b>FEBRUARY 24, 2011</b>                      Financial Report February                      Staff Reduction ULA Resolution Changes for following Yr                      FY11 Budget Revision &amp; FY12 Budget Assumptions                      Program Withdrawal Report                      ALC Plus Update                      Diversity Report</p>	
<p><b>MARCH 10, 2011</b>                      Diversity &amp; Recruitment Report</p>		<p><b>MARCH 24, 2011</b>                      Financial Report February                      NEC Facility Committee Report                      Program Reduction Resolution                      Reduction ULA for tenured staff                      FY2012 Preliminary Budget Update</p>	
<p><b>APRIL 28, 2011</b>  <i>(Only one Board meeting this month!)</i></p>			
<p>Spotlight DVD Presentation                      Financial Report March                      Superintendent &amp; Board Evaluation Update</p>		<p>NEC Facility Committee Report                      Long Range Facilities Planning Presentation                      Proposed District 287 School Calendar 2011-2012</p>	
<p><b>MAY 12, 2010</b>                      PBIS Data Update</p>		<p><b>MAY 26, 2011</b>                      Financial Report April                      Audit Open Items &amp; Requirements changes                      Staff Reduction ULA Resolution                      PLC Data Report Highlights                      Non- Tenured Non-Renewals &amp; Probationary Non-Licensed Clerical Layoffs                      North Education Center (NEC) Facility Community Report</p>	
<p><b>JUNE 9, 2011</b>                      Superintendents Evaluation</p>	<p>Financial Report May                      PLC Data Report                      2010-11 Budget                      NEC Facility Committee Report                      Attachment 10 Performance Criteria &amp; Health &amp; Safety</p>	<p><b>JUNE 23, 2011</b>                      Final ULA Resolution for Licensed Staff                      Board Evaluation                      Health &amp; Safety Assessment 99 Report                      Superintendent &amp; School Board Evaluation to plan for Board Retreat outcomes</p>	

**INFORMATIONAL ITEMS TO REMEMBER:**

**\*\* Pay Equity Report - (every three years - due in January 2012)**  
**Board TLC**

**Board role in setting/supporting goals**  
**Community use of Facilities Bucket**

# School Board Planning Calendar 2011

1 <sup>st</sup> Meeting of the Month	2 <sup>nd</sup> Meeting of the Month
<b>JULY 28, 2011</b> <i>(Only one Board meeting this month!)</i>	
C-Train Update Health and Medical Bucket NEC Facility Committee Report	Financial Report June Legislative Session Review & Implications for District Operations
<b>AUGUST 25, 2011</b> <i>(Only one Board meeting this month!)</i>	
Administrative Services PLC Financial Report July Report on Crisis Planning (Michelle Axell – 10 minutes) Determine NEC Size & Cost Option	Approval of Cash Flow Borrowing Resolution NEC Facility Committee Report School Start Up Program Report “Top Things Board Members Should Know About Our 2010-2011 Start-Up” (Colleen, Laura, and Jane)
<b>SEPTEMBER 8, 2011</b> Superintendent Goals Bloomington – Closed Session	<b>SEPTEMBER 22, 2011</b> Financial Report August Resolution to Borrow PLC’s Results/Goals MDE Final Special Education Monitoring Report NEC Facility Committee Report Resolution to Authorize Financing for NEC Report on Crisis Planning
<b>OCTOBER 13, 2011</b> Prior Year Agenda Review Restraints and Seclusion – Instructional Report Resolution for Sale of Bonds for NEC Cash Flow Borrowing	<b>OCTOBER 27, 2011</b> Financial Report September Strategic Plan Update/Innovative Coach NEC Facility Committee Report
<b>NOVEMBER 10, 2011</b> <i>(Only one Board meeting this month!)</i>	
Financial Report October OPEB Reporting & Funding C-Train Report (Written Report) Food Service Resolution	Prior Year Unaudited Fund Balance Report NEC Facility Committee Report Resolution for Settlement of Bonds for NEC Facilities Management Update
<b>DECEMBER 8, 2011</b> <i>(Only one Board meeting this month!)</i>	
Financial Report November Facilities Management Update - Energy Audit Digital Copy Certificate (Written Report)	Prior Year Audit Review NEC Facility Committee Report Legislative Initiatives

**INFORMATIONAL ITEMS TO REMEMBER:**

\*\* Pay Equity Report - (every three years - due in January 2012)  
 Board TLC

Board role in setting/supporting goals  
 Community use of Facilities Bucket

**INTERMEDIATE DISTRICT 287**  
**January 27, 2011**  
**SCHOOL BOARD CALENDAR**

January 2011					
27	Thursday	General Board Meeting	6:30PM	Board Rm	
-----					
February 2011					
08	Tuesday	Local 2209 Board Breakfast	7:30AM	Dover's	
09	Wednesday	South Education Center Graduation	TBD	SEC Gym	
10	Thursday	General Board Meeting	6:30PM	Board Rm	
15	Tuesday	Board Facilities Committee Meeting	8:30AM	Board Rm	
22	Tuesday	Get on the Bus	8:30AM	TBN	
24	Thursday	General Board Meeting	6:30PM	Board Rm	
-----					
March 2011					
10	Thursday	General Board Meeting	6:30PM	Board Rm	
15	Tuesday	Board Facilities Committee Meeting	8:30AM	Board Rm	
22	Tuesday	Local 2209 Board Breakfast	7:30AM	Dover's	
24	Thursday	General Board Meeting	6:30PM	Board Rm	
-----					
April 2011					
19	Tuesday	Board Facilities Committee Meeting	8:30AM	Board Rm	
27	Wednesday	Honors Mentor Connection Scholar's Forum	6:00PM	DSC – 3rd Floor	
28	Thursday	General Board Meeting	6:30PM	Board Rm	
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May 2011					
12	Thursday	General Board Meeting	6:30PM	Board Rm	
17	Tuesday	Board Facilities Committee Meeting	8:30AM	Board Rm	
25	Wednesday	North Vista Graduation	7:00PM	North Vista Ed Ctr	
26	Thursday	General Board Meeting	6:30PM	Board Rm	
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June 2011					
03	Friday	Prairie Center Alternative Graduation	10:00AM	EP Community Ctr	
07	Tuesday	South Education Center Graduation	5:00PM	SEC Gym	
08	Wednesday	City West Academy Graduation	10:00AM	Shady Oak	
09	Thursday	General Board Meeting	6:30PM	Board Rm	
14	Tuesday	Board Facilities Committee Meeting	8:30AM	Board Rm	
23	Thursday	General Board Meeting	6:30PM	Board Rm	

- ◆ Board Facilities Committee Meeting - Third Tuesday of the Month
- ◆ Board Facilities Committee Meeting - Second Tuesday of the Month
- ◆ General Board Meeting – Date Change
- ◆ New Event



## unifyer

### Supervisor vs. Program Facilitator : Who Do You Go To?

The Oct 2209 Unifyer covered the distinction between supervisors and program facilitators. Some 2209 members are asking again, "Who do I go to for this, my supervisor or the program facilitator?"

The table below gives information that may help answer your questions.....

<b>Supervisor Authorities</b>	<b>Program Facilitator Authorities</b>
*Hire staff *Terminate staff *Determine starting salaries for new hires *Assign staff *Determine start and end times for duty day * <b>Evaluate and make judgements about staff performance (Summative Eval.)</b> *Investigate accusations of wrongdoing *Hear grievances *Impose disciplinary procedures *Approve salary change applications *Plan school calendar *Negotiate contracts with 2209 *Represent/speak for 287 in dealings with member districts *Authorize Program budgets and planning.	*Support staff in day-to-day life of the program * <b>Remain co-workers of program staff</b> *May advise staff in performance issues through <b>Informal Formative Eval.</b> *Advice given is delivered privately to staff and kept confidential between the two parties. * <b>Information shared with Supervisors or other Administrative person only with the consent of the program staff.</b> *Do not have the authority to perform any of the Supervisor/Administrators duties as stated in "Supervisor Authorities" box.
<b>District 287 Supervisors</b>	
*Jody Delau *Lea Dahl *Paul Eastwold *Rose Hobson *Pam O'Connell *Judi Marie Ringe *Renee Soule Chapman *Amy Sward *John Voss	If you still have questions, feel free to contact one of your site reps or a 2209 Executive Council member for clarification!

**GET THE LOCAL UNION SCOOP AND DISCUSS YOUR ISSUES!**

**<http://local2209.locals.educationminnesota.org>**

1. **Bookmark** the address above.
2. **Register** if you haven't already:
  - get your Education MN ID number from Lois Lillie (llillie@district287.org) or Ed MN (651-227-9541)
  - click REGISTER NOW on right hand corner of **local 2209** home page
    - select INTERMEDIATE DISTRICT 287 from drop down list as your local name
    - create a user name and password
    - complete remaining boxes on page
    - when finished, click SUBMIT
3. **Navigate** within the site!
4. Entering the **Discussion Forum**:
  - After you have logged into the **local 2209** site using your user name and password,
  - click the YOU NEED TO KNOW tab
  - then click DISCUSSION FORUM on left side of page

**FORGOT YOUR USER NAME or PASSWORD?**

No problem. The **local 2209** home page has a link you can follow to retrieve that information.

### mark your calendar

-the closing nominations for 3 executive council members (v.p., treasurer, executive council officer) will take place @ the 2209 general membership mtg on feb 23rd. details of these 3 positions will be sent in another e-mailing.

In the next unifyer: Your 2209 Negotiating Team!