



Intermediate District 287

Regular Meeting

Thursday, December 18, 2008 6:45 PM

Intermediate District 287 School Board Meeting Agenda

Thursday, December 18, 2008 at 6:45 PM
Regular Meeting
District Service Center Board Room

1.	Call to Order	3
2.	Hearings of Individuals, Delegations & Presentation	
3.	Approval of General Meeting Agenda	4
4.	Approval of Consent Agenda	8
5.	Superintendent's Report	29
6.	Reports from Board Chair & Committees	
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	D. Report - Finance Committee	48
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7.	Organization Representative Reports	
8.	Updates from District Representatives	
9.	Other Information	161
10.	Adjournment	164

* If any one board member wishes to remove an item from the consent agenda for discussion, that item should be added to the board meeting agenda prior to its approval.

1. **CALL TO ORDER.....A**

2. **HEARINGS OF INDIVIDUALS, DELEGATIONS &.....I**
PRESENTATIONS OF PETITIONS FROM THE PUBLIC

3. **APPROVAL OF GENERAL MEETING AGENDAA**

**INTERMEDIATE DISTRICT 287
PLYMOUTH, MN**

BOARD OF EDUCATION

Regular Meeting – December 18, 2008

Agenda Section: APPROVAL OF GENERAL MEETING AGENDA

Item: 3.

Presented by: Superintendent Lewandowski

The general meeting agenda is presented for full Board Approval.

Recommended Action: The Board approve the agenda as presented.

Motion by:

Second by:

Vote: Passed _____ Failed _____

RESOLUTION

Of Appreciation for the Service of Board Members

Maureen Andre-Knudsen, Helen Bassett, Tim Culver, Kenneth Daniels, Jan Eian, Pat Gleason, Dean Henke, Charlie Hurd, Cheryl Jechorek, John Johns, Marvin Johnson and Pam Kriesel-Koll

Upon Their Retirement from the Intermediate District 287 School Board

WHEREAS, Board members Maureen Andre-Knudsen, Helen Bassett, Tim Culver, Kenneth Daniels, Jan Eian, Pat Gleason, Dean Henke, Charlie Hurd, Cheryl Jechorek, John Johns, Marvin Johnson and Pam Kriesel-Koll are retiring from the Intermediate District 287 School Board at the end of their terms of office on December 31, 2008; and

WHEREAS, Board members Maureen Andre-Knudsen, Helen Bassett, Tim Culver, Kenneth Daniels, Jan Eian, Pat Gleason, Dean Henke, Charlie Hurd, Cheryl Jechorek, John Johns, Marvin Johnson and Pam Kriesel-Koll have faithfully served on the Board for a combined total of 110 years; and

WHEREAS, during their tenure on the Board, Intermediate District 287 has experienced significant growth and continued to improve upon the services and programs it provides to students and member districts; and

WHEREAS, Board members Maureen Andre-Knudsen, Helen Bassett, Tim Culver, Kenneth Daniels, Jan Eian, Pat Gleason, Dean Henke, Charlie Hurd, Cheryl Jechorek, John Johns, Marvin Johnson and Pam Kriesel-Koll have made a positive difference for students, staff and member districts of Intermediate District 287 by using their knowledge, skills, and experience to inform the Board's decision-making and provide sound leadership;

NOW, THEREFORE BE IT RESOLVED, that the Intermediate District 287 School Board hereby commends Board members Maureen Andre-Knudsen, Helen Bassett, Tim Culver, Kenneth Daniels, Jan Eian, Pat Gleason, Dean Henke, Charlie Hurd, Cheryl Jechorek, John Johns, Marvin Johnson and Pam Kriesel-Koll for their invaluable service to the students and staff of District 287 and its member districts; and

BE IT FURTHER RESOLVED, that the Intermediate District 287 School Board, on behalf of all of its students, staff, and members districts, extends its sincere gratitude to Board members Maureen Andre-Knudsen, Helen Bassett, Tim Culver, Kenneth Daniels, Jan Eian, Pat Gleason, Dean Henke, Charlie Hurd, Cheryl Jechorek, John Johns, Marvin Johnson and Pam Kriesel-Koll for their public service.

Intermediate District 287 hereby directs its Board Chair and Clerk to sign the Resolution of Appreciation on its behalf.

The above resolution was moved by _____ and seconded by _____, and upon vote being taken thereon, the following voted in favor thereof: _____ and the following voted against the same: _____.

Whereupon said Resolution was declared duly passed and adopted.

**INTERMEDIATE DISTRICT 287
GENERAL MEETING OF THE BOARD
THURSDAY, December 18, 2008
6:45PM @ DSC
AGENDA**

**Board Transition Celebration
6:00PM – 6:45PM**

		<u>Action</u>	<u>Roll Call</u>	<u>Information</u>
1.	CALL TO ORDER	A		
2.	HEARINGS OF INDIVIDUALS, DELEGATIONS & PRESENTATIONS OF PETITIONS FROM THE PUBLIC			I
3.	APPROVAL OF GENERAL MEETING AGENDA	A		
3.5	RECOGNITION OF BOARD MEMBERS			R
4.	APPROVAL OF CONSENT AGENDA			
	A. General Board Minutes for November 2008	C		
	B. SEC Change Orders	C		
	C. Monthly Financial Report	C		
	D. Routine Personnel Activities.....	C		
5.	SUPERINTENDENT’S REPORT			
	A. Special Reports & Recognitions			
	1. Superintendent’s Monthly Report			
	a. Sharon Landrud – 2008 Teacher of the Year Nominee			I
	b. Career Technical/Carpentry Project.....			I
	c. 2009 Legislative Session.....			I
	d. Get on the Bus Update			I
	e. January 8 th Growth & Justice Speaker			I
6.	REPORTS FROM BOARD CHAIR & COMMITTEES			
	A. Chair Report			
	1. Officer Election Process			I
	2. MSBA Recognition.....			I
	B. Reports from Standing Board Committees			
	1. Administrative Services			
	a. Facilities			
	i. Minutes from December 9 th Committee Meeting			I
	ii. NEC Nation Economic Stimulus Proposal			I
	b. Finance			
	i. Minutes from December 10 th Committee Meeting			I
	ii. Approval of FY 08 Audit Report	A		

- c. Human Resources
 - i. ERR Policy Bucket – Second Read & Approval.....A
 - 2. Ad Hoc Transition Committee
 - a. No Report – The Committee did not meet..... I
 - b. DAO Policy Bucket – Second Read & ApprovalA
 - 3. Special Education
 - a. Minutes from December 15th Committee Meeting I
 - b. BOO Policy Bucket – Second Read & ApprovalA
 - 4. Teaching & Learning
 - a. No Report – The Committee did not meet..... I
- C. Organization Representative Reports
- D. Updates from District Representatives
- 7. **OTHER INFORMATION**
 - A. December Calendar..... I
 - B. Miscellaneous Items of Interest I
- 8. **ADJOURNMENT**A

INTERMEDIATE DISTRICT 287
PLYMOUTH, MN
BOARD OF EDUCATION

Regular Meeting – December 18, 2008

Agenda Section: APPROVAL OF CONSENT AGENDA

Item: 4

Presented by: Various Committees

- A. General Meeting Minutes from November 2008
- B. SEC Change Orders CCD-81c – ADD \$555.14; CCD-90 – ADD \$1,513.80; FCA-263e – ADD \$3,043.89; FCA-273r2 – CREDIT – (\$963.82); FCA-279 – ADD \$684.35; FCA-280 – ADD 1,610.00; FCA=286 – ADD 971.43 and ADD – \$10,745.00 Convection Oven for the SEC foodservice for a net total of \$18,159.79.
- C. Monthly Financial Report
 - a. Budget Report
 - b. Revenue Summary & Comparison
 - c. Expenditure Summary & Comparison
 - d. Cash Report
 - e. Cash Position Sheet
 - f. Wire Activity Report
 - g. ADM Report
 - h. Donation Report
- D. Four-year Cooperative Agreement with Hennepin County
- E. Purchase of Service Agreement between Hopkins Public Schools-ISD 270 and District 287.
- F. Personnel Activity Report for December 2008

Recommended Action: The Board approve the Consent Agenda items as presented.

Motion by:

Second by:

Vote: Passed _____ Failed _____

DISTRICT 287 REGULAR BOARD MEETING
Intermediate District 287
November 20, 1008
MINUTES

1. CALL TO ORDER:

Chair Michèle Kunz called the regular board meeting to order at 7:04PM in the District Service Center Board Room. A quorum was declared with the following members in attendance:

270 Hopkins	Sally Johnson
271 Bloomington	Arlene Bush & Tim Culver
272 Eden Prairie	Barbara Gabbert & Jan Eian
273 Edina	Maureen Andre-Knudsen & Peyton Robb
276 Minnetonka	Don Draayer
277 Westonka	Ann Bremer & John Johns
278 Orono	Marvin Johnson & Michèle Kunz
279 Osseo	Steven Antolak
280 Richfield	Nancy Rowley
281 Robbinsdale	Helen Bassett & Linda Johnson
283 St. Louis Park	Kenneth Daniels & Pam Rykken
284 Wayzata	Pat Gleason & Carter Peterson
286 Brooklyn Center	Cheryl Jechorek & Greg Thielsen

Absent: 276/Hurd; 279/Henke and 280/Kriesel-Koll

Guests: John Lobben, Anne Becker

287 Guests: Amy Sward, Brad Wing and Michelle Axell

287 Staff: Sandy Lewandowski; Laura Keller-Gautsch; Janet Johnson; Char Myklebust; Lee Palmer; Tom Schultz; Wauneen Mgeni and Sharon Arends

2. RECOGNITION OF SHARON ARENDS

Chair Michèle Kunz honored Sharon Arends for her many years of service to Intermediate District 287 including her most recent post as Executive Assistant to Superintendent Sandra Lewandowski and the School Board. Sharon was presented with a plaque and photo album.

3. HEARING OF INDIVIDUALS, DELEGATIONS & PRESENTATIONS OF PETITIONS FROM THE PUBLIC

4. APPROVAL OF GENERAL MEETING AGENDA

The general meeting agenda was presented for approval. *Motion made by Arlene Bush, seconded by Linda Johnson, to approve the meeting agenda. All in favor. Motion carried.*

5. ADOPTION OF CONSENT AGENDA

The Consent Agenda was presented for approval. The Consent Agenda included the general meeting minutes from October 2008; SEC Change Orders CCD-98 – ADD \$3,005.25; CCD-91 – ADD \$3,820.00; FCA-267 – ADD \$8,894.80; FCA-272 – ADD \$146.00; FCA-283 – ADD \$618.00; FCA-284 – ADD \$1,900.00; FCA-288 – ADD \$1,481.00 for a net total of \$19,865.05; Financial monthly report for October 2008; approval of three year contract with Hennepin County for the North Vista Pregnancy Prevention Program and approval of the Personnel Activity Report for November 2008 which contained routine matters. *A motion was made by Maureen Andre-Knudsen, seconded by Greg Thielsen, to approve the consent agenda as presented. All in favor. Motion carried.*

6. SUPERINTENDENT'S & CHAIR REPORT

Special Reports and Recognitions:

Superintendent Lewandowski introduced and recognized Amy Sward, Supervisor of the Hosterman Education Center. Ms. Sward introduced Brad Wing to honor his recent award by the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS). The award was for the significant impact he has made in the lives of students. Mr. Wing gave a brief presentation on the SAFE program that included the growth in enrollment and the ongoing challenges faced in

providing education for the SAFE student population. Mr. Wing gave special thanks to Superintendent Lewandowski and Laura Keller-Gautsch for the support they gave him.

Superintendent Lewandowski introduced Laura Keller-Gautsch, Executive Director of Special Education, and Michelle Axell, Administrative Intern. Ms. Keller-Gautsch addressed the board with an update on the District's actions relative to the 2008 legislation regulating the driving requirements of individuals transporting students in TYPE III vehicles. Michelle Axel addressed the board with a brief update on the new interpretation of the language in the legislation, implications for cost to the district and how this has/will impact student programming.

Superintendent Lewandowski briefly discussed a decline in student enrollment and the District's goal to minimize the financial impact.

Superintendent Lewandowski recommended moving the Memorandum of Agreement (MOA) Resolution forward. She also shared an updated copy of the Transition Monitoring Tool, commenting that all member districts had approved the Memorandum of Agreement and that signatures from all the districts had been secured. *The resolution was moved by Marvin Johnson and seconded by Ken Daniels and all present board members voted in favor of the resolution. Resolution passed and adopted.* The resolution will be published in the newspapers.

Superintendent Lewandowski addressed the board with an update on the Superintendents Advisory Committee. The committee has a willingness and passion on staying together and is looking at a region wide type of purpose/goal.

Superintendent Lewandowski addressed the board with an update on the study "Driving More Money into the Classroom: The Promise of Shared Services". Senator Bonoff mentioned the study to Superintendent Lewandowski when they toured South Education Center.

7. REPORTS FROM BOARD CHAIR AND COMMITTEES

Chair Report:

Chair Kunz stated a need for a nominating committee to be formed to determine Board officers for the calendar year 2009. At this time there are only 11 Board members that are returning in January, we are waiting on Osseo and St. Louis Park. Pam Rykken informed the Board that she will be returning in January. Persons interested in serving on the nominating committee are asked to contact Michèle privately.

Chair Kunz mentioned the Minnesota School Board Association (MSBA) Regional Conference January 15-16, 2009 and National School Boards Association (NSBA) April 4-7, 2009. Board members who were interested were asked to call Waunee to register.

Facilities:

Chair Robb did not attend this month's meeting. Therefore he turned the report over to Linda Johnson. Linda Johnson shared highlights from the recent November 12 meeting. She discussed the South Education Center Change Document Narrative regarding the two rain gardens. Linda Johnson discussed the need to rescind approval of CCD-88 for \$12,065 to add a monitoring/alarm station and back-up piping to the condenser from the domestic water pipe system. This was approved by the full Board at the October Board meeting. *A motion was made by Linda Johnson, seconded by Peyton Robb, to rescind CCD-88 as presented. No further discussion. Motion passed unanimously.* Linda Johnson discussed the need to approve CCD-88R to add a monitor and alarm only to the kitchen cooler. *A motion was made by Linda Johnson, seconded by Arlene Bush, to approve CCD-88R as presented. No further discussion. Motion passed unanimously.*

Superintendent Lewandowski addressed the board with an update on the partnership with Hennepin County Career Tech and District 287. It has been signed off on by both Hennepin County Career Tech and District 287.

Human Resources: Chair Culver stated the Human Resources Board Committee did not meet. The month's agenda was shared with the members. Anne Becker addressed the Board stating the Employee Rights and Responsibilities (ERR) bucket was originally 24 policies. Lee Palmer and Anne worked on this bucket and condensed them into two policies. Employee Rights and Responsibilities policies have been reviewed and were being presented for a first read: ERR100 (Goals) and ERR500 (Employee Responsibilities). Anne Becker addressed the Board stating that two Nondiscrimination and Equal Opportunity (NEO) policies have been reviewed and were being presented for a second read: NEO100(Goals) and NEO120 (Equal Opportunity). *A motion was made by Tim Culver, seconded by Pat*

Gleason, to approve Board Polices NEO100 (Goals) and NEO120 (Equal Opportunity) as presented. No further discussion. Motion passed unanimously.

Finance: Chair Thielsen shared highlights from the November 12 meeting. Finance Director Johnson addressed the Board informing them that a few districts are late with their payments. Finance Director Johnson stated we started a new food service program this past year. The district expected there would be startup costs and it has been a challenge to balance it. State rules and accounting requires that we do a fund balance transfer from the general fund to the food fund to bring the fund to a zero balance. The district is monitoring the cost very closely and looking at alternatives. *A motion was made by Greg Thielsen, seconded by Maureen Andrew-Knudsen, to approve an Equity Transfer from the General Fund to Food Service as presented. No further discussion. Motion passed unanimously.*

Ad Hoc Transition Committee:

Committee Chair Johnson shared highlights from the minutes of the November 13 meeting. District Administration and Organization (DAO) policies have been reviewed and were presented for a first read: DAO100 (Goals) and DAO140 (Administrator Code of Ethics). It is the intent of the Task Force to have all transition factors in place and operational by the January 2009 board meeting. John Johns commented that he noticed on the minutes that he is listed as both present and absent. Chair Johnson asked to remove John Johns name off the absent list of the November 13 meeting minutes. Chair Johnson stated that the committee reviewed the Board meeting schedule and noticed that April 9 and November 26 are on holidays. *A motion was made by Linda Johnson, seconded by John Johns, to approve the Board Meeting Schedule Change. No further discussion. Motion passed unanimously.*

Special Education Committee:

Committee Chair Johnson shared highlights from the recent November 17 meeting. Chair Johnson stated they met at the new Edgewood Center and were given a tour. They visited X-Track; Explore Middle and Phase. Students gave part of the tour and the kids were very proud of the school. She stated they were given a wish list from Explore Middle and showed them the “Wish List” wall. She stated the tour was fabulous and maybe when we do the “Get on the Bus” we can visit Edgewood. Chair Johnson stated that two Board policies were reviewed, Board Officers and Operation (BOO) and were being presented for a first read: BOO180 (Board-Superintendent Relations) and BOO460 (Conflict of Interest). Pat Gleason asked why the Superintendent Evaluation policy was under Special Education. Superintendent Lewandowski answered that all the committees were given an allotment of policies to review and it was assigned to Special Education.

Teaching & Learning: Chair Peterson shared highlights from the recent November 5 meeting. Chair Peterson discussed the role of the Advisory Committees and that people still want to gather for sharing and problem solving. She stated that the committee decided to cancel the December 3rd meeting unless something comes up at the full Board meeting.

7. ORGANIZATION REPRESENTATIVE REPORTS

If you go online to MSBA you will see all the proposed resolutions with background information, District 287 has a resolution regarding the cost of giving out public data. Board members were asked to look closely at some of the materials that come out of the delegate assembly. A new election system is being proposed to have online voting.

8. ADJOURNMENT OF MEETING

Motion made by Linda Johnson, seconded by John Johns, to adjourn the meeting. Meeting adjourned at 9:07PM. The next general meeting will be held on December 18, 2008 at 7:00PM in the DSC Board Room.

Submitted by Wauneen Mgeni
Exec Secretary to the Superintendent, & Board

Signed: Chair _____ Clerk _____

Date _____ Date _____

INTERMEDIATE DISTRICT 287

INTER-OFFICE MEMORANDUM

TO: Wauneen Mgeni
FROM: Thomas Shultz, Facilities Administrator
DATE: December 10, 2008
SUBJECT: **Consent Agenda** – SEC Change Orders for December 18, 2008 Board Meeting

SEC Change Orders

The Facilities Committee met December 9, 2008 and recommends approval of the following change orders totaling \$18,159.79. It is presented below for formal Board approval as a Consent Agenda item.

CCD-81c	Power to added laundry exhaust fans ADD – \$555.14
CCD-90	Relocate electric panel in 2 nd floor ADD – \$1,513.80
FCA-263e	Added data and power 2 nd floor ADD – \$3,043.89
FCA-273r2	Revised data and power 2 nd floor CREDIT – (\$963.82)
FCA-279	Light and switch in closet 2 nd floor ADD – \$684.35
FCA-280	Drywall changes in 2 nd floor ADD – \$1,610.00
FCA-286	Ceiling changes in 2 nd floor ADD – \$971.43
	Convection Oven for the SEC foodservice ADD – \$10,745.00

Net total: \$18,159.79

INTERMEDIATE DISTRICT 287

INTER-OFFICE MEMORANDUM

TO: District 287 School Board

FROM: Thomas Shultz

DATE: December 18, 2008

SUBJECT: Convection Oven for SEC

Board Members,

District staff hoped to utilize the existing convection oven from the Lincoln Hills kitchen/food service program at the new SEC kitchen/food service program. The oven was moved and installed at the SEC during the moves of this past summer. The oven in fact did operate when installed and during the first months of operation of the kitchen at the SEC. This oven was being utilized as we had intended but with limited success. The start of the school year came and the oven was asked to work in a higher capacity and its performance was found to be lacking in the needs required by the food service. Some minor repairs and adjustments were made and slight improvements were seen but the performance, dependability and overall service to the program was not what is required for a quality food service program. Further investment into the existing oven could not guarantee an oven that would provide the service required. Purchasing for District 287 was asked to assemble quotes for a replacement oven from regional distributors which would meet the levels of service required. The replacement which meets the needs best was determined to be the Montague Company Model No. 2-115B and with one option (casters) sells for \$10,745.

INTERMEDIATE DISTRICT 287

Partner in Education

DATE: December 8, 2008

TO: Members of the School Board

FROM: Janet A. Johnson, Director of Finance

RE: Budget Report for the Month Ending **November 30, 2008**
(Excluding S.E.C.)

The **November** Budget vs. Actual Reports are presented for Board information and review. These reports indicate that year-to-date revenue in all funds (excluding the SEC building project) totals \$34,297,288, or 49.3% of the revenue Original budget of \$69,528,196. Year-to-date expenditures, plus encumbrances in all funds (excluding the SEC building project), total \$23,076,770 or 33.8% of the expenditure Original Budget of \$68,203,471.

The reports show actual amounts (Revenue on one sheet and Expenditures on the other), and their percentage of budget. Additional detail is available on request.

DDA:tw/

Attachments.

ACCT STATUS: All Account Statuses ACCOUNT RANGES: 01 TO 51-999
 ZERO BALANCES: Suppress Zero Balances INCLUDE/EXCLUDES: EXL FD 11 11
 SORTED BY: ACCOUNT FD
 SUBTOTALLED BY: ACCOUNT FD
 SERIES TOTALS: <None Selected>
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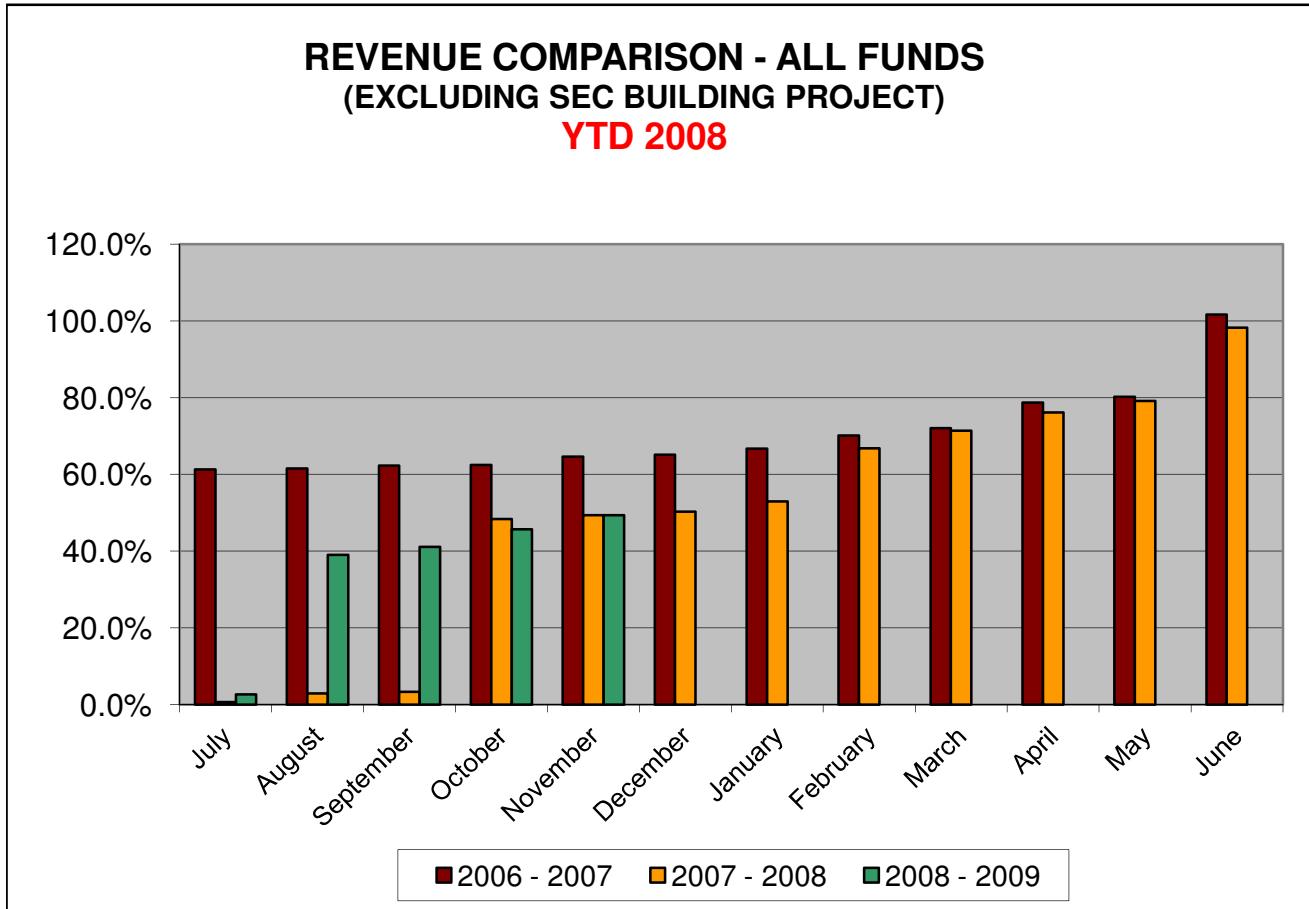
FD	PRIOR YEAR ACTUAL	REVISED BUDGET	11/01/08 TO 11/30/08	FISCAL YEAR 200807 RECEIVED THRU 11/30/08	REMAINING ON 11/30/08	PERCENT REMAINING
01 GENERAL FUND	59,127,875.80	19,497,957	172,964.16	9,501,854.47	9,996,102.53	51.26 %
02 FOOD SERVICE FUND	228,632.61	133,453	11,640.76	13,758.71	119,694.29	89.69 %
04 COMMUNITY SERVICE FUND	235,167.53	297,606	6,912.50	110,845.56	186,760.44	62.75 %
06 BUILDING CONSTRUCTION FUND	4,928.28	0	0.00	0.00	0.00	0.00 %
09 AGENCY FUND - FLEX FUND	310,011.45	0	22,562.39	77,292.05	77,292.05-	0.00 %
10 BREN ROAD	30,699.60-	0	0.00	0.00	0.00	0.00 %
12 ALC-ACADEMIC	0.00	7,277,722	108,774.49	4,528,324.78	2,749,397.22	37.77 %
13 CAREER & TECH	0.00	2,259,262	636.83	1,655,750.42	603,511.58	26.71 %
14 SPECIAL EDUCATION	0.00	40,033,396	2,207,235.14	18,401,924.81	21,631,471.19	54.03 %
20 INTERNAL SERVICE FUND	435,300.08	0	0.00	0.00	0.00	0.00 %
30 KEYSTONE ITD	609,070.63	0	0.00	0.00	0.00	0.00 %
51 STUDENT CLUBS	36,892.25	28,800	3,762.69	7,537.41	21,262.59	73.82 %
*** REPORT TOTALS:	60,957,179.03	69,528,196	2,534,488.96	34,297,288.21	35,230,907.79	50.67 %

DISTRICT 287

REVENUE COMPARISON - ALL FUNDS EXCLUDING SEC BUILDING PROJECT

Month	2006 - 2007		2007 - 2008		2008 - 2009	
	\$ Amount	% of Budget	\$ Amount	% of Budget	\$ Amount	% of Budget
July	36,053,298	61.3%	400,609	0.6%	1,848,739	2.7%
August	166,955	61.5%	1,432,190	3.0%	25,269,197	39.0%
September	434,240	62.3%	235,664	3.3%	1,488,574	41.1%
October	122,538	62.5%	27,973,935	48.4%	3,156,289	45.7%
November	1,272,509	64.7%	612,106	49.4%	2,534,489	49.3%
December	256,506	65.1%	542,422	50.3%		
January	929,632	66.7%	1,662,562	52.9%		
February	2,055,936	70.2%	8,585,201	66.8%		
March	1,115,190	72.1%	2,880,213	71.4%		
April	3,918,482	78.7%	2,946,944	76.2%		
May	907,577	80.3%	1,848,504	79.1%		
June	12,572,267	101.6%	11,836,829	98.2%		
TOTAL	59,803,254	101.6%	60,957,179	98.2%	34,297,288	49.3%
BUDGET	58,848,404		62,060,730		69,528,196	

Note: while the total budget reflects an increase of 12%, the majority of that, 7.5%, is attributable to new revenue and expenditures related to the GRO grant, Safe Schools and the first year of principal and interest payments for the South Education Center.



REPORT: EXPREV 007 EXPENDITURE SUMMARY BY FUND - Board Rept
STATEMENT OF EXPENDITURES
DIST 287 Intermediate District 287 ACCOUNTING PERIOD 11/01/08 TO 11/30/08

RUN: THU 120408 11:54 PAGE 1

ACCT STATUS: All Account Statuses ACCOUNT RANGES: 01 TO 51-999
ZERO BALANCES: Suppress Zero Balances INCLUDE/EXCLUDES: EXL FD 11 11
SORTED BY: ACCOUNT FD
SUBTOTALLED BY: ACCOUNT FD
SERIES TOTALS: <None Selected>
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FD	PRIOR YEAR	REVISED BUDGET	11/01/08	EXPENDED THRU 11/30/08	FISCAL YEAR 200807 ENCUMBERED THRU 11/30/08	REMAINING ON 11/30/08	PERCENT REMAINING
01	ACTUAL	BUDGET	11/30/08	THRU 11/30/08	THRU 11/30/08	ON 11/30/08	REMAINING
01 GENERAL FUND	58,583,812.13	18,754,834	1,083,233.69	7,873,266.14	2,232,789.08	8,648,778.78	46.11 %
02 FOOD SERVICE	228,632.61	133,453	22,587.85	84,096.88	109,802.95	60,446.83	45.29 %
04 COMMUNITY SERVICE FUND	228,973.06	297,067	21,446.72	142,283.78	28,796.01	125,987.21	42.41 %
06 BUILDING CONSTRUCTION FUND	81,022.51	0	0.00	0.00		0.00	0.00 %
09 AGENCY FUND - FLEX FUND	320,759.54	0	22,562.39	77,785.62		77,785.62	0.00 %
10 BREN ROAD EDUC. CENTER	0.00	0	250.00	900.00		900.00	0.00 %
12 ALC-ACADEMIC	0.00	7,273,084	549,877.02	2,244,689.02	394,950.36	4,633,444.62	63.70 %
13 CAREER & TECH	0.00	1,977,385	153,800.88	483,213.06	38,314.00	1,455,857.94	73.62 %
14 SPECIAL EDUCATION	3,539.16	39,738,848	3,476,435.76	11,964,151.04	799,211.79	26,975,485.17	67.88 %
20 INTERNAL SERVICE FUND	334,052.37	0	0.00	0.00		0.00	0.00 %
30 KEYSTONE IDT	652,472.60	0	0.00	200,000.00		200,000.00	0.00 %
51 STUDENT CLUBS	34,589.81	28,800	1,035.59	6,384.58	232.55	22,182.87	77.02 %
*** REPORT TOTALS:	60,467,853.79	68,203,471	5,330,729.90	23,076,770.12	3,604,096.74	41,522,604.14	60.88 %

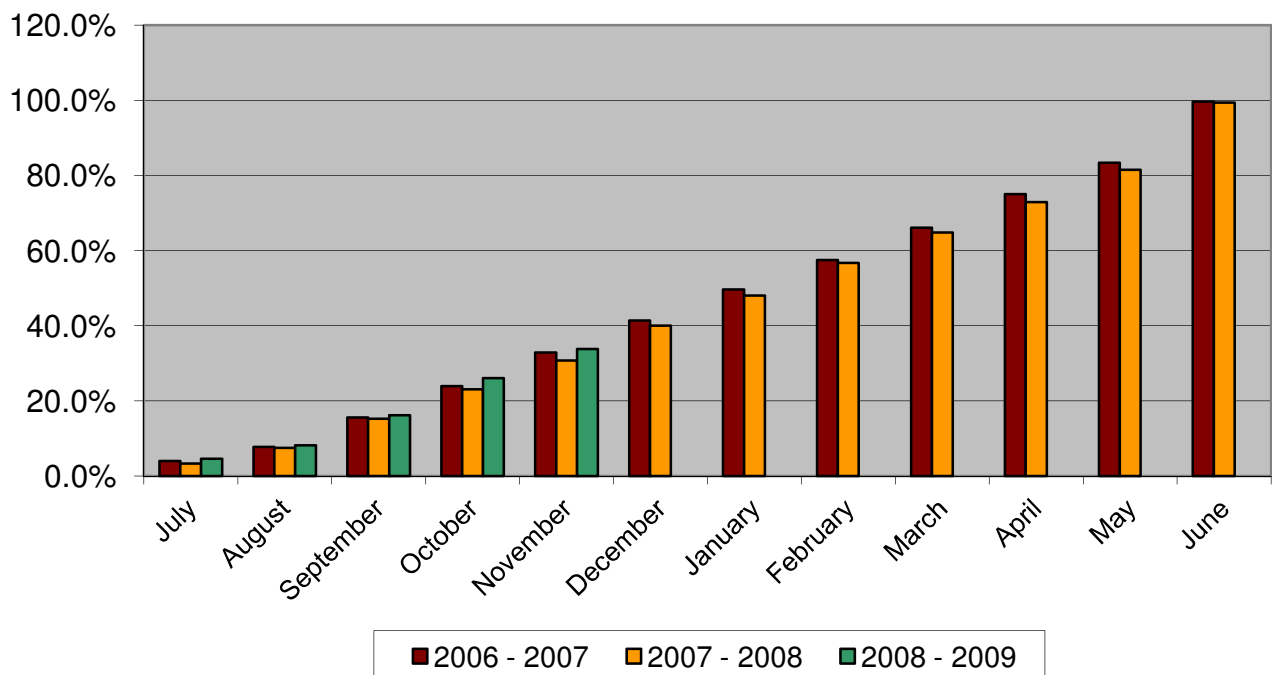
DISTRICT 287

EXPENDITURE COMPARISON - ALL FUNDS EXCLUDING SEC BUILDING PROJECT

Month	2006 - 2007		2007 - 2008		2008 - 2009	
	\$ Amount	% of Budget	\$ Amount	% of Budget	\$ Amount	% of Budget
July	2,275,248	4.0%	2,008,388	3.3%	3,131,464	4.6%
August	2,129,176	7.7%	2,561,280	7.5%	2,428,763	8.2%
September	4,455,381	15.6%	4,716,139	15.3%	5,457,295	16.2%
October	4,765,384	23.9%	4,726,362	23.0%	6,728,518	26.0%
November	5,122,767	32.9%	4,673,596	30.7%	5,330,730	33.8%
December	4,825,433	41.4%	5,674,687	40.1%		
January	4,712,584	49.7%	4,836,357	48.0%		
February	4,480,095	57.5%	5,284,415	56.7%		
March	4,893,164	66.1%	4,912,859	64.8%		
April	5,084,420	75.0%	4,917,092	72.9%		
May	4,755,608	83.4%	5,233,528	81.5%		
June	9,279,418	99.7%	10,923,152	99.4%		
TOTAL	56,778,676	99.7%	60,467,854	99.4%	23,076,770	33.8%
BUDGET	56,966,196		60,816,267		68,203,471	

Note: while the total budget reflects an increase of 12%, the majority of that, 7.5%, is attributable to new revenue and expenditures related to the GRO grant, Safe Schools and the first year of principal and interest payments for the South Education Center.

EXPENDITURE COMPARISON - ALL FUNDS (EXCLUDING SEC BUILDING PROJECT) YTD 2008



INTERMEDIATE DISTRICT 287

Partner in Education

DATE: December 4, 2008

TO: Members of the School Board

FROM: Janet A. Johnson, Director of Finance

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

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

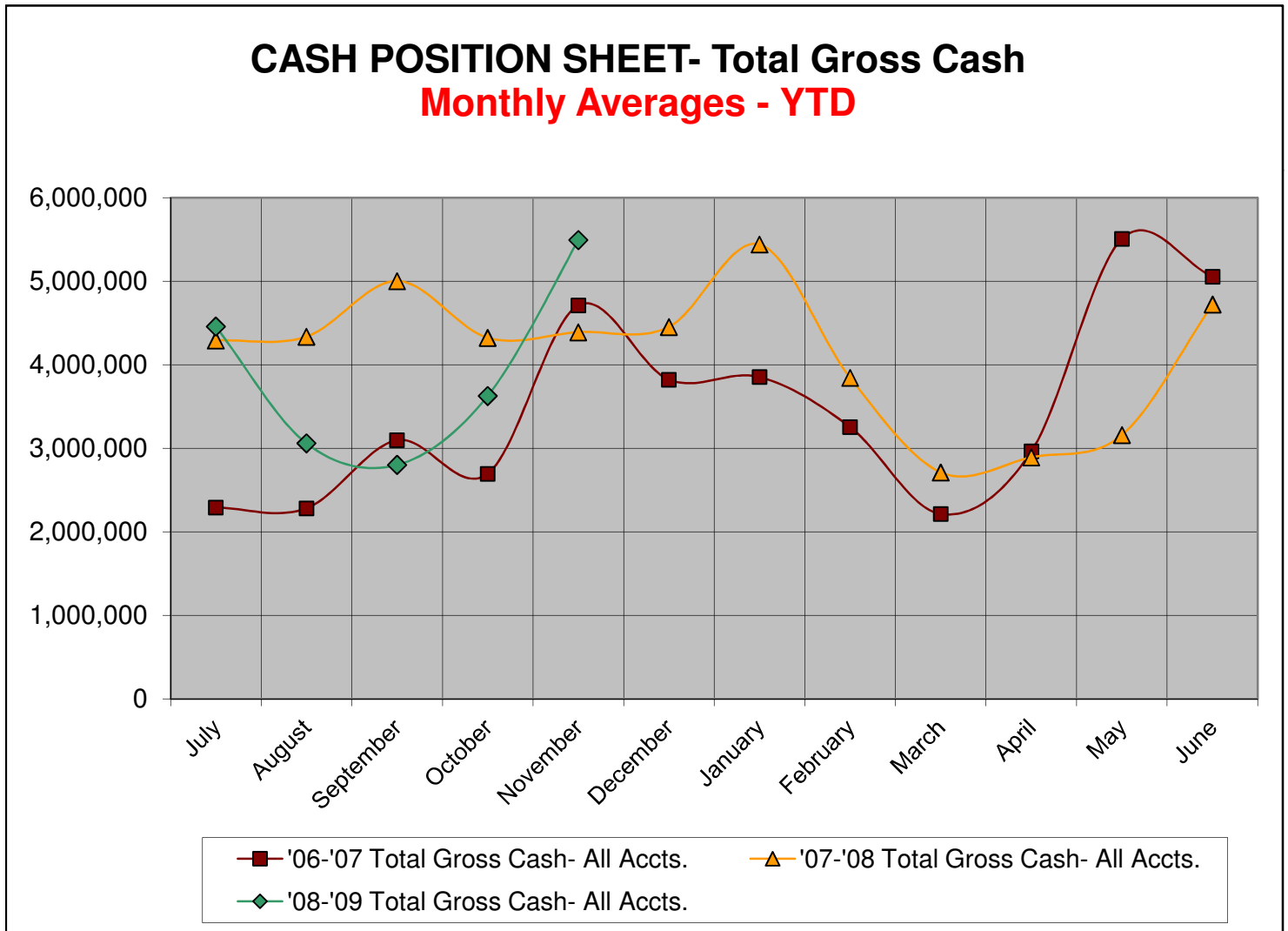
- | | |
|--|--|
| 1. Claim payments for: November 2008 | Totaling <u><u>\$ 3,792,637.98</u></u> |
| a) Check #'s 469869 - 470326, 70003157 - 70003348
and Electronic Wire Transfers out - #'s 1963 - 1970 | |
| 2. Payroll for: November 2008 | Totaling <u><u>\$ 2,021,621.48</u></u> |
| a) Check #'s 674720 - 674734
b) Direct Deposit #'s 141087 - 142799 | |
| 3. Receipts for: November 2008 | Totaling <u><u>\$ 7,358,491.59</u></u> |
| a) Receipt #'s 123543 - 123704
and Electronic Wire Transfers in - #'s n/a - n/a | |
| 4. Investments at end of month | Totaling <u><u>\$ 1,500,196.49</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 Gross Cash- All Accounts:

<u>Date</u>	<u>'06-'07 Total Gross Cash- All Accts.</u>	<u>'07-'08 Total Gross Cash- All Accts.</u>	<u>'08-'09 Total Gross Cash- All Accts.</u>
July	2,291,747	4,290,870	4,457,312
August	2,281,678	4,335,576	3,059,192
September	3,097,297	5,001,385	2,800,788
October	2,695,566	4,321,962	3,626,080
November	4,711,051	4,389,645	5,492,853
December	3,821,438	4,452,190	
January	3,853,218	5,439,985	
February	3,254,020	3,843,416	
March	2,214,232	2,711,729	
April	2,964,609	2,892,039	
May	5,507,268	3,159,523	
June	5,053,949	4,722,065	



INTERMEDIATE DISTRICT 287

NOVEMBER 2008 ACTIVITY

WIRE TRANSFERS IN:

DATE	AGENCY	TO	EF#	AMOUNT	DESCRIPTION
11/4/2008	B22 DEED-FISCAL	MSDLAF	3658729	35734.10	INV#64819 D/HH VECTOR INTERPRET SEPT08
11/12/2008	H55 DHS-MMIS	MSDLAF	3671695	36375.88	MA IEP SERVICES THIRD PARTY BILLING
	H55 DHS-MMIS	MSDLAF	3671695	2620.08	MCREMA IEP SERVICES THIRD PARTY BILLING
11/13/2008	EDUCATION AID	MSDLAF	3678787	1818502.63	01S360 SPEC EDUC NOV 09
11/14/2008	NORMAN DALE CC	MSDLAF	3681116	1005.00	INV#64807 MCIS SITE LICENSE & IDEAS
11/20/2008	HENN TECH COLL-BP	MSDLAF	3689334	1710.00	INV#64813 MCIS SITE LICENSE & IDEAS BP & EP
11/26/2008	EDUCATION AID	MSDLAF	3701671	347292.50	01S360 SPEC EDUC NOV 09
11/26/2008	EDUC-FOOD	MSDLAF	3701671	754.32	02F701 REG LUNCH 09 CFDA 10555
11/26/2008	EDUC-FOOD	MSDLAF	3701671	2723.72	02F705 BREAKFAST 09 CFDA 10553
11/26/2008	EDUC-FOOD	MSDLAF	3701671	6,285.01	02F701 FREE-RED L 09 CFDA 10555
11/26/2008	EDUC-FOOD	MSDLAF	3701671	377.16	02S300 STSCHLUNCH09
11/26/2008	EDUC-FOOD	MSDLAF	3701671	96.20	02F705 ST BRKFST 09
MTD TOTALS				<u>2,253,476.60</u>	

WIRE TRANSFERS OUT:

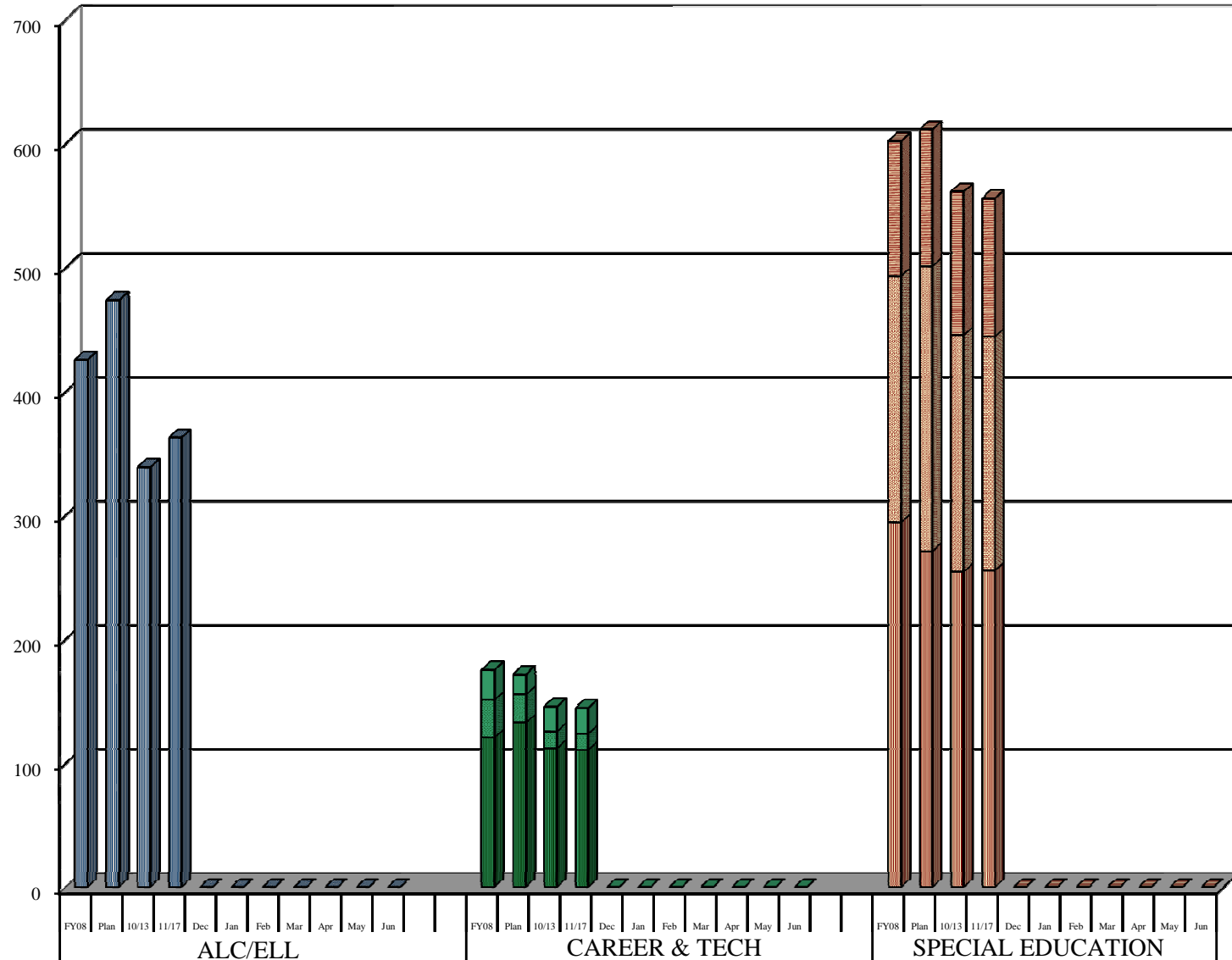
DATE	FROM	AGENCY	EF#	AMOUNT	DESCRIPTION
11/11/2008	MSDLAF	US BANK	WIRE	13,028.68	DIRECT DEPOSIT EXPENSE CKS (NOV08)
11/15/2008	MSDLAF	US BANK	1963	61,826.77	STATE WITHOLDING TAXES
	MSDLAF	US BANK	1964	380,425.27	FEDERAL TAXES
	MSDLAF	EDUCATORS BENEFITS COI	1965	71,348.48	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	WIRE	1,007,316.29	DIRECT DEPOSIT PAYROLL 11/15/08
11/26/2008	MSDLAF	US BANK	WIRE	24,358.97	DIRECT DEPOSIT EXPENSE CKS(11/26/08)
	MSDLAF	US BANK	WIRE	1,003,999.02	DIRECT DEPOSIT PAYROLL 11/26/08
	MSDLAF	US BANK	1966	22,562.39	CORP. HEALTH SYSTEMS
	MSDLAF	US BANK	1967	91.94	US BANK ARP CHGS VOUCHER ACCT SEPT08
	MSDLAF	MN DEPT OF REVENUE	1968	62,293.19	STATE WITHOLDING TAXES
	MSDLAF	US BANK	1969	382,980.25	FEDERAL TAXES
	MSDLAF	EDUCATORS BENEFITS COI	1970	71,031.84	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	4043	111.85	US BANK ARP CHGS PAYROLL ACCT SEPT08
MTD TOTALS				<u>3,101,374.94</u>	

Intermediate District 287

2008-09 Monthly Program ADM Data by Division

(does not include services)

- ALC/ELL
- Mentor Connection
- Career & Tech Level III
- Career & Tech Level I and II
- Special Ed
- Multi-Categorical
- DCD/EBD & EBD
- Transition



	ALC/ELL												CAREER & TECH												SPECIAL EDUCATION											
	FY08	Plan	10/13	11/17	Dec	Jan	Feb	Mar	Apr	May	Jun	FY08	Plan	10/13	11/17	Dec	Jan	Feb	Mar	Apr	May	Jun	FY08	Plan	10/13	11/17	Dec	Jan	Feb	Mar	Apr	May	Jun			
Multi-Categorical																							108.79	110.23	115.55	111.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
DCD/EBD & EBD																								198.93	230.03	190.85	188.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Transition																								293.96	270.93	254.56	255.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Mentor Connection												24.09	15.91	19.80	20.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00													
Level III												30.24	22.81	13.65	13.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00													
Level I and II												120.82	132.86	112.09	110.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00													
ALC/ELL	425.43	473.47	338.56	362.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00																									

DONATIONS
INTERMEDIATE DISTRICT 287
2008-2009

November 2008

DONATION DATE	DESCRIPTION	VIN#	EST VALUE	DONOR	SS# OR FED ID#	CAMPUS	PROGRAM
11/16/08	CHECK		\$ 12,500.00	FAIRVIEW HEALTH SERVICES			SOUTH EDUCATION ALTERNATIVE
11/11/08	VACUUM, MICROWAVE, MIXER, VARIOUS UTENSILS		\$ 75.00	HAERLE, CLYDE			VENTURE NWTC
09/11/08	CHECK		\$ 1,500.00	MN ORG FETAL ALCOHOL			SAFE
10/15/08	PAINT AUTO (109 PINTS)		\$ 4,360.00	PPG			AUTO BODY
11/18/08	CHECK		\$ 156.68	TARGET			PCA
11/12/08	CHECK		\$ 3,000.00	TARGET			SOCIAL EMOTIONAL LEARNING
			\$ 21,591.68				

INTERMEDIATE DISTRICT 287

INTER-OFFICE MEMORANDUM

DATE: December 1, 2008

TO: Sandy Lewandowski

FROM: Janet A. Johnson

RE: Recommendation for Board Approval of the following Agreements for the December board meeting.

Agreement

1. Recommend approval of a four-year Cooperative Agreement with Hennepin County; July 1, 2008 through December 31, 2012 for Career & Technical Education at South Education Center. The contract is for a not-to-exceed amount of \$200,000.00 per year, and a not-to-exceed amount of \$800,000.00 over the four years. The district shall use all funds received under this Agreement to support the creation of a high quality career and technical education program at the South Education Center in Richfield.
2. Recommend approval of a Purchase of Service Agreement between Hopkins Public Schools-ISD 270 and District 287. The purpose of this Agreement is for the educational services at two residential treatment programs, the Epsilon Education Program at the Hennepin County Home School and the Omegon Education Program at the Omegon Residential Treatment Center. This agreement shall be in force and effective from July 1, 2007 through June 30, 2010.

**HUMAN RESOURCES DIRECTOR'S REPORT FOR THE INTERMEDIATE DISTRICT 287 SCHOOL BOARD
HUMAN RESOURCES COMMITTEE – DECEMBER 2008**

LICENSED STAFF

1. New Hires:

A. Regular

- NANCY L. APPEL, Physical Therapist at the District Service Center effective August 21, 2008, **additional position due to increased enrollment**, MA, Step 10.*
- GREGORY T. BAKER, Auto Body Instructor at Brooklyn Park Campus effective August 25, 2008, **refill for T. Phillips**, BA, Step 5.*
- ERIN M. DREW, Japanese Instructor at Minnetonka and Eden Prairie High Schools effective August 21, 2008, **refill for Y.Shakal**, MA, Step 3.**
- DENISE L. GOLDMAN, English/Language Arts Instructor at Wave South @ South Education Center effective August 21, 2008, **refill for B. Brothen**, BA+45, Step 2.*
- Wendy C. Lyman-Butler, School Psychologist at the District Service Center effective August 21, 2008, **additional position due to increased enrollment**, MA+60, Step 2.*
- ELIZABETH A. STRUVE, Physical Therapist at the District Service Center effective November 10, 2008, **additional position due to increased enrollment**, Ph.D., Step 7.

B. Reinstatement of Licensure Waivers

- AMANDA DITTBENNER, EBD Instructor at SUN @ Hosterman Education Center, effective August 25, 2008.**

C. Temporary

- LINDSEY M. BECKIUS, Independent Study Guidance Counselor at Brooklyn Center High School effective October 7, 2008 through June 30, 2009.
- RANDALL M. CIMINSKI, Online Coordinator effective July 7, 2008 through September 30, 2008.**
- DELISA S. WINTER, Independent Study Science Instructor at Cooper High School effective November 25, 2008 through June 30, 2009.

D. Substitutes

- Michael D. Lindberg
- Michael T. Perszyk

2. Extended Leaves of Absence:

A. Unpaid

- AMY TUKUA, Science Instructor at City West Academy, child care leave of absence effective February 24, 2009 through May 1, 2009.

3. **Separations:**

A. **Dismissal**

-

B. **Resignation**

-

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

-

4. **Other:**

A.

* Indicates delay due to background check

** Indicates delay due to approval of Community Expert Request/license

NON-LICENSED STAFF:

1. **New Hires:**

A. **Regular**

- CHRISTINA LINDEN, Education Assistant at SAFE Hosterman, **refill for A. Matters**, effective October 20, 2008 Step 4 Lane 4 +90 credits - .875 FTE.
- LETITIA JENNINGS-HOLMES, Education Assistant at SUN Edgewood Education Center, **additional position due to increased enrollment**, effective October 27, 2008 Step 11 Lane 2 +15 credits - .875 FTE.
- WAUNEEN DENSON-MGENI, Ex Secretary to Superintendent/School Board at the District Service Center, **refill for S. Arends**, effective October 20, 2008 – 12 month 1.0 FTE.
- ELIZABETH STRAW, Cook at South Education Center, **additional position due to increased enrollment**, effective August 25, 2008 – 10 month 1.0 FTE.*
- JULIE TUORILA, Clerical at the District Service Center, **refill for I. Bernu**, effective November 19, 2008 Grade III Step 2 – 12 month 1.0 FTE.
- JOETTE SADOWSKY, Education Assistant with Itinerant Services at the District Service Center, **refill for T. Miller**, effective November 24, 2008 Step 2 Lane 5 +BA - .875 FTE.
- ELLEN DUNKLE, Education Assistant at SUN Transition Edgewood Education Center, **additional position due to increased enrollment**, effective October 6, 2008 Step 5 Lane 5 +BA - .875 FTE.

- PAUL KRACL, Education Assistant at SUN Hosterman Education Center, **additional position due to increased enrollment**, effective November 10, 2008 Step 3 Lane 4 +90 credits - .875 FTE.
- JEAN WESTERLUND, Education Assistant at Epsilon, **additional position due to increased enrollment**, effective August 25, 2008 Step 11 Lane 5 +BA - .875 FTE.*
- ZEBEDEE HOWELL, Education Assistant at STRIVE Hosterman, **additional position due to increased enrollment**, effective October 20, 2008 Step 11 Lane 5 +BA - .875 FTE.
- JESSICA KAST, Education Assistant at SAFE Hosterman, **additional position due to increased enrollment**, effective December 2, 2008 Step 6 Lane 5 +BA - .875 FTE.
- JAY MARUSKA, Clerical at the District Service Center, **refill for V. Roberts**, effective November 19, 2008 Grade III Step 2 – 10 month .6 FTE.
- TOYNOIA BRIGGITY, Clerical at Northwest Tech Center, **additional position due to increased enrollment**, effective November 3, 2008 Grade III Step 2 – 10 month .5 FTE.

B. Temporary

-

C. Substitutes

- David Ward
- Michael Brown

2. Extended Leaves of Absence:

A. Unpaid

-

3. Separations:

A. Dismissal

- TAMARA ANDERSON, Education Assistant at Hosterman Education Center, effective November 20, 2008.

B. Resignation

- THERESA MILLER, Education Assistant for Itinerant Services at the District Service Center, effective November 24, 2008.

C. Retirement (Regular/Disability)

-

4. Other:

A. Reclassification

- ANDREW HANNAN, temporary position reclassification from an Education Assistant to an Instructor position effective December 8, 2008 through June 13, 2009.
- BLAKE WILSON, temporary position reclassification from an Education Assistant to an Instructor position effective December 1, 2008 through June 13, 2009.
- ANNE MCGANNON, temporary position reclassification from an Education Assistant to an Instructor position effective December 1, 2008 through June 13, 2009.

*Indicates delay due to background check

5. SUPERINTENDENT’S REPORT

A. Special Reports and Recognition

1. Superintendent’s Report

- a. Sharon Landrud..... I

2008 Teacher of the Year Nominee for District 287

- b. Career Technical/Carpentry Project..... I

Rose Hobson, Supervisor of Career and Technical Education, and Tod Hoaby, Construction Instructor, will provide information on changes in career-tech education in the district. Hobson will highlight not only programs offered at the campuses of Hennepin Technical College but will discuss the many 287 and member district sites as well. As an example of a community site program, Hoaby will present the exciting Plymouth home renovation project.

- c. 2009 Legislative Session..... I

- d. Get on the Bus Update I

- e. January 8th Growth & Justice Speaker I

Intermediate School Districts

...Innovation through Collaboration



2009 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 were 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 entirely 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, 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.

2009 LEGISLATIVE PLATFORM

Intermediate School Districts 287, 916, and 917 are vital resources to our member districts and provide important programs and services to students. We are grateful for the Legislature's support and are well-positioned to not only continue but also to 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 District for the 2009 legislative session.

SUPPORT FOR EDUCATION FUNDING

Reform and Stabilization of Education Finance System

The Intermediate School Districts support the New Minnesota Miracle legislation that reforms the education finance system to provide adequate financial resources in order to meet the high standards and expectations of the community and the challenges posed by demographic

characteristics in each school district. The Intermediate School Districts also understand that an appropriate plan must be implemented for transition from existing funding formulas to the new funding framework that would hold school districts harmless from substantial losses in revenues.

Support efforts to increase opportunities for students and maximize resources for school districts

Programs and services provided directly and delivered regionally by Intermediate School Districts continuously evolve to meet the changing needs of students and K-12 school districts to help maximize resources and increase opportunities for all students. The Intermediate School Districts support efforts to provide additional funding for a broad range of educational opportunities for students including career and technical and college preparation as well as collaborative efforts to increase administrative efficiencies.

SUPPORT THE UNIQUE NEEDS OF THE INTERMEDIATE SCHOOL DISTRICTS

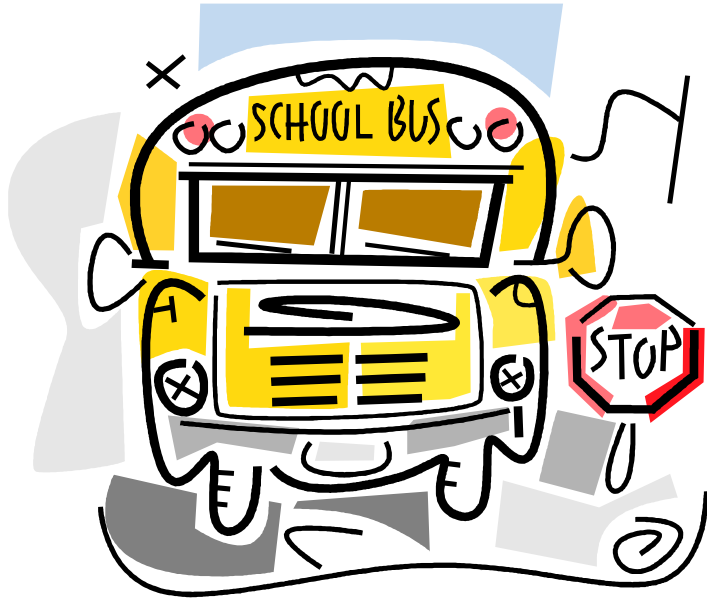
Intermediates serve a set of learners with highly complex and specialized individual learning needs and the teacher skills needed are not the same as those needed for serving students in a more mainstream K-12 environment. In addition, the Intermediates are asked by their member school districts to provide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

Change the language of alternative teacher compensation (or Q-Comp) to better reflect the unique way in which Intermediates work

Currently, Intermediates 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 Intermediates 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 Intermediates are asking to have the funding formula based on the number of licensed teachers rather than per pupil so that Intermediates will qualify for \$3800 per licensed teacher.

Clarify state statute to make clear how an Intermediate is authorized to provide the educational component of a student enrolled in a day treatment or residential care and treatment programs.

Intermediate School Districts often are asked to provide the educational component for students who are enrolled in day treatment or residential care and treatment programs. The new special education tuition billing system has called attention to Minnesota Department of Education rule and state statutes for day treatment or residential care and treatment programs and subsequently created confusion regarding the provision of services and distribution of funding.



You are invited to...

Get on the Bus!

*to visit various
District 287 programs.*

2008-2009 SCHEDULE

(Please arrive 15 minutes before bus departure time)

Tuesday, January 6 th (Bus leaves 287 DSC @ 8:00AM)	8:30 AM	Edgewood
	9:30 AM	North Vista
	10:15 AM	NWTC Center
Friday, January 9 th (Bus leaves 287 DSC @ 8:30AM)	9:00 AM	SEC
	10:00 AM	Carpentry Site
Tuesday, January 27 th (Bus leaves 287 DSC @ 8:30AM)	9:00 AM	Bren Road
	10:00 AM	PCA & CWA
Thursday, February 19 th (Bus leaves 287 DSC @ 8:30AM)	9:00 AM	Hosterman
	10:30 AM	HTC North Campus

Updated 11/13/2008

6. REPORTS FROM BOARD CHAIR & COMMITTEES

A. Board Chair Report

1. Nominating Committee

As indicated in the Chair’s recent email to all board members I
discussion will be heard on the plan to begin work with a
nominating Committee to present a slate of officers for the
calendar year 2009.

2. MSBA Recognition..... I

MSBA will present Kenneth Daniels with a certificate recognizing
his 30 years of service as a school board member at the 2009
MSBA Leadership Conference on Thursday, January 15, 2009 at
the Awards Luncheon.

3. MSBA Phase II Workshop..... I

MSBA Phase II Registration Form in Board packet.

2008-2009 MSBA PHASE II WORKSHOPS

December 13, 2008
Radisson Hotel, St. Cloud

- or -

January 14, 2009
Minneapolis Hilton

8:00 a.m.	Registration/Coffee - Meet Your Colleagues	
8:45 a.m.	Welcome to MSBA	MSBA Staff
9:00 a.m.	Minnesota School District Financing.....	Tim Strom House Legislative Analyst
10:00 a.m.	Local Levies and Policies	Heide Miller Business Manager, Chisago Lakes
10:45 a.m.	Break	
11:00 a.m.	The School District Budget	Donn Hanson Sr. Management Consultant, PFM
12:00 p.m.	Luncheon	
1:00 p.m.	Collective Bargaining & Related Personnel Issues	John Sylvester MSBA Deputy Executive Director
2:00 p.m.	Significant Laws Affecting Boards	Robert Meeks MSBA Executive Director
3:00 p.m.	Adjourn	

-or-

If there is sufficient registration from Charter School
Board Members, MSBA will offer a separate
topic on Personnel Laws for Charter Schools

Registration available through your Superintendent

**MSBA group reduced room rates available at the Radisson Hotel until Monday, December 1, 2008.
Call 320-654-1661 and ask for the MSBA rate.*

REGISTRATION FORM

MINNESOTA SCHOOL BOARDS ASSOCIATION
MINNESOTA ASSOCIATION OF SCHOOL ADMINISTRATORS

PHASE II WORKSHOPS

FOR NEWLY ELECTED OR APPOINTED SCHOOL BOARD MEMBERS

REGISTRATION FEE: \$105.00 per participant \$119.00 for Walk-in
(Students: \$15.00 per participant)

SCHOOL DISTRICT NAME AND NUMBER: _____

NAMES:

- | | |
|----------|-----------------------|
| 1. _____ | 4. _____ |
| 2. _____ | 5. _____ |
| 3. _____ | 6. Student Rep: _____ |

PLEASE INDICATE WORKSHOP LOCATION:

DATE:

LOCATION:

SATURDAY, DECEMBER 13, 2008 _____

RADISSON HOTEL, ST. CLOUD

- OR -

WEDNESDAY, JANUARY 14, 2009 _____

MINNEAPOLIS HILTON, MINNEAPOLIS

Registration fee includes refreshments, lunch and materials. **REGISTRATIONS SHOULD BE MADE IN ADVANCE. PLEASE MAKE CHECKS PAYABLE TO THE MINNESOTA SCHOOL BOARDS ASSOCIATION.** Refunds allowed upon notification two working days in advance of each workshop for those persons unable to attend because of emergency.

REGISTER ON-LINE (www.mnmsba.org), WHICH WILL OPEN NOVEMBER 12, 2008, or SEND REGISTRATION FORM AND FEE TO: Minnesota School Boards Association; 1900 W. Jefferson Avenue; St. Peter, MN 56082-3015. FAX: 507-931-1515.

**INTERMEDIATE DISTRICT 287
PLYMOUTH, MN**

BOARD OF EDUCATION

Regular Meeting – December 18, 2008

Agenda Section: REPORTS FROM BOARD CHAIR & COMMITTEES

Item: 6.B.1.c.ii

Presented by: Human Resource Board Committee

- 1. Motion recommending approval of Employee Rights and Responsibilities (ERR) Board Policies ERR-100 (Goals) and ERR-500 (Employee Responsibilities)**

- The Human Resource Committee recommends approval of.....A

Board policies regarding Employee Rights and Responsibilities have been reviewed by the Human Resources Board Committee and Policies ERR-100 (Goals) and ERR-500 (Employee Responsibilities) are presented for a second read in the approval process.

Recommended Action: The Board approve Board Policies ERR-100 (Goals) and ERR-120 (Employee Responsibilities).

Motion by:

Second by:

Vote: Passed ____ Failed ____

6. REPORTS FROM BOARD CHAIR & COMMITTEES

A. Reports from Standing Committees

1. Administrative Services

c. Human Resources

i. December 9th Meeting Agenda I

The December 9th meeting agenda is share for your information.

ii. ERR Policy Bucket second read.A

Board policies regarding Employee Rights and Responsibilities (ERR) have been reviewed by the Human Resources Board Committee and Policies ERR-100 (Goals) and ERR-500 (Employee Responsibilities) are presented for a second read in the approval process.

Human Resources Committee
Tuesday, December 9, 2008
CANCELLED

Agenda Items	Committee Action	Full Board Action	Information
<u>Governance</u>			
1.			
<u>Policy Review</u>			
1. Employee Rights and Responsibilities Policy Series – Second Read	X	X	
<u>Operations</u>			
1. Human Resources Director’s Report	X	X	

ANNE C. BECKER

*Ramsey Professional Building
311 Ramsey Street
St. Paul, MN 55102*

ATTORNEY AT LAW

*Phone: (651) 294-2342
Fax: (651) 294-2342
acbecker@district287.org*

Employee Rights and Responsibilities Policy Series

The following is a list of current Board policies regarding employee rights and responsibilities:

1130	Participation in Comm. Activities	4132	Publication or Creation of Materials
3521	Data Privacy	4132.1	Copyright of District Materials
4000	Goals	4132.2	Use of Copyright Materials
4111	Recruitment and Selection	4135	Organizations
4113	Personnel Records	4135.1	Organizational Rights
4115	Staff Responsibilities	4135.2	Staff Complaints and Grievances
4115.10	Consensual Relations	4140	Compensation
4115.5	Staff Conflict of Interest	4143	Donation of Sick Leave
4115.7	Grievance Procedure	4145	Employee Assistance Program
4116	Appraisal	4148	Staff Protection
4117	Separation	4150	Leaves of Absence
4131	Activities: Professional Growth	4211	Display of Religious Symbols

In preparation for revising the current policies, I reviewed the following sources of information concerning employee rights and responsibilities: federal law; Minnesota Statutes; Intermediate District 287 policies and procedures; MSBA model policies; and 287 member district policies.

There are currently 24 policies that pertain to staff rights and responsibilities. I consulted with Lee Palmer, Director of Human Resources, to determine which of these policies conformed to the District's current personnel practices, and whether any new policies were needed.

We divided the existing policies into three categories: those that should be eliminated, those that should be relocated to other buckets, and those that should be revised or added.

Elimination

There are sixteen policies that are recommended for elimination because they are unnecessary, duplicative, procedural in nature, simply a restatement of law, or obsolete. These policies are: Participation in Community Activities; Recruitment and Selection; Consensual Relations; Grievance Procedure; Appraisal; Separation; Activities: Professional Growth; Organizations; Organizational Rights; Staff Complaints and Grievances; Compensation; Donation of Sick Leave; Employee Assistance Program; Staff Protection; Leaves of Absence; and Display of Religious Symbols.

Relocation

There are four policies that are recommended for relocation from the ERR bucket to Communications and Records (formerly known as the Media/Communications bucket). These policies are Data Privacy; Personnel Records; Publication or Creation of Materials; and Copyright of District Materials.

Note: There are currently several Board policies and administrative procedures regarding complaints and grievances. I recommend that all of the policies and procedures be consolidated into one umbrella procedure to use for any complaint or grievance that is not covered under a collective bargaining agreement, including allegations of discriminatory treatment. The proposed Complaint Procedure would be part of the Nondiscrimination and Equal Opportunity bucket and would replace all of the other policies and procedures currently available for staff and students who believe that they have knowledge of discriminatory or otherwise objectionable or illegal conduct.

Retention and Revision

Many employee rights and responsibilities are governed by collective bargaining agreements, covered in the Employee Handbook, and/or mandated by state or federal law. In order to create personnel policies which consist of the Board's vision for District staff, rather than a recitation of legal requirements or administrative procedures, it is necessary to confine those policies to topics that are not already, or more appropriately, addressed elsewhere.

In keeping with this model, the current Goals and Staff Responsibilities policies have been revised and are attached for your consideration. I recommend that the Board adopt these two policies as the sum total of the Employee Rights and Responsibilities (ERR) policy bucket.

DRAFT POLICY

POLICY SERIES: Employee Rights & Responsibilities

SUBJECT: Goals

BOARD APPROVED:

REVISION DATE:

ERR100 Goals

I. PURPOSE

The purpose of this policy is to articulate the Board's commitment to the employment and retention of well-qualified, student-focused, ethical, diverse, innovative, and dedicated District personnel.

II. GENERAL STATEMENT OF POLICY

The Board is committed to providing a workplace that will attract and retain highly-qualified personnel who are provided with the atmosphere, support, and professional development opportunities they need to provide high-quality instruction and services to all students and member districts.

III. PERSONNEL GOALS

- A. To employ candidates who are highly-qualified, and best suited to serve our students, programs and member districts.
- B. To create a system of compensation which attracts and retains competent personnel, which encourages and rewards additional training and experience, and which recognizes varying levels of responsibility and achievement.
- C. To develop an evaluation system designed for equitable, accurate, thorough, relevant and regular appraisal of employee performance.
- D. To encourage the assignment of all personnel to positions for which they are trained and qualified, and which promote optimum use of available personnel resources.
- E. To adopt policies which provide for the health, safety, nondiscrimination and equal opportunity of all employees.
- F. To create a work environment where employees feel valued and are treated with dignity and respect.
- G. To provide opportunities and resources for professional development.
- H. To foster an atmosphere conducive to positive employee relations.

DRAFT POLICY

POLICY SERIES: Employee Rights & Responsibilities

SUBJECT: Employee Responsibilities

BOARD APPROVED:

REVISION DATE:

ERR500 Employee Responsibilities

I. PURPOSE

The purpose of this policy is to inform applicants for District employment and employees of the Board's expectations for District personnel.

II. GENERAL STATEMENT OF POLICY

Intermediate District 287 employees hold positions of trust and responsibility and must conduct themselves in accordance with the highest standards of professional ethics and excellence. The Board expects all District employees to fulfill the following responsibilities at all times, whether on or off duty:

- A. To ensure that the education and welfare of students is their highest priority.
- B. To treat fellow employees with respect, courtesy, and as professionals.
- C. To be mindful of their inherent authority and influence over students and to exercise good judgment and professionalism in their interactions.
- D. To strive for professional excellence and to seek and take advantage of opportunities for training and professional growth.
- E. To remain current with and to implement the best practices in their field.
- F. To act with integrity in a manner consistent with the applicable codes of ethics and professional conduct.
- G. To represent the District in a manner which reflects well upon the District, the education and services the District provides, and 287's member districts.
- H. To be aware of applicable state and federal laws and regulations, Board policies, administrative procedures, the Employee Handbook, and collective bargaining agreements and to comply with them at all times.
- I. To be vigilant concerning issues and instances of discrimination, hazing, bullying, and other types of harassment, to act to prevent or end any such practices when possible, and to report them to the proper authorities.

6. REPORTS FROM BOARD CHAIR & COMMITTEES

B. Reports from Standing Committees

1. Administrative Services

a. Facilities

i. Facilities Committee Minutes I

Minutes from the December 9th meeting are shared.

ii. North Ed Center (NEC) National Economic Stimulus Proposal I

**FACILITIES BOARD COMMITTEE
ACTION MINUTES**

Members Present: Arlene Bush, John Johns, Linda Johnson, Marvin Johnson, Michèle Kunz, Peyton Robb
Members Absent:
Staff Present: Sandy Lewandowski, Tom Shultz
Guests: Christine Hermes, Parsons, Mark Thiede, TSP
Date: December 9, 2008 2:00 – 3:00 P.M.
Recorder: Tom Shultz

Agenda Item	Summary of Discussion	Staff/Member Follow-Up	Board Action
Governance			
Policy Review			
Operations			
1. SEC Monthly Update	<p>Christie Hermes presented the Project Detail report through December. It was reported that the contingency is up and will likely not see any further reductions through final billings.</p> <p>The following 7 Change Orders were presented on the Project Detail Report dated December 2, 2008: CCD-81c – ADD \$555.14; CCD-90 – ADD \$1,513.80; FCA-263e – ADD \$3,043.89; FCA-273r2 – CREDIT (\$963.82); FCA-279 – ADD \$684.35; FCA-280 – ADD \$1,610.00; FCA-286 – ADD \$971.43</p> <p>Net Total: \$7,414.79</p> <p>As these change orders were less than \$10,000 a motion to approve was not necessary. However, per the S.E.C. Construction Project Levels of Authority, the change orders will be included on the consent agenda at the full Board meeting December 18, 2008.</p> <p>No comments or questions regarding the change orders.</p> <p><u>Verification Report from Weidt Group for Energy Consumption</u></p> <p>Tom Shultz reported that the Weidt Group verified all energy efficiencies in the facility and the Xcel Energy incentive rebates will total \$132,000.</p> <p><u>Remaining Land at Lincoln Hills</u></p>		X (consent)
2. Long Term Facilities Plan	<p>The remaining property at the Lincoln Hills site, 1.7 acres, could be sold for development on Penn Ave. Tom Shultz was given direction to explore the possibilities of rezoning and potential buyers.</p>		

<p>4. Future Meetings</p>	<p><u>North Area Facilities Plan Update</u> Sandy L provided an update on the on-going discussions with Osseo for a joint transition site in the North area. A letter was presented for review which is being sent to our congressional representatives and Senators. This letter is for possible inclusion in a public works economic stimulus package funded by the federal government. The proposal is for a North Education Center to be built beginning in the spring of 2009. The Committee supported the submission of the proposal to local members of Congress.</p> <p>This is the last Facilities Board Committee meeting. Beginning in January, these will be incorporated into the new structure of the full Board where issues concerning the five interest areas (HR, Finance, Facilities, Teaching and Learning and Special Ed) will be addressed by small groups of 2-3 Board members who then make recommendations to the full School Board.</p> <p>A motion to adjourn was made by John Johns and seconded by Marvin Johnson</p>		
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Intermediate District 287

Intermediate District 287 is a consortium of thirteen member school districts that serves special needs students in the western suburbs of the Twin Cities of Minneapolis/St. Paul. District 287 provides quality, cost-effective services to meet the diverse needs of low incidence student populations in our region. Collectively, our member districts serve more than 103,000 students and approximately 5,000 students are served by District 287 annually.

Due to aging school buildings and inadequate lease properties, the 287 Board is implementing a long-range facilities plan to reduce the number of small school sites and educate our students in more appropriate and consolidated school sites. We seek to design and build facilities that will not only facilitate the implementation of educational services to our unique learners, but also allow for cost efficiencies in energy, staffing, transportation and equipment. As a result, plans are underway to build a new school that will provide a specialized learning environment to serve up to 400 students with special needs. The school will house a number of customized programs and will serve students with autism, students with emotional/behavior disorders, an alternative learning center high school, a program serving teen parents and their infants and toddlers, and a transition program for 18-21 year old special education students who need help transitioning into adult life.

District 287 has recently completed building just such a school that serves students with similar needs in highly specialized programs that had been housed in dispersed locations throughout the southern portion of our District. The South Education Center, SEC, opened in the fall of 2008 and is located in Richfield, Minnesota. It should be noted that the SEC is LEED certified silver due to the many energy efficiencies designed into the facility. The new building is geothermally heated and cooled and uses displacement ventilation for air distribution. The SEC requires 67% less energy than a comparable facility built to code. There are many other design features in the SEC that help provide an environment for students that allows for focus on learning rather than any environmental issues to distract from this process. Now, we are prepared to build essentially the same school on a site in the northern portion of District 287. The site we have identified is currently owned by Robbinsdale Area Schools, one of our member districts, and is ideally situated to provide the needed educational services for the northern portion of our District.

The SEC building project recently completed in Richfield was begun in October of 2006 and was opened for summer school in June of 2008. The construction costs for the project, including design fees, various consultants, administrative costs and furnishing of the new building totaled \$25,531,200. Land acquisition for the new building was \$7,500,000 for a total of \$33,031,200. The cost estimate for construction of the new building or North Education Center, NEC, is \$28,720,000 and land acquisition is currently being negotiated. Having drawings and credible estimates in hand, District 287 could begin construction in the spring of 2009 with a goal of occupying the new building January of 2011.

Because we have already built the building that we are proposing to duplicate in the northern portion of our District, we are confident in the costs, timeline and effectiveness of the building project and ultimately of the school programs it will house.

Thank you in advance for considering this much needed and worthy school facilities project.

**INTERMEDIATE DISTRICT 287
PLYMOUTH, MN**

BOARD OF EDUCATION

Regular Meeting – December 18, 2008

Agenda Section: Reports from Board Chair & Committees

Item: 6.B.1.b.ii

Presented by: Chair Greg Thielsen

The formal audit as prepared by Malloy, Montague, Karnowski, and Radosevich was accepted by the Finance Committee on 12/10/08 and is now presented for full board acceptance.

Recommended Action: The Board approve the motion to accept the FY08 Audit Report completed by MMKR as presented.

Motion by:

Second by:

Vote: Passed _____ Failed _____

VII. REPORTS FROM BOARD CHAIR & COMMITTEES

B. Reports from Standing Committees

1. Administrative Services

b. Finance

i. Finance Committee Minutes I

Minutes from the December 10th meeting are shared.

ii. Audit Financial & Management Report FY 08.....A
Hard Copy in Board Meeting Packet

The formal audit as prepared by Malloy, Montague, Karnowski, and Radosevich was accepted by the Finance Committee on 12/10/08 and is now presented for full board acceptance.

FINANCE BOARD COMMITTEE
ACTION MINUTES
December 10, 2008

Members Present: Maureen Andre-Knudsen, Marvin Johnson, Greg Thielsen, Helen Bassett, Arlene Bush, Michelle Kunz and Dean Henke
Members Absent: Charlie Hurd
Staff Present: Colleen Baumtrog, Janet Johnson, and Sandra Lewandowski
Guests: Jim Eichten, MMKR
Date: December 10, 2008 3:30-5:00 P.M.
Recorder: Colleen Baumtrog

Agenda Item	Summary of Discussion	Full Board Action	Staff Follow Up
Governance	<ul style="list-style-type: none"> • Review & Approve Monthly Board Financial Reports <p><u>Financial Reports</u> – The Committee reviewed and recommends approval at the full Board of the Budget, Cash and ADM reports for November, 2008. ADM trends continue to be low. ALC enrollment has increased but remains far below projections. Janet had a copy of the check register for the members to review during the meeting if they wished.</p> <p>The Committee discussed the idea of 287 obtaining the 5 year enrollment projections from our member districts to use as we plan our budget for 2010. A Board member suggested that we follow the “no surprise rule” and keep Board members apprised regularly of enrollment and budget ramifications, especially when possible rate increases are a possibility.</p> <p>The Committee recommends approval by the full Board of the monthly financial reports as presented.</p> <ul style="list-style-type: none"> • FY 08 Audit Report <p>Jim Eichten, MMKR, presented the FY 08 Audit Report and highlighted some items in the Management Report. Jim explained that there is a series of new monitoring standards called the SAS suite. For the first time, MMKR delved into internal controls at a deeper level than ever before. Most districts audited by MMKR received findings related to the SAS review. By comparison, 287 did an excellent job at internal controls and in meeting these new standards.</p> <p>The District received an unqualified or “clean” report. There are no matters involving the District’s internal control over financial reporting that are considered to be significant deficiencies or material weaknesses. There was one deficiency related to the timely billings in one of our ALC daycare programs. Another minor finding was identified related to the absence of required language of a contractor to pay their subcontractors within ten days of the prime contractor’s receipt of payment from the District.</p> <p>Jim indicated that the District’s financial records are in good condition and the recording of the financial information is very good. Jim stated several times that this a very positive audit report. The overall financial health of the district is consistent with last year and we are in good</p>	<p>X (Consent item)</p>	<p>287 staff will request enrollment projections from member districts to use in budget planning for 2010.</p>

	<p>financial health. The unreserved-undesignated fund balance as a percentage of expenditures, remained essentially the same as last year and is at 4.9% for FY08.</p> <p>The audit confirms the unaudited fund balance summary presented to the Board last month. Marv Johnson made a motion to recommend that the full Board accept the FY 08 audit and Arlene Bush seconded the motion. The Committee approved the motion unanimously. The Committee Chair will request a motion to accept the FY08 Audit Report completed by MMKR.</p>	X (Action Item)	
Policy Review	None		
Operations	None		
Future Topics: None - ☺			
Meeting Adjourned: 5:00 P.M.			

INTERMEDIATE DISTRICT NO. 287
PLYMOUTH, MINNESOTA

Financial Report

Year Ended
June 30, 2008

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INTERMEDIATE DISTRICT NO. 287

Board of Directors and Administration
as of June 30, 2008

BOARD OF DIRECTORS

<u>Board of Directors</u>	<u>Member District</u>	<u>Position on Board</u>
Michéle Kunz	Orono	Chairperson
Linda Johnson	Robbinsdale	Vice Chairperson
Charlie Hurd	Minnetonka	Treasurer
Peyton Robb	Edina	Clerk
Kenneth Daniels	St. Louis Park	Immediate Past Chair
Maureen Andre-Knudsen	Edina	Director
Steven Antolak	Osseo	Director
Helen Bassett	Robbinsdale	Director
Stan Berris	Hopkins	Director
Ann Bremer	Westonka	Director
Arlene Bush	Bloomington	Director
Tim Culver	Bloomington	Director
Donald Draayer	Minnetonka	Director
Jan Eian	Eden Prairie	Director
Barbara Gabbert	Eden Prairie	Director
Patricia Gleason	Wayzata	Director
Dean Henke	Osseo	Director
Cheryl Jechorek	Brooklyn Center	Director
John Johns	Westonka	Director
Marvin Johnson	Orono	Director
Sally Johnson	Hopkins	Director
Laura Juza	Hopkins	Director
Pam Kriesel-Koll	Richfield	Director
Carter Peterson	Wayzata	Director
Nancy Rowley	Richfield	Director
Pam Rykken	St. Louis Park	Director
Greg Thielsen	Brooklyn Center	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 and Student Support Services
W. Lee Palmer	Director of Human Resources
Janet A. Johnson	Director of Finance
David Anderson	Fiscal Services Supervisor
Larry McAtee	Purchasing Supervisor
Tom Shultz	Facilities Administrator
Charlene Myklebust	Director of Social and Emotional Behavior

FINANCIAL SECTION

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, 2008, 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 has been derived from the District's 2007 financial statements and, in our report dated November 30, 2007, 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 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, 2008, and the respective changes in financial position thereof 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, 2007, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2008 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 is important in assessing the results of our audit.

(continued)

The Management's Discussion and Analysis, which follows this report letter, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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 a required part 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, Schedule of Expenditures of Federal Awards, and the UFARS Compliance Table have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

December 3, 2008

INTERMEDIATE DISTRICT NO. 287

Management's Discussion and Analysis Year Ended June 30, 2008

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, 2008. 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; 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 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 funds statements provide a detailed *short-term* view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – 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>2008</u>	<u>2007</u>
Assets		
Current and other assets	\$ 17,596,568	\$ 18,349,880
Capital assets, net of accumulated depreciation	<u>45,331,943</u>	<u>45,862,672</u>
Total assets	<u>\$ 62,928,511</u>	<u>\$ 64,212,552</u>
Liabilities		
Current and other liabilities	\$ 12,441,890	\$ 14,184,163
Long-term liabilities, including due within one year	<u>53,470,648</u>	<u>52,539,598</u>
Total liabilities	<u>\$ 65,912,538</u>	<u>\$ 66,723,761</u>
Net assets		
Invested in capital assets, net of related debt	\$ 525,869	\$ 2,895,178
Restricted	45,460	114,867
Unrestricted	<u>(3,555,356)</u>	<u>(5,521,254)</u>
Total net assets	<u>\$ (2,984,027)</u>	<u>\$ (2,511,209)</u>

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 other major factor in determining net assets as compared to fund balances is the liability for severance and health benefits, for which the District has begun to set funds aside. In January 2007, the District completed an actuarial study in order to assess the impact on the financial statements of Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions." The District is preparing for the implementation of this statement, which will be required for the year ended June 30, 2009.

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

Table 2		
Change in Net Assets		
for the Years Ended June 30, 2008 and 2007		
	<u>2008</u>	<u>2007</u>
Revenue		
Program revenues		
Charges for services	\$ 56,134,852	\$ 55,612,063
Operating grants and contributions	2,250,947	2,103,610
General revenues		
Other general revenues	949,567	727,143
Investment earnings	162,633	170,720
Total revenue	<u>59,497,999</u>	<u>58,613,536</u>
Expenses		
Career and technical education	3,174,598	3,660,269
Academic education	7,709,078	7,392,457
Special education	43,046,317	41,075,618
Student clubs	34,590	37,721
Administrative support services	3,485,015	4,318,523
Food service	204,638	-
Community service	228,778	285,398
Interest and fiscal charges on debt	2,087,803	1,991,349
Total expenses	<u>59,970,817</u>	<u>58,761,335</u>
Change in net assets	<u>\$ (472,818)</u>	<u>\$ (147,799)</u>

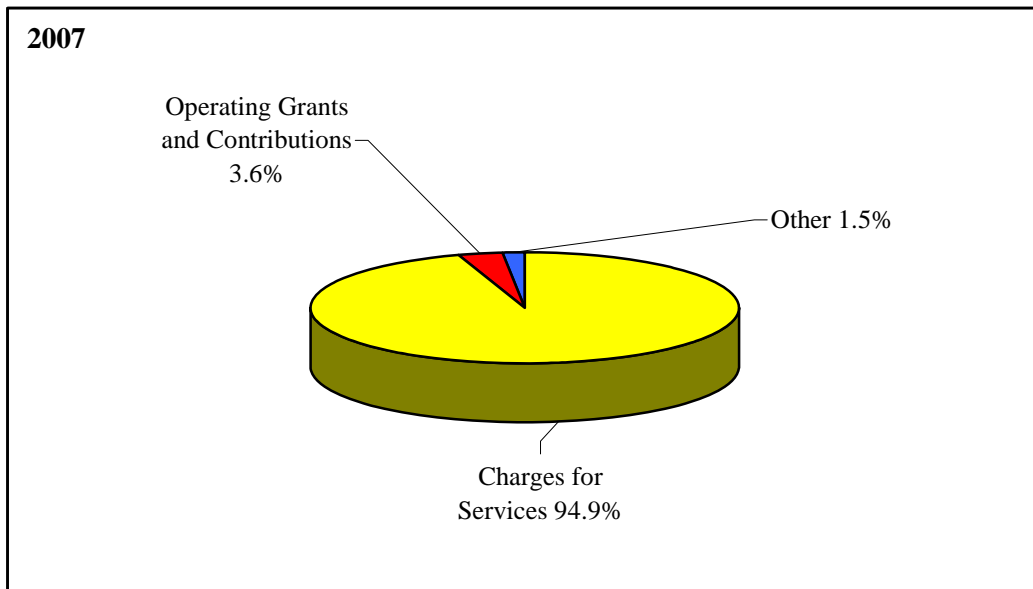
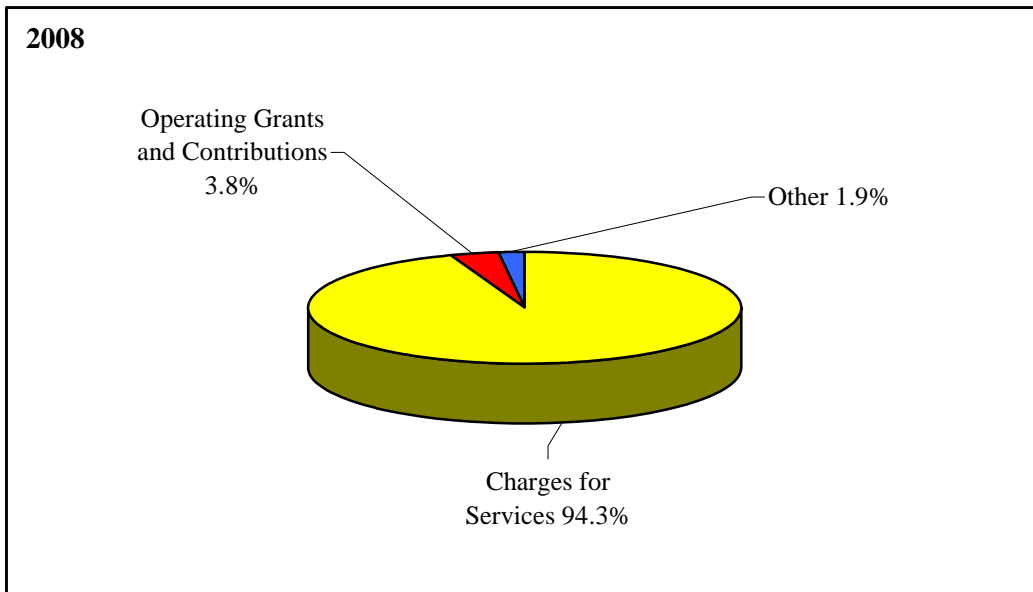
This statement is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The District's total revenues were \$59.5 million for the year ended June 30, 2008. Charges for services account for 94.3 percent of total revenues for the year while operating grants and contributions accounted for 3.8 percent. The remainder of the revenue came from other general revenues and interest.

The total cost of all programs and services was \$60.0 million. The District's expenses are predominantly related to providing education services to students. In 2007–2008, 89.9 percent of the District's expenses were devoted to this purpose. The administrative support services activity of the District accounted for 5.8 percent of total expenses for the year.

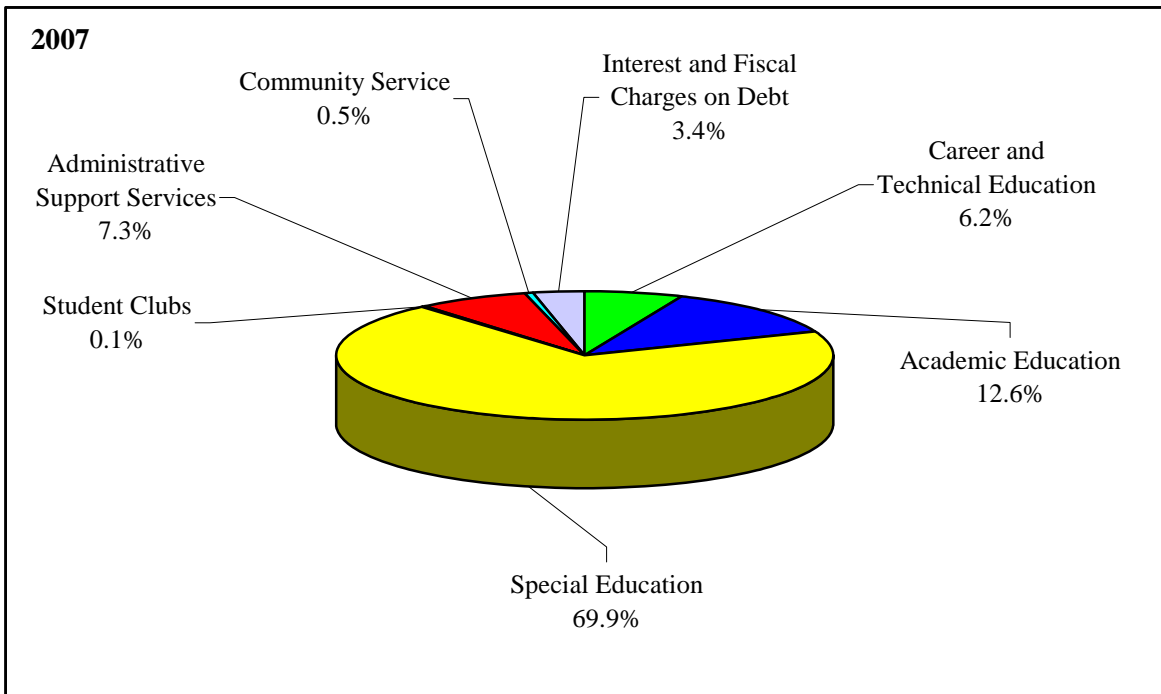
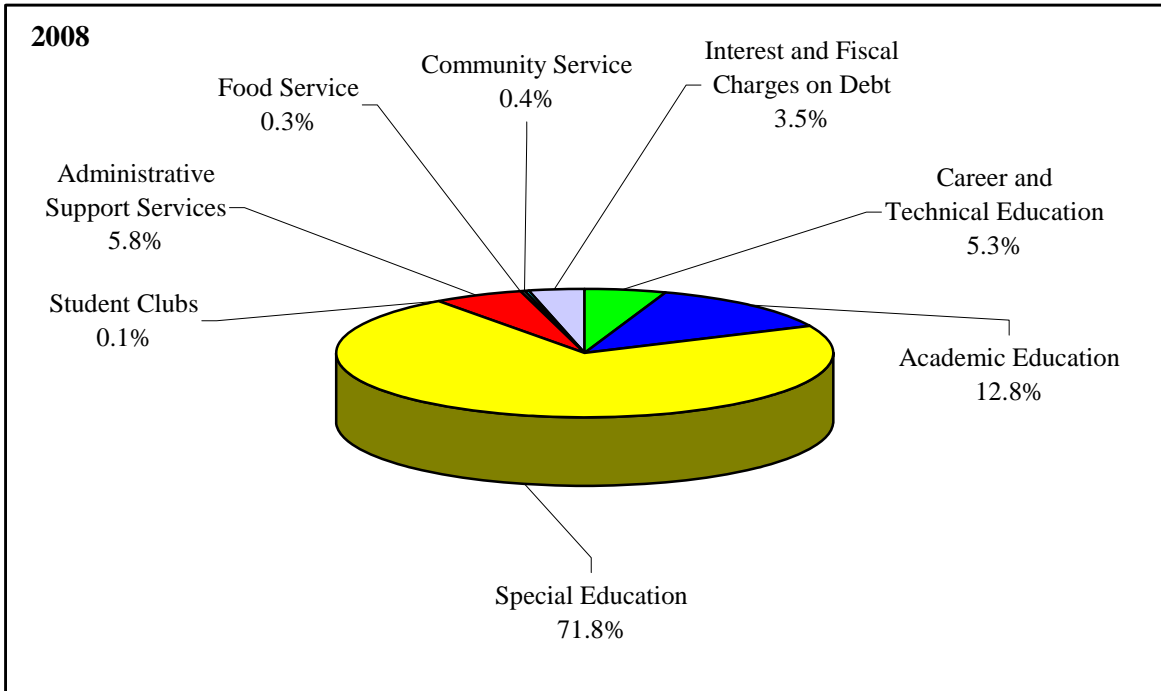
Figures A and B show further analysis of these revenue sources and expense functions.

Figure A – Sources of Revenues for Fiscal Years 2008 and 2007



The largest share of the District's revenue is received from member and non-member school districts from tuition charges and service fees.

Figure B – Expenses for Fiscal Years 2008 and 2007



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
Net Cost of Governmental Activities
for the Years Ended June 30, 2008 and 2007

	2008		2007	
	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	\$ 3,174,598	\$ (204,948)	\$ 3,660,269	\$ 128,703
Academic education	7,709,078	(415,279)	7,392,457	(290,430)
Special education	43,046,317	921,463	41,075,618	2,055,689
Student clubs	34,590	2,302	37,721	256
Administrative support services	3,485,015	325,201	4,318,523	(907,747)
Food service	204,638	(111,505)	-	-
Community service	228,778	(14,449)	285,398	(40,784)
Interest and fiscal charges on debt	2,087,803	(2,087,803)	1,991,349	(1,991,349)
Total	\$ 59,970,817	\$ (1,585,018)	\$ 58,761,335	\$ (1,045,662)

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:

Table 4
Governmental Fund Balances
as of June 30, 2008 and 2007

	2008	2007	Increase (Decrease)
Major funds			
General	\$ 5,490,299	\$ 4,947,472	\$ 542,827
Nonmajor funds			
Community Service Special Revenue	3,142	(3,052)	6,194
Capital Projects – Building Construction	-	76,095	(76,095)
Total governmental funds	\$ 5,493,441	\$ 5,020,515	\$ 472,926

A major factor in the net increase in the General Fund of \$542,827, as shown above, is cost containment measures implemented during 2007–2008. In addition, the Board of Directors authorized increases in special education tuition billing rates that were sufficient to compensate for a decrease in enrollments. The District did not use all of the billing options available due to sensitivity for member District budgets and the current economic situation. As a result, the General Fund unreserved – undesignated fund balance held basically constant at 4.9 percent of the operating budget. 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 the unreserved – designated for the separation and severance fund balance to continue to fund future severance obligations.

Analysis of the General Fund

Table 5 presents a summary of General Fund revenues:

	2008	2007	Amount of Increase (Decrease)
Local sources			
Tuition	\$ 54,145,979	\$ 53,841,584	\$ 304,395
Investment earnings	157,705	166,093	(8,388)
Other	3,128,512	2,831,726	296,786
State sources	523,268	187,727	335,541
Federal sources	1,209,303	1,316,431	(107,128)
Total General Fund revenues	\$ 59,164,767	\$ 58,343,561	\$ 821,206

The revenue increase in 2008 is primarily due to increases in tuition rates. Rates were set high enough to ensure that expenditures were recouped. An additional rate increase was authorized by the Board of Directors that maintained the unreserved – undesignated fund balance and provided an increase to the unreserved – designated for severance fund balances.

Table 6 presents a summary of General Fund expenditures:

	2008	2007	Amount of Increase (Decrease)
Salaries	\$ 34,689,885	\$ 33,029,834	\$ 1,660,051
Employee benefits	10,405,917	9,975,878	430,039
Purchased services	10,078,272	10,659,963	(581,691)
Supplies and materials	940,262	964,501	(24,239)
Other expenditures	70,793	344,361	(273,568)
Capital expenditures	619,706	62,156	557,550
Capital lease expenditures	–	24,652,954	(24,652,954)
Debt service	1,681,606	1,010,375	671,231
Total General Fund expenditures	\$ 58,486,441	\$ 80,700,022	\$ (22,213,581)

When you subtract changes related to capital lease expenditures, General Fund expenditure increases in 2008 were held to about \$2.4 million or 4.4 percent through continued cost containment measures. These efforts helped maintain the financial health of the District.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Unreserved – undesignated fund balance	\$ 963,215	\$ 1,438,160	\$ 561,124	\$ 2,796,598	\$ 2,889,686
Unreserved – undesignated fund balance as a percentage of noncapital related expenditures	2.1%	2.5%	1.0%	5.0%	4.9%

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 \$2,889,686 at June 30, 2008 represents 4.9 percent of annual expenditures or about 2.5 weeks of fiscal year operations. The fund balances of an intermediate district are key to its financial success as, currently, the cash flow advance options available to intermediate districts are limited. The District continues to monitor its fund balances closely.

General Fund Budgetary Highlights

Table 8 summarizes the General Fund budget to actual comparison:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>	
				<u>Amount</u>	<u>Percent</u>
Revenue	<u>\$ 56,993,991</u>	<u>\$ 61,438,842</u>	<u>\$ 59,164,767</u>	<u>\$ (2,274,075)</u>	<u>(3.7%)</u>
Expenditures (noncapital related)	<u>\$ 55,790,019</u>	<u>\$ 59,966,836</u>	<u>\$ 58,486,441</u>	<u>\$ (1,480,395)</u>	<u>(2.5%)</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 significantly under budgeted amounts due to lower than anticipated enrollments both in the District’s ADM based programs, and elective services programs. Had all available billing options been employed the District’s revenues would have been closer to budget. The District did not avail itself of all billing options due to sensitivity for member district budgets and the current economic situation.

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, 2008 and 2007:

	<u>2008</u>	<u>2007</u>	<u>Net Change</u>
Land	\$ 8,838,769	\$ 8,838,769	\$ -
Buildings	12,836,379	12,873,052	(36,673)
Equipment	2,874,129	3,512,659	(638,530)
Construction in progress	22,603,431	13,063,815	9,539,616
Assets held under capital lease	3,700,795	13,240,411	(9,539,616)
Less accumulated depreciation	<u>(5,521,560)</u>	<u>(5,666,034)</u>	<u>144,474</u>
Total	<u><u>\$ 45,331,943</u></u>	<u><u>\$ 45,862,672</u></u>	<u><u>\$ (530,729)</u></u>
Depreciation expense	<u><u>\$ 523,488</u></u>	<u><u>\$ 603,637</u></u>	<u><u>\$ (80,149)</u></u>

The decrease in equipment is related primarily to the deletion of a district-wide phone system that was no longer in use.

Long-Term Liabilities

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

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Total Percent Change</u>
Capital leases payable	\$ 44,806,074	\$ 43,985,090	\$ 820,984	1.9%
Severance and health benefits payable	8,455,975	8,412,432	43,543	0.5%
Compensated absences payable	<u>208,599</u>	<u>142,076</u>	<u>66,523</u>	46.8%
Total	<u><u>\$ 53,470,648</u></u>	<u><u>\$ 52,539,598</u></u>	<u><u>\$ 931,050</u></u>	1.8%

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.

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, 2008
(With Partial Comparative Information as of June 30, 2007)

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Assets		
Cash and temporary investments	\$ 3,884,009	\$ 4,816,828
Receivables		
Accounts and interest	416,760	348,012
Due from other governmental units	12,922,754	12,794,311
Inventory	481	-
Prepaid items	372,564	390,729
Capital assets, net of depreciation		
Not depreciated	35,142,995	35,142,995
Depreciated, net of accumulated depreciation	10,188,948	10,719,677
Total capital assets, net of accumulated depreciation	<u>45,331,943</u>	<u>45,862,672</u>
Total assets	<u>\$ 62,928,511</u>	<u>\$ 64,212,552</u>
Liabilities		
Salaries and compensated absences payable	\$ 593,378	\$ 1,209,146
Accounts payable	664,919	395,405
Due to other governmental units	2,484,836	3,707,552
Unearned revenue	8,258,746	8,017,262
Accrued interest payable	440,011	854,798
Long-term liabilities		
Due within one year	2,077,725	1,693,405
Due in more than one year	51,392,923	50,846,193
Total long-term liabilities	<u>53,470,648</u>	<u>52,539,598</u>
Total liabilities	65,912,538	66,723,761
Net assets		
Invested in capital assets, net of related debt	525,869	2,895,178
Restricted for		
Student clubs	41,074	38,772
Capital asset acquisition	1,244	76,095
Community service	3,142	-
Unrestricted	(3,555,356)	(5,521,254)
Total net assets	<u>(2,984,027)</u>	<u>(2,511,209)</u>
Total liabilities and net assets	<u>\$ 62,928,511</u>	<u>\$ 64,212,552</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Balance Sheet
 Governmental Funds
 as of June 30, 2008
 (With Partial Comparative Information as of June 30, 2007)

	General Fund	Nonmajor Funds	Total Governmental Funds	
			2008	2007
Assets				
Cash and temporary investments	\$ 3,782,761	\$ -	\$ 3,782,761	\$ 4,816,828
Receivables				
Accounts and interest	410,485	6,275	416,760	348,012
Due from other funds	24,468	-	24,468	53,229
Due from other governmental units	12,889,536	33,218	12,922,754	12,794,311
Inventory	-	481	481	-
Prepaid items	372,564	-	372,564	390,729
Total assets	\$ 17,479,814	\$ 39,974	\$ 17,519,788	\$ 18,403,109
Liabilities and Fund Balances				
Liabilities				
Salaries and compensated absences payable	\$ 593,110	\$ 268	\$ 593,378	\$ 1,209,146
Due to other funds	-	24,468	24,468	53,229
Accounts payable	654,126	10,793	664,919	395,405
Due to other governmental units	2,484,836	-	2,484,836	3,707,552
Unearned revenue	8,257,443	1,303	8,258,746	8,017,262
Total liabilities	11,989,515	36,832	12,026,347	13,382,594
Fund balances (deficit)				
Reserved for health and safety	1,245	-	1,245	-
Unreserved				
Designated for severance	1,635,989	-	1,635,989	1,135,989
Designated for property	922,305	-	922,305	976,113
Designated for student clubs	41,074	-	41,074	38,772
Unreserved – undesignated, reported in				
General Fund	2,889,686	-	2,889,686	2,796,598
Community Service Special Revenue Fund	-	3,142	3,142	(3,052)
Capital Projects – Building Construction Fund	-	-	-	76,095
Total fund balances	5,490,299	3,142	5,493,441	5,020,515
Total liabilities and fund balances	\$ 17,479,814	\$ 39,974	\$ 17,519,788	\$ 18,403,109

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, 2008
(With Partial Comparative Information as of June 30, 2007)

	<u>2008</u>	<u>2007</u>
Total fund balances – governmental funds	\$ 5,493,441	\$ 5,020,515
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	50,853,503	51,528,706
Accumulated depreciation	(5,521,560)	(5,666,034)
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.		
	(440,011)	(854,798)
Long-term liabilities are included in net assets, but are excluded from fund balances until due and payable.		
Capital leases payable	(44,806,074)	(43,985,090)
Severance benefits payable	(8,455,975)	(8,412,432)
Compensated absences payable	(208,599)	(142,076)
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>101,248</u>	<u>–</u>
Total net assets – governmental activities	<u>\$ (2,984,027)</u>	<u>\$ (2,511,209)</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, 2008
 (With Partial Comparative Information for the Year Ended June 30, 2007)

	General Fund	Nonmajor Funds	Total Governmental Funds	
			2008	2007
Revenue				
Local sources				
Tuition	\$ 54,145,979	\$ 139,391	\$ 54,285,370	\$ 53,972,276
Investment earnings	157,705	4,928	162,633	170,720
Other	3,128,512	40,619	3,169,131	2,855,152
State sources	523,268	3,001	526,269	187,727
Federal sources	1,209,303	145,291	1,354,594	1,427,661
Total revenue	<u>59,164,767</u>	<u>333,230</u>	<u>59,497,997</u>	<u>58,613,536</u>
Expenditures				
Current				
Career and technical education	3,109,895	—	3,109,895	3,577,177
Academic education	7,709,634	—	7,709,634	7,287,851
Special education	42,424,179	—	42,424,179	40,277,012
Student clubs	34,590	—	34,590	37,721
Administrative support services	3,526,537	—	3,526,537	3,856,932
Food service	—	228,633	228,633	—
Community service	—	228,974	228,974	285,398
Capital outlay				
Capital expenditures	—	81,023	81,023	24,652,954
Debt service				
Principal	582,037	—	582,037	445,987
Interest and fiscal charges	1,099,569	—	1,099,569	564,388
Total expenditures	<u>58,486,441</u>	<u>538,630</u>	<u>59,025,071</u>	<u>80,985,420</u>
Excess (deficiency) of revenue over expenditures	678,326	(205,400)	472,926	(22,371,884)
Other financing sources (uses)				
Transfers in	—	135,499	135,499	—
Transfers (out)	(135,499)	—	(135,499)	—
Proceeds from issuance of capital lease	—	—	—	25,400,000
Total other financing sources (uses)	<u>(135,499)</u>	<u>135,499</u>	<u>—</u>	<u>25,400,000</u>
Net change in fund balances	542,827	(69,901)	472,926	3,028,116
Fund balances				
Beginning of year	<u>4,947,472</u>	<u>73,043</u>	<u>5,020,515</u>	<u>1,992,399</u>
End of year	<u>\$ 5,490,299</u>	<u>\$ 3,142</u>	<u>\$ 5,493,441</u>	<u>\$ 5,020,515</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, 2008
(With Partial Comparative Information for the Year Ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
Total net change in fund balances – governmental funds	\$ 472,926	\$ 3,028,116
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	446,703	25,623,506
Depreciation expense	(523,488)	(603,637)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt proceeds are not revenue in the Statement of Activities, but rather constitute long-term liabilities		
	–	(25,400,000)
Repayment of long-term debt principal does not affect the change in net assets. However, it reduces fund balances.		
Capital lease payable	582,037	445,987
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.		
	(988,234)	(1,426,961)
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.		
	(453,944)	(2,483)
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.		
	101,248	–
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	(43,543)	(1,778,301)
Compensated absences	(66,523)	(34,026)
Change in net assets – governmental activities	<u>\$ (472,818)</u>	<u>\$ (147,799)</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, 2008

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Tuition	\$ 53,144,666	\$ 56,214,805	\$ 54,145,979	\$ (2,068,826)
Investment earnings	150,000	180,000	157,705	(22,295)
Other	2,373,435	2,918,795	3,128,512	209,717
State sources	262,500	754,473	523,268	(231,205)
Federal sources	1,063,390	1,370,769	1,209,303	(161,466)
Total revenue	<u>56,993,991</u>	<u>61,438,842</u>	<u>59,164,767</u>	<u>(2,274,075)</u>
Expenditures				
Current				
Career and technical education	3,757,211	3,475,652	3,109,895	(365,757)
Academic education	8,276,000	8,158,660	7,709,634	(449,026)
Special education	40,865,378	43,133,385	42,424,179	(709,206)
Student clubs	—	—	34,590	34,590
Administrative support services	1,209,823	3,517,532	3,526,537	9,005
Debt service				
Principal	582,037	582,037	582,037	—
Interest and fiscal charges	1,099,570	1,099,570	1,099,569	(1)
Total expenditures	<u>55,790,019</u>	<u>59,966,836</u>	<u>58,486,441</u>	<u>(1,480,395)</u>
Excess (deficiency) of revenue over expenditures	1,203,972	1,472,006	678,326	(793,680)
Other financing sources (uses)				
Transfers (out)	—	(155,000)	(135,499)	19,501
Net change in fund balances	<u>\$ 1,203,972</u>	<u>\$ 1,317,006</u>	542,827	<u>\$ (774,179)</u>
Fund balances				
Beginning of year			<u>4,947,472</u>	
End of year			<u>\$ 5,490,299</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, 2008

Assets	
Current assets	
Cash and temporary investments	<u>\$ 101,248</u>
Net assets	
Unrestricted	<u>\$ 101,248</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, 2008

Operating revenue	
Local sources	
Contributions from governmental funds	\$ 435,300
Operating expenses	
Dental benefit claims and expenses	<u>334,052</u>
Operating income	101,248
Net assets	
Beginning of year	<u>-</u>
End of year	<u><u>\$ 101,248</u></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, 2008

Cash flows from operating activities	
Received from assessments made to other funds	\$ 435,300
Payments for dental claims	<u>(334,052)</u>
Net cash provided (used) by operating activities	<u>101,248</u>
 Cash and temporary investments	
Beginning of year	<u>—</u>
 End of year	<u><u>\$ 101,248</u></u>
 Reconciliation of operating income to net cash provided by operating activities	
Operating income	<u>\$ 101,248</u>
 Net cash provided by operating activities	<u><u>\$ 101,248</u></u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Fiduciary Net Assets
as of June 30, 2008

	<u>Employee Benefit Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 58,869	\$ -
Cash and investments held by trustee	-	5,020,279
Due from other governmental units	-	<u>249,772</u>
Total assets	58,869	\$ <u>5,270,051</u>
Liabilities		
Checks issued, but not presented for payment	-	\$ 636,392
Accounts and contracts payable	-	676,419
Salaries and benefits payable	-	287
Due to other governmental units	<u>51,111</u>	<u>3,956,953</u>
Total liabilities	51,111	\$ <u>5,270,051</u>
Net assets		
Held in trust for flexible benefits	<u>\$ 7,758</u>	

Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2008

	<u>Employee Benefit Trust Fund</u>
Additions	
Plan member contributions	\$ 310,011
Deductions	
Benefits to plan members	<u>320,760</u>
Change in net assets	(10,749)
Net assets	
Beginning of year	<u>18,507</u>
End of year	\$ <u>7,758</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Notes to Basic Financial Statements
June 30, 2008

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, administrative, 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 financial resources used for the acquisition or construction of major capital facilities.

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 Bren Road Capital Project and South Education Center Projects, and the activities of the Keystone community services.

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 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 \$4,444,851 and an increase in expenditures of \$4,176,817. Budgeted appropriations lapse at year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Unearned Revenue

The District bills member districts for fiscal 2008 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 is reported as liabilities in the governmental activities. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

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, by computing a benefit based solely on years of service, or a combination of both. 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.

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. The amount of severance or retirement that is based on years of service is recorded as a liability in the government-wide financial statements as it vests. The amount of severance that is based on convertible sick leave 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2008 represents services performed during the 2007–2008 fiscal year.

1. **Career and Technical and Academic Tuition Billings** – 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.
2. **Special Education Tuition Billings** – Resident districts are billed a daily rate for students’ membership in the District’s site-based programs and contracted staff of itinerant services provided to students at their resident district sites. The rates are established based on total direct and indirect costs associated with each program area.

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 2008.

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 \$0 reported in the Internal Service Fund at June 30, 2008 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:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2008	\$ –	\$ 334,052	\$ 334,052	\$ –

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. Comparative Data/Reclassifications

Certain comparative data for the prior year has been reclassified in order to be consistent with the current year's presentation.

T. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts 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 (\$2,286,641) while the balance on the bank records was \$4,108. At June 30, 2008, 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 \$1,040 at year-end.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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.

The District holds 17 percent of its portfolio in U.S. government agency securities issued by the Federal Home Loan Bank.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

D. Summary Information

The following table presents the District’s deposit and investment balances at June 30, 2008, and information relating to potential investment risks:

Investment Type	Credit Risk		Interest	Carrying Value
	Credit Rating	Rating Agency	Rate Risk Maturity Date	
U.S. government agency securities	AAA	S&P	8/21/2008	\$ 1,811,209
Investment pools/mutual funds				
Minnesota School District Liquid Asset Fund				
Liquid portfolio	AAAm	S&P	N/A	5,590,737
Max portfolio	AAAm	S&P	N/A	1,351
Money market accounts	AAA	S&P	N/A	<u>3,209,069</u>
Total investments				10,612,366
Deposits				(2,286,641)
Cash on hand				<u>1,040</u>
Total cash and investments				<u><u>\$ 8,326,765</u></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	\$ 3,884,009
Cash and investments – Statement of Fiduciary Net Assets – Employee Benefit Trust Fund	58,869
Checks issued, but not presented for payment – Statement of Fiduciary Net Assets – Agency Fund	(636,392)
Cash and investments held by trustee – Statement of Fiduciary Net Assets – Agency Fund	<u>5,020,279</u>
Total cash and investments	<u><u>\$ 8,326,765</u></u>

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 8,838,769	\$ –	\$ –	\$ –	\$ 8,838,769
Assets held under capital leases	13,240,411	–	–	(9,539,616)	3,700,795
Construction in progress	13,063,815	–	–	9,539,616	22,603,431
Total capital assets, not depreciated	35,142,995	–	–	–	35,142,995
Capital assets, depreciated					
Buildings	12,873,052	49,975	(86,648)	–	12,836,379
Equipment	3,512,659	396,728	(1,035,258)	–	2,874,129
Total capital assets, depreciated	16,385,711	446,703	(1,121,906)	–	15,710,508
Less accumulated depreciation for					
Buildings	(3,013,795)	(288,415)	38,899	–	(3,263,311)
Equipment	(2,652,239)	(235,073)	629,063	–	(2,258,249)
Total accumulated depreciation	(5,666,034)	(523,488)	667,962	–	(5,521,560)
Net capital assets, depreciated	10,719,677	(76,785)	(453,944)	–	10,188,948
Total capital assets, net	\$ 45,862,672	\$ (76,785)	\$ (453,944)	\$ –	\$ 45,331,943

Depreciation expense for the year ended June 30, 2008 was charged to the following governmental functions:

Career and technical education	\$ 6,791
Academic education	61,477
Special education	274,707
Administrative support services	180,513
Total depreciation expense	\$ 523,488

NOTE 4 – LONG-TERM LIABILITIES

A. Components and Changes in Long-Term Liabilities

	June 30, 2007	Additions	Retirements	June 30, 2008	Due Within One Year
Capital leases payable	\$ 43,985,090	\$ 1,403,021	\$ 582,037	\$ 44,806,074	\$ 1,291,530
Severance benefits payable	8,412,432	1,073,363	1,029,820	8,455,975	577,596
Compensated absences payable	142,076	73,912	7,389	208,599	208,599
	\$ 52,539,598	\$ 2,550,296	\$ 1,619,246	\$ 53,470,648	\$ 2,077,725

Note: The capital leases payable additions include \$1,403,021 of additional principal added due to accrued interest on outstanding capital lease balances.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

B. Descriptions of Long-Term Liabilities

1. **Capital Leases Payable** – The following capital leases are outstanding as of June 30, 2008:

<u>Capital Lease Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
North Vector	02/15/2005	5.37%	\$ 96,000	01/15/2025	\$ 86,835
Bren Road	08/31/2004	5.52%	\$ 9,000,000	01/15/2025	8,354,849
Lincoln Hills	01/06/2006	5.46%	\$ 7,600,000	01/01/2028	7,760,207
Land and Technology	02/14/2006	4.78%	\$ 1,400,000	03/15/2013	1,050,243
Richfield	10/10/2006	5.30%	\$ 25,400,000	01/01/2032	27,553,940
Total general obligation bonds payable					<u>\$ 44,806,074</u>

The assets acquired through the capital leases have been recorded in capital assets within building and equipment costs of \$17,191,774, construction in progress of \$22,603,431, and assets held under capital lease of \$3,700,795. 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. **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.
3. **Compensated Absences Payable** – Compensated absences payable represents 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 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,291,530	\$ 2,381,849
2010	1,360,902	2,312,477
2011	1,434,008	2,239,371
2012	1,511,049	2,162,329
2013	1,592,238	2,081,141
2014–2018	8,010,491	9,163,221
2019–2023	10,451,942	6,721,769
2024–2028	11,156,920	3,701,577
2029–2033	7,996,994	1,095,450
	<u>\$ 44,806,074</u>	<u>\$ 31,859,184</u>

NOTE 5 – 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 the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All Basic Plan members were first hired prior to July 1, 1989. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356.

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

Two methods are used to compute benefits for 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 follows:

Tier I

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

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- Three percent per year early retirement reduction 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).

NOTE 5 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier II

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Actuarially equivalent early retirement reduction factors with augmentation are used for early retirement before the normal age of 65. These reduction factors average approximately 4–5.5 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 (A-1) 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 also 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 yet are bound by the provisions in effect at the time they last terminated their public service.

TRA issues a publicly available comprehensive annual financial report presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at tra.state.mn.us. Alternatively, a copy of the report may be obtained by writing TRA at Teachers' Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-1855 or by calling (651) 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. As of July 1, 2007, 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. Effective July 1, 2007, the employer contribution rate for Coordinated Plan members was 5.5 percent and 9.5 percent for Basic Plan members. Total covered payroll salaries for all TRA members state-wide during fiscal year 2007 was approximately \$3.532 billion.

The District's contributions for the years ended June 30, 2008, 2007, and 2006 were \$1,223,130, \$1,079,400, and \$1,049,798, 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 pension 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.

NOTE 5 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state 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. For Coordinated Plan members it 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.

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; 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 9.10 percent and 5.75 percent, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan increased in 2008 to 6.0 percent. The District is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan PERF members and 6.25 percent for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan increased to 6.5 percent, effective January 1, 2008. The District's contributions to PERF for the years ended June 30, 2008, 2007, and 2006 were \$692,199, \$618,958, and \$582,667, respectively, equal to the contractually required contributions for each year as set by state statutes.

NOTE 6 – 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 dependent 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.

Amounts withheld for medical reimbursement and dependent 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 dependent 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 7 – 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.

C. Construction Commitment

The District awarded contracts for the construction and improvement of various properties. The District's commitment for uncompleted work on these contracts at June 30, 2008 was approximately \$169,250.

NOTE 8 – OPERATING LEASES

The District is leasing equipment, buildings, and space in several locations. The District incurred costs of approximately \$2,292,000 for operating leases during the year ended June 30, 2008. These leases are scheduled to expire on various dates through 2013. 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
2009	\$ 2,553,547
2010	717,195
2011	654,700
2012	652,703
2013	330,769
2014	44,388
	<u>\$ 4,953,302</u>

NOTE 9 – NEW ACCOUNTING PRONOUNCEMENTS

In July 2004, GASB issued Statement No. 45, “Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.” This statement, which the District will be required to adopt in the year ended June 30, 2009, provides that post-employment benefits offered to employees are to be measured and recognized on the full accrual basis of accounting over a period that approximates an employee’s years of service. The District has started to assess the impact of the adoption of GASB Statement No. 45 on its financial statements, but has not yet implemented this new standard.

NOTE 10 – INDIVIDUAL FUND DISCLOSURES

A. Interfund Balances

At June 30, 2008, the District’s Food Service Special Revenue and Community Service Special Revenue Funds had interfund borrowing of \$2,867 and \$21,601, respectively, from the General Fund. This borrowing was used for cash flow purposes.

B. Interfund Transfers

During the year ended June 30, 2008, the General Fund transferred \$135,499 to the Food Service Special Revenue Fund. The transfer was made to finance the operations of the Food Service Special Revenue Fund.

NOTE 11 – MAJOR CUSTOMERS

The District has two major customers that comprise about 23 percent of the total revenue of the District.

COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds
 Combining Balance Sheet
 as of June 30, 2008

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Total
Assets				
Receivables				
Accounts and interest	\$ –	\$ 6,275	\$ –	\$ 6,275
Due from other governmental units	9,097	24,121	–	33,218
Inventory	481	–	–	481
Total assets	\$ 9,578	\$ 30,396	\$ –	\$ 39,974
Liabilities and Fund Balances				
Liabilities				
Salaries and compensated absences payable	\$ –	\$ 268	\$ –	\$ 268
Due to other funds	2,867	21,601	–	24,468
Accounts payable	6,711	4,082	–	10,793
Unearned revenue	–	1,303	–	1,303
Total liabilities	9,578	27,254	–	36,832
Fund balances				
Unreserved – undesignated	–	3,142	–	3,142
Total liabilities and fund balances	\$ 9,578	\$ 30,396	\$ –	\$ 39,974

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2008

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Total
Revenue				
Local sources				
Tuition	\$ –	\$ 139,391	\$ –	\$ 139,391
Investment earnings	–	–	4,928	4,928
Other	19,780	20,839	–	40,619
State sources	3,001	–	–	3,001
Federal sources	70,353	74,938	–	145,291
Total revenue	<u>93,134</u>	<u>235,168</u>	<u>4,928</u>	<u>333,230</u>
Expenditures				
Current				
Food service	228,633	–	–	228,633
Community service	–	228,974	–	228,974
Capital expenditures	–	–	81,023	81,023
Total expenditures	<u>228,633</u>	<u>228,974</u>	<u>81,023</u>	<u>538,630</u>
Excess (deficiency) of revenue over expenditures	(135,499)	6,194	(76,095)	(205,400)
Other financing sources				
Transfers in	135,499	–	–	135,499
Net change in fund balances	–	6,194	(76,095)	(69,901)
Fund balances (deficit)				
Beginning of year	–	(3,052)	76,095	73,043
End of year	<u>\$ –</u>	<u>\$ 3,142</u>	<u>\$ –</u>	<u>\$ 3,142</u>

INTERMEDIATE DISTRICT NO. 287

General Fund
Comparative Balance Sheet
as of June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and temporary investments	\$ 3,782,761	\$ 4,793,962
Receivables		
Accounts and interest	410,485	346,612
Due from other funds	24,468	-
Due from other governmental units	12,889,536	12,727,837
Prepaid items	<u>372,564</u>	<u>390,729</u>
Total assets	<u>\$ 17,479,814</u>	<u>\$ 18,259,140</u>
Liabilities and Fund Balances		
Liabilities		
Salaries and compensated absences payable	\$ 593,110	\$ 1,208,709
Accounts and contracts payable	654,126	378,145
Due to other governmental units	2,484,836	3,707,552
Unearned revenue	<u>8,257,443</u>	<u>8,017,262</u>
Total liabilities	11,989,515	13,311,668
Fund balances		
Reserved for health and safety	1,245	-
Unreserved		
Designated for severance	1,635,989	1,135,989
Designated for property	922,305	976,113
Designated for student clubs	41,074	38,772
Undesignated	<u>2,889,686</u>	<u>2,796,598</u>
Total fund balances	<u>5,490,299</u>	<u>4,947,472</u>
Total liabilities and fund balances	<u>\$ 17,479,814</u>	<u>\$ 18,259,140</u>

INTERMEDIATE DISTRICT NO. 287

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Over (Under) Budget	2007
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 56,214,805	\$ 54,145,979	\$ (2,068,826)	\$ 53,841,584
Investment earnings	180,000	157,705	(22,295)	166,093
Other	2,918,795	3,128,512	209,717	2,831,726
State sources	754,473	523,268	(231,205)	187,727
Federal sources	1,370,769	1,209,303	(161,466)	1,316,431
Total revenue	<u>61,438,842</u>	<u>59,164,767</u>	<u>(2,274,075)</u>	<u>58,343,561</u>
Expenditures				
Current				
Career and technical education	3,475,652	3,109,895	(365,757)	3,577,177
Academic education	8,158,660	7,709,634	(449,026)	7,287,851
Special education	43,133,385	42,424,179	(709,206)	40,277,012
Student clubs	—	34,590	34,590	37,721
Administrative support services	3,517,532	3,526,537	9,005	3,856,932
Capital outlay				
Capital lease expenditures	—	—	—	24,652,954
Debt service				
Principal	582,037	582,037	—	445,987
Interest and fiscal charges	1,099,570	1,099,569	(1)	564,388
Total expenditures	<u>59,966,836</u>	<u>58,486,441</u>	<u>(1,480,395)</u>	<u>80,700,022</u>
Excess (deficiency) of revenue over expenditures	1,472,006	678,326	(793,680)	(22,356,461)
Other financing sources (uses)				
Proceeds from issuance of capital lease	—	—	—	25,400,000
Transfers (out)	(155,000)	(135,499)	19,501	—
Total other financing sources (uses)	<u>(155,000)</u>	<u>(135,499)</u>	<u>19,501</u>	<u>25,400,000</u>
Net change in fund balances	<u>\$ 1,317,006</u>	542,827	<u>\$ (774,179)</u>	3,043,539
Fund balances				
Beginning of year		<u>4,947,472</u>		<u>1,903,933</u>
End of year		<u>\$ 5,490,299</u>		<u>\$ 4,947,472</u>

INTERMEDIATE DISTRICT NO. 287

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
 Year Ended June 30, 2008

	<u>Career and Technical Education Account</u>	<u>Academic Education Account</u>	<u>Special Education Account</u>
Revenue			
Local sources			
Tuition	\$ 1,983,668	\$ 6,582,423	\$ 42,511,223
Investment earnings	-	-	-
Other	155,873	722,262	1,131,858
State sources	-	172,295	350,973
Federal sources	833,490	99,456	259,265
Total revenue	<u>2,973,031</u>	<u>7,576,436</u>	<u>44,253,319</u>
Expenditures			
Current			
Career and technical education	3,109,895	-	-
Academic education	-	7,709,634	-
Special education	-	-	42,424,179
Student clubs	-	-	-
Administrative support services	-	-	-
Debt service			
Principal	18,371	13,278	410,087
Interest and fiscal charges	5,732	4,143	514,379
Total expenditures	<u>3,133,998</u>	<u>7,727,055</u>	<u>43,348,645</u>
Excess (deficiency) of revenue over expenditures	(160,967)	(150,619)	904,674
Other financing sources (uses)			
Interfund transfers	-	-	(500,000)
Transfers (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Net change in fund balances	(160,967)	(150,619)	404,674
Fund balances (deficit)			
Beginning of year	<u>417,914</u>	<u>37,325</u>	<u>2,341,359</u>
End of year	<u>\$ 256,947</u>	<u>\$ (113,294)</u>	<u>\$ 2,746,033</u>

<u>Administrative Account</u>	<u>Severance and Property Account</u>	<u>Student Clubs Account</u>	<u>Total</u>
\$ 3,068,665	\$ -	\$ -	\$ 54,145,979
157,705	-	-	157,705
1,081,627	-	36,892	3,128,512
-	-	-	523,268
17,092	-	-	1,209,303
<u>4,325,089</u>	<u>-</u>	<u>36,892</u>	<u>59,164,767</u>
-	-	-	3,109,895
-	-	-	7,709,634
-	-	-	42,424,179
-	-	34,590	34,590
3,472,729	53,808	-	3,526,537
140,301	-	-	582,037
575,315	-	-	1,099,569
<u>4,188,345</u>	<u>53,808</u>	<u>34,590</u>	<u>58,486,441</u>
136,744	(53,808)	2,302	678,326
-	500,000	-	-
(135,499)	-	-	(135,499)
<u>(135,499)</u>	<u>500,000</u>	<u>-</u>	<u>(135,499)</u>
1,245	446,192	2,302	542,827
-	2,112,102	38,772	4,947,472
<u>\$ 1,245</u>	<u>\$ 2,558,294</u>	<u>\$ 41,074</u>	<u>\$ 5,490,299</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, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Over (Under) Budget	2007
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 2,511,006	\$ 1,983,668	\$ (527,338)	\$ 2,728,343
Other	176,798	155,873	(20,925)	241,245
Federal sources	898,994	833,490	(65,504)	823,544
Total revenue	<u>3,586,798</u>	<u>2,973,031</u>	<u>(613,767)</u>	<u>3,793,132</u>
Expenditures				
Career and technical education				
Salaries and wages	1,584,245	1,368,182	(216,063)	1,748,317
Employee benefits	347,245	323,441	(23,804)	396,135
Purchased services	1,362,410	1,273,884	(88,526)	1,250,852
Supplies and materials	151,981	97,698	(54,283)	133,061
Capital expenditures	3,500	2,172	(1,328)	10,516
Other	26,271	44,518	18,247	38,296
Debt service				
Principal	18,371	18,371	–	16,888
Interest and fiscal charges	5,732	5,732	–	7,119
Total expenditures	<u>3,499,755</u>	<u>3,133,998</u>	<u>(365,757)</u>	<u>3,601,184</u>
Excess (deficiency) of revenue over expenditures	87,043	(160,967)	(248,010)	191,948
Other financing (uses)				
Transfers (out)	–	–	–	(88,859)
Net change in fund balances	<u>\$ 87,043</u>	<u>(160,967)</u>	<u>\$ (248,010)</u>	<u>103,089</u>
Fund balances				
Beginning of year		417,914		314,825
End of year		<u>\$ 256,947</u>		<u>\$ 417,914</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, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008			2007
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition	\$ 6,801,747	\$ 6,582,423	\$ (219,324)	\$ 6,319,651
Other	928,075	722,262	(205,813)	657,954
State sources	400,000	172,295	(227,705)	149,884
Federal sources	133,940	99,456	(34,484)	203,273
Total revenue	<u>8,263,762</u>	<u>7,576,436</u>	<u>(687,326)</u>	<u>7,330,762</u>
Expenditures				
Academic education				
Salaries and wages	5,142,013	4,682,253	(459,760)	4,399,251
Employee benefits	1,287,456	1,258,640	(28,816)	1,193,053
Purchased services	1,475,624	1,547,676	72,052	1,454,145
Supplies and materials	203,310	176,809	(26,501)	194,501
Capital expenditures	45,394	39,289	(6,105)	36,108
Other	4,863	4,967	104	10,793
Capital outlay				
Capital lease expenditures	–	–	–	24,652,954
Debt service				
Principal	13,278	13,278	–	12,238
Interest and fiscal charges	4,143	4,143	–	5,159
Total expenditures	<u>8,176,081</u>	<u>7,727,055</u>	<u>(449,026)</u>	<u>31,958,202</u>
Excess (deficiency) of revenue over expenditures	87,681	(150,619)	(238,300)	(24,627,440)
Other financing sources				
Proceeds from issuance of capital lease	–	–	–	24,652,954
Net change in fund balances	<u>\$ 87,681</u>	<u>(150,619)</u>	<u>\$ (238,300)</u>	25,514
Fund balances (deficit)				
Beginning of year		<u>37,325</u>		<u>11,811</u>
End of year		<u>\$ (113,294)</u>		<u>\$ 37,325</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, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Over (Under) Budget	2007
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 43,874,965	\$ 42,511,223	\$ (1,363,742)	\$ 41,953,730
Other	837,643	1,131,858	294,215	1,031,869
State sources	350,973	350,973	–	37,843
Federal sources	320,743	259,265	(61,478)	256,930
Total revenue	<u>45,384,324</u>	<u>44,253,319</u>	<u>(1,131,005)</u>	<u>43,280,372</u>
Expenditures				
Special education				
Current				
Salaries and wages	28,084,763	28,306,318	221,555	25,795,380
Employee benefits	8,264,382	8,124,323	(140,059)	7,707,478
Purchased services	5,603,727	5,120,153	(483,574)	6,138,393
Supplies and materials	703,394	482,809	(220,585)	430,367
Capital expenditures	448,610	365,608	(83,002)	180,473
Other	28,509	24,968	(3,541)	24,921
Debt service				
Principal	410,087	410,087	–	385,638
Interest and fiscal charges	514,380	514,379	(1)	538,947
Total expenditures	<u>44,057,852</u>	<u>43,348,645</u>	<u>(709,207)</u>	<u>41,201,597</u>
Excess (deficiency) of revenue over expenditures	1,326,472	904,674	(421,798)	2,078,775
Other financing (uses)				
Interfund transfers	–	(500,000)	(500,000)	(718,950)
Net change in fund balances	<u>\$ 1,326,472</u>	404,674	<u>\$ (921,798)</u>	1,359,825
Fund balances				
Beginning of year		<u>2,341,359</u>		<u>981,534</u>
End of year		<u>\$ 2,746,033</u>		<u>\$ 2,341,359</u>

INTERMEDIATE DISTRICT NO. 287

General Fund – Administrative Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008		Over (Under) Budget	2007
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 3,027,087	\$ 3,068,665	\$ 41,578	\$ 2,839,860
Investment earnings	180,000	157,705	(22,295)	166,093
Other	976,279	1,081,627	105,348	862,681
State sources	3,500	–	(3,500)	–
Federal sources	17,092	17,092	–	32,684
Total revenue	<u>4,203,958</u>	<u>4,325,089</u>	<u>121,131</u>	<u>3,901,318</u>
Expenditures				
Administrative support services				
Current				
Salaries and wages	221,492	333,132	111,640	1,086,886
Employee benefits	696,572	699,513	2,941	679,212
Purchased services	1,870,619	2,131,251	260,632	1,816,573
Supplies and materials	188,136	182,946	(5,190)	206,572
Capital expenditures	373,400	164,137	(209,263)	79,543
Other	(16,877)	(38,250)	(21,373)	(11,854)
Debt service				
Principal	140,301	140,301	–	31,223
Interest and fiscal charges	575,315	575,315	–	13,163
Total expenditures	<u>4,048,958</u>	<u>4,188,345</u>	<u>139,387</u>	<u>3,901,318</u>
Excess (deficiency) of revenue over expenditures	155,000	136,744	(18,256)	–
Other financing (uses)				
Transfers out	<u>(155,000)</u>	<u>(135,499)</u>	<u>19,501</u>	<u>–</u>
Net change in fund balances	<u>\$ –</u>	<u>1,245</u>	<u>\$ 1,245</u>	<u>–</u>
Fund balances				
Beginning of year		<u>–</u>		<u>–</u>
End of year		<u>\$ 1,245</u>		<u>\$ –</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, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008			2007
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures				
Administrative support services				
Allocated costs	<u>184,190</u>	<u>53,808</u>	<u>(130,382)</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	(184,190)	(53,808)	130,382	-
Other financing sources				
Interfund transfers	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>807,809</u>
Net change in fund balances	<u>\$ (184,190)</u>	446,192	<u>\$ 630,382</u>	807,809
Fund balances				
Beginning of year		<u>2,112,102</u>		<u>1,304,293</u>
End of year		<u>\$ 2,558,294</u>		<u>\$ 2,112,102</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, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008			2007
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ -	\$ 36,892	\$ 36,892	\$ 37,977
Expenditures				
Student clubs				
Pupil support services	-	34,590	34,590	37,721
Net change in fund balances	\$ -	2,302	\$ 2,302	256
Fund balances				
Beginning of year		38,772		38,516
End of year		\$ 41,074		\$ 38,772

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue			
Local sources			
Other – primarily meal sales	\$ 25,259	\$ 19,780	\$ (5,479)
State sources	1,753	3,001	1,248
Federal sources	73,280	70,353	(2,927)
Total revenue	<u>100,292</u>	<u>93,134</u>	<u>(7,158)</u>
Expenditures			
Current			
Food service	<u>255,292</u>	<u>228,633</u>	<u>(26,659)</u>
Excess (deficiency) of revenue over expenditures	(155,000)	(135,499)	19,501
Other financing sources			
Transfers in	<u>155,000</u>	<u>135,499</u>	<u>(19,501)</u>
Net change in fund balances	<u>\$ –</u>	<u>–</u>	<u>\$ –</u>
Fund balances			
Beginning of year		<u>–</u>	
End of year		<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, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008			2007
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition	\$ 250,000	\$ 139,391	\$ (110,609)	\$ 130,692
Other	34,000	20,839	(13,161)	23,426
Federal sources	77,596	74,938	(2,658)	111,230
Total revenue	<u>361,596</u>	<u>235,168</u>	<u>(126,428)</u>	<u>265,348</u>
Expenditures				
Current				
Community service	<u>358,044</u>	<u>228,974</u>	<u>(129,070)</u>	<u>285,398</u>
Net change in fund balances	<u>\$ 3,552</u>	6,194	<u>\$ 2,642</u>	(20,050)
Fund balances (deficit)				
Beginning of year		<u>(3,052)</u>		<u>16,998</u>
End of year		<u>\$ 3,142</u>		<u>\$ (3,052)</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, 2008
 (With Comparative Actual Amounts for the Year Ended June 30, 2007)

	2008			2007
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Interest earnings	\$ 5,000	\$ 4,928	\$ (72)	\$ 4,627
Expenditures				
Capital outlay				
Capital expenditures	<u>81,095</u>	<u>81,023</u>	<u>(72)</u>	<u>–</u>
Net change in fund balances	<u>\$ (76,095)</u>	<u>(76,095)</u>	<u>\$ –</u>	<u>4,627</u>
Fund balances				
Beginning of year		<u>76,095</u>		<u>71,468</u>
End of year		<u>\$ –</u>		<u>\$ 76,095</u>

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Fiduciary Net Assets
 Agency Funds
 as of June 30, 2008

	<u>Bren Road</u>	<u>South Education Construction</u>	<u>South Education Land</u>	<u>Keystone</u>	<u>Total</u>
Assets					
Cash and investments held by trustee	\$ -	\$ 5,020,279	\$ -	\$ -	\$ 5,020,279
Due from other governmental units	-	-	-	249,772	249,772
Total assets	\$ -	\$ 5,020,279	\$ -	\$ 249,772	\$ 5,270,051
Liabilities					
Checks issued, but not presented for payment	\$ -	\$ 405,902	\$ -	\$ 230,490	\$ 636,392
Accounts and contracts payable	-	657,521	-	18,898	676,419
Salaries and benefits payable	-	287	-	-	287
Due to other governmental units	-	3,956,569	-	384	3,956,953
Total liabilities	\$ -	\$ 5,020,279	\$ -	\$ 249,772	\$ 5,270,051

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2008

	Balance – July 1, 2007	Additions	Deletions	Balance – June 30, 2008
Bren Road				
Assets				
Cash and investments (deficit)	\$ (99,266)	\$ 99,266	\$ –	\$ –
Cash and investments held by trustee	215,756	6,724	222,480	–
Total assets	<u>\$ 116,490</u>	<u>\$ 105,990</u>	<u>\$ 222,480</u>	<u>\$ –</u>
Liabilities				
Due to other governmental units	<u>\$ 116,490</u>	<u>\$ 105,990</u>	<u>\$ 222,480</u>	<u>\$ –</u>
South Education Construction				
Assets				
Cash and investments (deficit)	\$ –	\$ 1,371	\$ 1,371	\$ –
Cash and investments held by trustee	15,688,797	432,774	11,101,292	5,020,279
Total assets	<u>\$ 15,688,797</u>	<u>\$ 434,145</u>	<u>\$ 11,102,663</u>	<u>\$ 5,020,279</u>
Liabilities				
Checks issued, but not presented for payment	\$ 53,557	\$ 352,345	\$ –	\$ 405,902
Accounts and contracts payable	2,603,618	–	1,946,097	657,521
Salaries and benefits payable	756	–	469	287
Due to other governmental units	13,030,866	81,800	9,156,097	3,956,569
Total liabilities	<u>\$ 15,688,797</u>	<u>\$ 434,145</u>	<u>\$ 11,102,663</u>	<u>\$ 5,020,279</u>
South Education Land				
Assets				
Cash and investments	<u>\$ 93,055</u>	<u>\$ –</u>	<u>\$ 93,055</u>	<u>\$ –</u>
Liabilities				
Due to other governmental units	<u>\$ 93,055</u>	<u>\$ –</u>	<u>\$ 93,055</u>	<u>\$ –</u>

(continued)

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Changes in Assets and Liabilities (continued)
 Agency Funds
 Year Ended June 30, 2008

	Balance – July 1, 2007	Additions	Deletions	Balance – June 30, 2008
Keystone				
Assets				
Cash and investments (deficit)	\$ (247,008)	\$ 839,561	\$ 592,553	\$ –
Due from other governmental units	474,810	–	225,038	249,772
Total assets	\$ 227,802	\$ 839,561	\$ 817,591	\$ 249,772
Liabilities				
Checks issued, but not presented for payment	\$ –	\$ 230,490	\$ –	\$ 230,490
Accounts and contracts payable	195,194	–	176,296	18,898
Due to other governmental units	32,608	609,071	641,295	384
Total liabilities	\$ 227,802	\$ 839,561	\$ 817,591	\$ 249,772
Totals				
Assets				
Cash and investments (deficit)	\$ (253,219)	\$ 940,198	\$ 686,979	\$ –
Cash and investments held by trustee	15,904,553	439,498	11,323,772	5,020,279
Due from other governmental units	474,810	–	225,038	249,772
Total assets	\$ 16,126,144	\$ 1,379,696	\$ 12,235,789	\$ 5,270,051
Liabilities				
Checks issued, but not presented for payment	\$ 53,557	\$ 582,835	\$ –	\$ 636,392
Accounts and contracts payable	2,798,812	–	2,122,393	676,419
Salaries and benefits payable	756	–	469	287
Due to other governmental units	13,273,019	796,861	10,112,927	3,956,953
Total liabilities	\$ 16,126,144	\$ 1,379,696	\$ 12,235,789	\$ 5,270,051

SUPPLEMENTAL INFORMATION

(UNAUDITED)

INTERMEDIATE DISTRICT NO. 287

Government-Wide Revenue by Type
Last Six 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%

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

INTERMEDIATE DISTRICT NO. 287

Government-Wide Expenses by Program
Last Six Fiscal Years

<u>Year Ended June 30,</u>	<u>Career and Technical Education</u>	<u>Academic Education</u>	<u>Special Education</u>	<u>Student Clubs</u>	<u>Administrative Support Services</u>
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%
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%
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%
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%
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%
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%

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

<u>Food Service</u>	<u>Community Service</u>	<u>Interest and Fiscal Charges</u>	<u>Total</u>
\$ -	\$ 197,598	\$ -	\$ 49,755,644
-	0.4%	-	100.0%
-	251,475	-	48,566,172
-	0.5%	-	100.0%
-	282,810	415,940	51,317,561
-	0.6%	0.8%	100.0%
-	240,626	718,712	55,882,755
-	0.4%	1.3%	100.0%
-	285,398	1,991,349	58,761,335
-	0.5%	3.4%	100.0%
204,638	228,778	2,087,803	59,970,817
0.3%	0.4%	3.5%	100.0%

INTERMEDIATE DISTRICT NO. 287

General Fund Revenue by Source
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Tuition</u>	<u>Federal Revenue</u>	<u>State Revenue</u>	<u>Other Revenue</u>	<u>Total</u>
1999	\$ 36,283,689	\$ 1,025,023	\$ 125,886	\$ 2,870,593	\$ 40,305,191
2000	37,448,695	1,320,729	52,971	4,447,423	43,269,818
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

SINGLE AUDIT AND OTHER REQUIRED REPORTS

INTERMEDIATE DISTRICT NO. 287

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Amount
U.S. Department of Education		
Passed through Minnesota Department of Education		
Improving Teacher Quality – State Grants	84.367	\$ 8,138
Career and Technical Education – Basic Grants to States	84.048	667,165
Safe and Drug-Free Schools and Communities – State Grants	84.186	78,224
English Language Acquisition Grants	84.365	10,204
Grants for Infants and Families With Disabilities	84.181	168,291
Education Technology State Grants	84.318	100,581
Special education cluster		
Special Education – Grants to States	84.027	20,380
Special Education – State Personnel Development	84.323	52,603
Special Education – Preschool Grants	84.173	11,350
Subtotal special education cluster		<u>84,333</u>
Passed through Minnesota State Colleges and Universities (MnSCU)		
Tech Prep Education	84.243	166,325
Direct		
Safe and Drug-Free Schools and Communities – National Programs	84.184	49,600
U.S. Department of Agriculture		
Passed through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	25,638
National School Lunch Program	10.555	44,715
Subtotal child nutrition cluster		<u>70,353</u>
Total federal awards		<u>\$ 1,403,214</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: The District provided federal awards to subrecipients as follows:

Program Title	Federal CFDA No.	Amount Provided
Career and Technical Education – Basic Grants to States	84.048	\$ 663,195

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, 2008, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2008. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1 to be a significant deficiency in internal control over financial reporting.

(continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described previously and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described previously is not considered to be a material weakness.

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 are required to be reported under *Government Auditing Standards*.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs in the corrective action plan section. We did not audit the District's responses and, accordingly, we express no opinion on them.

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.

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

December 3, 2008

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND 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 the compliance of Intermediate District No. 287 (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

(continued)

Internal Control Over Compliance

The 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in a District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the Board of Directors, management, 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 3, 2008

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, 2008, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2008.

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 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 six main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, 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 noted in the Schedule of Findings and Questioned Costs.

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, Radoszewich, & Co., P.A.

December 3, 2008

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2008

B. FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2008-1 Internal Controls – Accounts Receivable

Criteria – Management is responsible for establishing and maintaining effective internal controls, including monitoring, and for the fair presentation in the financial statements of financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Condition – Due to inadequate internal controls over accounts receivable, Intermediate District No. 287 (the District) did not bill one client for six months of services in a timely manner. The District needs to have controls in place to ensure that they are billing all clients within a timely manner.

Questioned Costs – Not applicable.

Context – This is a current year finding.

Effect – This lack of ideal internal controls subjects the District to a higher risk that errors or fraud could occur and not be detected in a timely manner.

Cause – The District does not have adequate controls in place to assure clients are being billed in a timely manner.

Recommendation – We recommend the District improve procedures and internal controls over billing to assure all bills are being sent in a timely manner.

Corrective Action Plan

Actions Planned – The District will improve procedures and internal control over the processing of accounts receivable.

Official Responsible – Janet Johnson, Director of Finance.

Planned Completion Date – June 30, 2009.

Disagreement With or Explanation of Finding – The District has no disagreement with the finding.

Plan to Monitor – Janet Johnson, Director of Finance, will review procedures following the above planned completion date.

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

None.

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2008

D. FINDINGS – MINNESOTA LEGAL COMPLIANCE AUDIT

2008-2 Contract Language – Payment of Subcontractors

Criteria – Minnesota Statute § 471.425, Subd. 4a.

Condition – Per Minnesota Statute § 471.425, Subd. 4a, district contracts must require the prime contractor to pay any subcontractor within 10 days of the prime contractor's receipt of payment from the District. This requirement was not included in contracts entered into during the year.

Questioned Costs – Not applicable.

Context – This is a current year and prior year finding.

Effect – These contracts did not include the required statutory language.

Cause – This was an oversight by district personnel.

Recommendation – We recommend the District include this required language in all future contracts.

Corrective Action Plan

Actions Planned – The District will incorporate this requirement into all future contracts.

Official Responsible – Janet Johnson, Director of Finance.

Planned Completion Date – June 30, 2009.

Disagreement With or Explanation of Finding – The District has no disagreement with the finding.

Plan to Monitor – Larry McAtee, Purchasing Agent, will check each contract to ensure all contracts include this language.

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

None noted for audit findings outstanding at June 30, 2007.

INTERMEDIATE DISTRICT NO. 287

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2008

General Fund			Debt Service		
Total revenue		\$ 59,164,767	Total revenue		\$ -
Total expenditures		\$ 58,486,441	Total expenditures		\$ -
Reserved			Reserved		
403	Staff development	\$ -	425	Bond refundings	\$ -
405	Deferred maintenance	\$ -	451	QZAB payments	\$ -
406	Health and safety	\$ 1,245	Unreserved		
407	Capital projects levy	\$ -	422	Unreserved - undesignated	\$ -
408	Cooperative revenue	\$ -			
411	Severance pay	\$ -	Trust		
414	Operating debt	\$ -	Total revenue		\$ 310,011
416	Levy reduction	\$ -	Total expenditures		\$ 320,760
419	Encumbrances	\$ -	Reserved		
423	Certain teacher programs	\$ -	419	Encumbrances	\$ -
424	Operating capital	\$ -	Unreserved		
426	\$25 taconite	\$ -	422	Unreserved - undesignated	\$ 7,758
427	Disabled accessibility	\$ -			
428	Learning and development	\$ -	Agency		
434	Area learning center	\$ -	Unreserved		
435	Contracted alternative program	\$ -	422	Unreserved - undesignated	\$ -
436	State approved alternative program	\$ -			
438	Gifted and talented	\$ -	Internal Service		
441	Basic skills programs	\$ -	Total revenue		\$ 435,300
445	Career and technical program	\$ -	Total expenditures		\$ 334,052
446	First grade preparedness	\$ -	Reserved		
449	Safe schools	\$ -	419	Encumbrances	\$ -
450	Pre-kindergarten	\$ -	Unreserved		
451	QZAB payments	\$ -	422	Unreserved - undesignated	\$ 101,248
Unreserved					
418	Severance - insurance premiums	\$ -	OPEB Revocable Trust		
422	Unreserved - undesignated	\$ 5,489,054	Total revenue		\$ -
			Total expenditures		\$ -
			Unreserved		
			422	Unreserved - undesignated	\$ -
Food Service			OPEB Irrevocable Trust		
Total revenue		\$ 93,134	Total revenue		\$ -
Total expenditures		\$ 228,633	Total expenditures		\$ -
Reserved			Unreserved		
411	Severance pay	\$ -	422	Unreserved - undesignated	\$ -
419	Encumbrances	\$ -			
Unreserved			OPEB Debt Service		
418	Severance - insurance premiums	\$ -	Total revenue		\$ -
422	Unreserved - undesignated	\$ -	Total expenditures		\$ -
			Reserved		
			425	Bond refundings	\$ -
			Unreserved		
			422	Unreserved - undesignated	\$ -
Community Service			Fiscal Year 2008 Capital Transfer		
Total revenue		\$ 235,168	Per pupil amount		\$ -
Total expenditures		\$ 228,974	Adjusted marginal cost pupil unit		\$ -
Reserved			Total transfer		\$ -
411	Severance pay	\$ -			
419	Encumbrances	\$ -			
426	\$25 taconite	\$ -			
431	Community education	\$ -			
432	ECFE	\$ -			
444	School readiness	\$ -			
447	Adult basic education	\$ -			
Unreserved					
418	Severance - insurance premiums	\$ -			
422	Unreserved - undesignated	\$ 3,142			
Building Construction					
Total revenue		\$ 4,928			
Total expenditures		\$ 81,023			
Reserved					
407	Capital projects levy	\$ -			
409	Alternative facility program	\$ -			
419	Encumbrances	\$ -			
Unreserved					
422	Unreserved - undesignated	\$ -			

Management Report

for

Intermediate District No. 287
Plymouth, Minnesota
June 30, 2008

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, 2008. 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
- Financial Trends of Your District
- Accounting and Reporting 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.

December 3, 2008

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 or administration of the District.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

Our responsibility, as stated in our engagement letter and as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133.

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 grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement*, applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

New Auditing Standards

As you may be aware through our past management reports, engagement letters, and discussions with administration, the audit process has changed this past year. Because of our extensive experience with Minnesota school districts, we have always taken a customized approach to auditing schools. We found this to be both an efficient and effective method to accomplish a quality audit.

Much of the audit process this year under the new standard is the same as what we have done in the past, with the addition of the risk-based model or approach. This involves a much more thorough review, analysis, and documentation of the District's environment, systems, procedures, and internal controls. This provides for an assessment of risk for material misstatement in the financial statements due to error or fraud, and what additional audit procedures we need to perform to address those risks. Although the intent of the new standards is to increase the quality of audits in our profession, a positive by-product is getting management and governance of the District more involved in reviewing and improving procedures and controls. This is very important, as the Board of Directors and management play critical roles in the District's financial controls.

Planned Scope and Timing of the Audit

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

Audit Opinion and Findings

Based on our audit of the District's financial statements for the year ended June 30, 2008:

- We have issued an unqualified opinion on the District's annual financial statements.
- We have reported one deficiency involving the District's internal control over financial reporting which is not considered a material weakness.
 - The District does not have an adequate system in place over accounts receivable to ensure all clients are billed timely.
- 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 found one instance of noncompliance with Minnesota laws and regulations.
 - We found that district contracts did not require the prime contractor to pay any subcontractor within 10 days of the prime contractor's receipt of payment from the District as required by state statutes.

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. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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:

The District has recorded a liability in the Statement of Net Assets for severance and health 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 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 reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated).

During our audit, we proposed and the District recorded one audit adjustment that was an increase in prepaid and deferred revenue of \$67,058. We do not believe the adjustment had a significant effect on the financial reporting process.

During the fiscal 2008 audit, we also identified known uncorrected financial statement misstatements (passed adjustments). These passed adjustments included approximately \$33,110 of unrecorded interest earnings.

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 3, 2008.

Condition of Financial Records

We found the District's financial records to be in good condition. This not only provides for an effective audit at year-end, but should also provide confidence in interim financial data utilized by the District throughout the year.

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,			
	2005	2006	2007	2008
Revenue	\$ 49,898,978	\$ 54,824,276	\$ 58,343,561	\$ 59,164,767
Expenditures (not including lease expenditures)	50,203,216	55,213,073	56,047,068	58,486,441
Excess (deficiency) of revenue over expenditures	(304,238)	(388,797)	2,296,493	678,326
Capital lease expenditures	(8,190,135)	(10,644,934)	(24,652,954)	-
Other financing sources (uses)	8,214,435	9,909,165	25,400,000	(135,499)
Net change in fund balance	(279,938)	(1,124,566)	3,043,539	542,827
Fund balances				
Beginning of year	3,308,437	3,028,499	1,903,933	4,947,472
End of year	<u>\$ 3,028,499</u>	<u>\$ 1,903,933</u>	<u>\$ 4,947,472</u>	<u>\$ 5,490,299</u>
Fund balances				
Reserved for health and safety	\$ -	\$ -	\$ -	\$ 1,245
Designated for severance	578,180	328,180	1,135,989	1,635,989
Designated for property	976,113	976,113	976,113	922,305
Designated for student clubs	36,046	38,516	38,772	41,074
Undesignated – South Education Center	-	(747,046)	-	-
Undesignated	1,438,160	1,308,170	2,796,598	2,889,686
Total fund balances	<u>\$ 3,028,499</u>	<u>\$ 1,903,933</u>	<u>\$ 4,947,472</u>	<u>\$ 5,490,299</u>
Unreserved – undesignated General Fund balances as a percentage of expenditures	<u>2.9%</u>	<u>2.4%</u>	<u>5.0%</u>	<u>4.9%</u>
Total fund balances as a percentage of expenditures	<u>6.0%</u>	<u>3.4%</u>	<u>8.8%</u>	<u>9.4%</u>

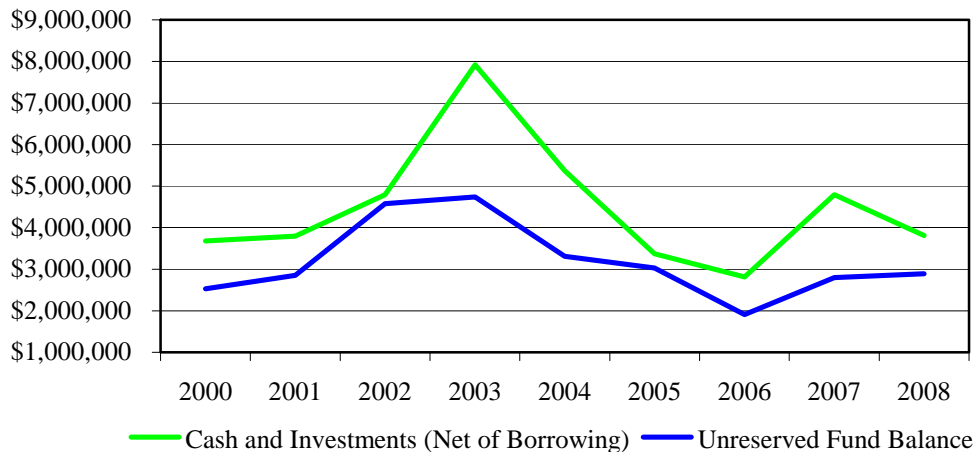
The District completed the year with a net increase in General Fund balance of \$542,827. This compares to a budget which projected an increase in fund balance of \$1,317,006. This occurred for a number of reasons, but mainly was due to lower than expected revenues in most of the District's programs.

The District continues to designate fund balance for property, severance, and student clubs. 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 4.9 percent for fiscal 2008. 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 fund balance in the General Fund:

General Fund Financial Position

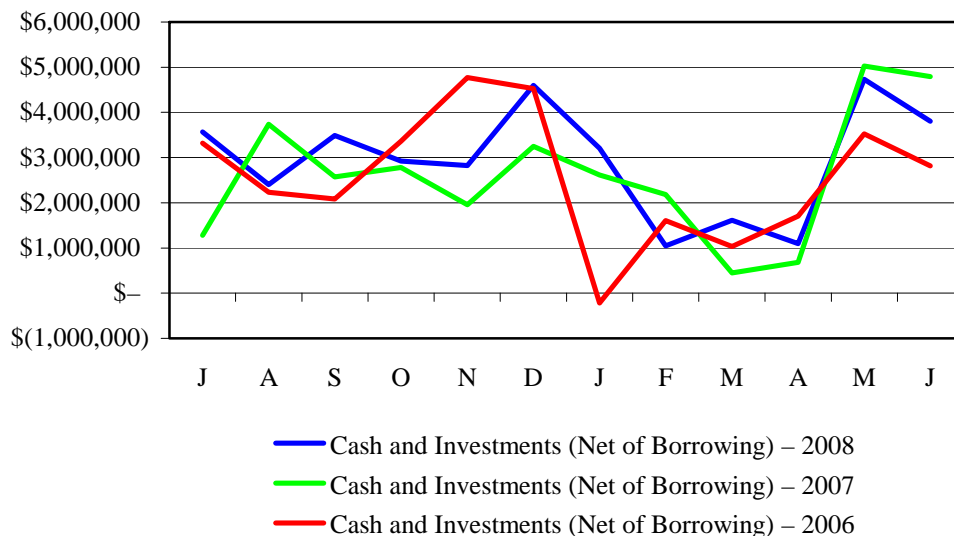


The above graph shows a slight increase in fund balance and a slight decline in cash in 2008. This is the second year the District has experienced an increase in fund balance after four straight years of fund balance decline. The graph also shows significant fluctuations in year-end cash balances. These changes are caused by changes in the billing cycles of the District, as discussed below, as well as payment cycles for particular vendors.

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:

General Fund Cash Flow



The graph above shows significant fluctuations in cash balances from month to month. These changes relate to the billing cycles of the District. As the cash balance of the District becomes low, the District 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. It also highlights the importance of the timeliness of billings by the District. Any delay in the processing of the tuition billing can have a significant impact on the cash flow of the District.

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,			
	2005	2006	2007	2008
Revenue	\$ 37,284,760	\$ 39,247,127	\$ 43,280,372	\$ 44,253,319
Expenditures and other financing uses	36,962,812	39,162,546	41,920,547	43,848,645
Excess (deficiency)	321,948	84,581	1,359,825	404,674
Fund balances				
Beginning of year	575,005	896,953	981,534	2,341,359
End of year	\$ 896,953	\$ 981,534	\$ 2,341,359	\$ 2,746,033

In fiscal 2008, the Special Education Account revenues exceeded expenditures by \$904,674, while the District's budget expected a surplus of about \$1,326,472. Most of this difference relates to overall tuition charges in this account being below budget by \$1.36 million. The District also transferred \$500,000 to another account to finance future severance obligations.

Special Education Account revenue increased about \$973,000 or about 2.2 percent. Tuition revenues increased in 2008 about \$557,000 or 1.3 percent in this account to cover increasing costs, but were below budget levels. State revenues increased about \$313,000 related to a grant the District received for additional sign language interpreters. Expenditures (excluding other financing uses) increased about \$2,147,000 or about 5.2 percent. Most of the increased costs were in salaries, benefits, and purchased services, which increased 4.8 percent in fiscal 2008. The District also had additional one-time capital related costs in 2008 totaling about \$350,000 for remodeling projects and vehicle purchases.

Career and Technical Education Account

	Year Ended June 30,			
	2005	2006	2007	2008
Revenue and other financing sources	\$ 5,011,389	\$ 4,514,978	\$ 3,793,132	\$ 2,973,031
Expenditures and other financing uses	4,861,900	4,792,533	3,690,043	3,133,998
Excess (deficiency)	149,489	(277,555)	103,089	(160,967)
Fund balances				
Beginning of year	442,891	592,380	314,825	417,914
End of year	\$ 592,380	\$ 314,825	\$ 417,914	\$ 256,947

In fiscal 2008, the Career and Technical Education Account fund balance decreased by \$160,967, which compares to a budgeted increase of \$87,043. Most of this difference relates to the overall tuition revenue in this account being about \$527,000 less than budget.

Revenues in this account decreased about \$820,000 or 21.6 percent due to declining enrollment. Expenditures (excluding other financing uses) in this account decreased about \$467,000 or 13.0 percent due to cutbacks made in response to declining program revenues.

Academic Education Account

	Year Ended June 30,			
	2005	2006	2007	2008
Revenue and other financing sources	\$ 6,695,446	\$ 6,935,074	\$ 7,330,762	\$ 7,576,436
Expenditures (net of capital lease activity)	6,691,938	6,872,090	7,305,248	7,727,055
Excess (deficiency)	3,508	62,984	25,514	(150,619)
Fund balances (deficit)				
Beginning of year	(54,681)	(51,173)	11,811	37,325
End of year	\$ (51,173)	\$ 11,811	\$ 37,325	\$ (113,294)

The Academic Education Accounts fund balance decreased by \$150,619 in fiscal 2008. This compares to a budgeted increase in fund balance of \$87,681. These financial results were mainly the result of lower than expected enrollment in the District's Alternative Learning Center (ALC) Program, as well as the Northern Star Online Program.

Revenue in this account increased about \$246,000 or 3.4 percent in fiscal 2008 while expenditures (excluding capital lease expenditures) in this account increased by about \$421,000 or 5.8 percent. Most of the increase in this account was within the District's ALC Program.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The Governmental Accounting Standards Board (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,		
	2006	2007	2008
Total fund balances – governmental funds	\$ 1,992,399	\$ 5,020,515	\$ 5,493,441
Net assets – governmental activities			
Net book value of capital assets	20,845,286	45,862,672	45,331,943
Capital lease obligations, including interest payable	(18,458,914)	(44,839,888)	(45,246,085)
Other items	(6,742,181)	(8,554,508)	(8,563,326)
Total net assets – governmental activities	\$ (2,363,410)	\$ (2,511,209)	\$ (2,984,027)
Net assets			
Invested in capital assets, net of related debt	\$ 2,831,805	\$ 2,895,178	\$ 525,869
Restricted	126,982	114,867	45,460
Unrestricted	(5,322,197)	(5,521,254)	(3,555,356)
Total net assets	\$ (2,363,410)	\$ (2,511,209)	\$ (2,984,027)

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.

In the financial statements of the District, a long-term liability is reported for severance benefit obligations. A discussion of this long-term liability follows.

LONG-TERM EMPLOYEE BENEFITS

Severance consists of lump sum early retirement incentive payments and convertible sick leave.

Severance obligations of Minnesota school districts are generally funded on a pay-as-you-go basis with the exception of reserved and designated fund balances set aside for these obligations. The District has completed an actuarial valuation of the outstanding long-term obligations in this area. This valuation was completed in anticipation of the implementation of new GASB Statements, which are described further in the accounting and reporting updates section of this management report.

We commend the District for completing this actuarial study prior to the implementation of these standards. This valuation will assist the District in determining the future funding requirements in this area and in assessing the impact any dollars set aside to fund these obligations will have on future employee benefit costs.

At June 30, 2008, the District has a designated balance for severance fund balance of \$1,635,989. This balance currently represents only 19.3 percent of the outstanding liability. We recommend the District continue to monitor these liabilities closely and incorporate into annual budgets amounts sufficient to finance these future payments.

ACCOUNTING AND REPORTING UPDATES

GASB STATEMENT NO. 45 – ACCOUNTING AND FINANCIAL REPORTING BY EMPLOYERS FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

This statement provides new guidance on accounting and reporting for post-employment benefits other than pensions by employers when the plan is not accounted for in their financial statements.

Other post-employment benefits (OPEB) refer to non-pension benefits provided after the termination of employment. One example of this type of benefit is healthcare premiums paid by employers on behalf of former employees. Governmental entities have traditionally accounted for OPEB on a pay-as-you-go basis, with only a few governments funding these benefits in advance of payment. The guidance in this statement rests on the assumption that OPEB liabilities should be accrued as they are earned by employees providing service to the entity.

Under GASB Statement No. 45, governments offering OPEB will recognize the cost of these benefits using a three-step approach. The government will be required to project future benefits, discount those benefits to their present value, then use an acceptable actuarial method to allocate costs to individual accounting periods.

Once calculated, the difference between the present value of OPEB benefits earned by employees as the result of past service and resources set aside to pay those benefits will be considered the “unfunded actuarial liability for OPEB.” Every employer will be allowed to start fresh at the time of transition to the new standard. There will be no requirement for an employer to recognize an accounting liability for underfunding prior to the implementation of the new standard. Instead, the unfunded actuarial accrued liability for OPEB at transition would be amortized over 30 years. As long as an employer funds the full amount of the actuarially determined annual required contribution (ARC) for these benefits each year, no asset or liability will be reported on the Statement of Net Assets. However, an employer will need to report a “net pension obligation” on its Statement of Net Assets as an asset or liability if it contributes more or less, respectively, than the ARC each year.

Nothing in the statement is intended to alter the normal application of modified accrual accounting in the governmental funds of the entity. Thus, in governmental funds, OPEB expenditures normally would be recognized when the benefits are due and payable rather than when benefits are earned.

The guidance will require that actuarial valuations for OPEB occur at least every two years for plans with 200 or more members, and every three years for plans with fewer than 200 members. A sole employer plan with fewer than 100 plan members has the option to apply a simplified alternative measurement method rather than obtain actuarial valuations.

The statement will become effective in three phases based on the same criteria as those defined for the implementation of GASB Statement No. 34. GASB Statement No. 45 will be phased in for districts over a three-year period, which started with category one districts in the fiscal year ending June 30, 2008.

GASB STATEMENT NO. 47 – ACCOUNTING FOR TERMINATION BENEFITS

GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated. The statement requires that similar forms of termination benefits be accounted for in the same manner and is intended to enhance both the consistency of reporting for termination benefits and the comparability of financial statements.

GASB Statement No. 47 is effective for financial statements for periods beginning after June 15, 2005, or may be implemented simultaneously with GASB Statement No. 45, depending on your circumstances.

GASB STATEMENT NO. 50 – PENSION DISCLOSURES – AN AMENDMENT OF GASB STATEMENT NOS. 25 AND 27

This statement expands the disclosure requirements for pension plans, similar to those requirements in GASB Statement Nos. 43 and 45. This will require additional discussion on funding status, use of assumptions, and the determination of contribution rates. This statement is effective for school districts for the year ended June 30, 2008.

LEGISLATIVE SUMMARY

The following is a brief summary of current 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) 2008 increased by \$100 (2 percent) per adjusted marginal cost pupil unit (AMCPU) and will increase \$50 (1 percent) in FY 2009.

One-Time General Education Revenue Increase – FY 2009 Only – Provides additional general education aid for FY 2009 only equal to \$51 times the school district or charter school's AMCPU. This is equivalent to a 1 percent increase in the general education formula, except that this one-time increase is not linked to other formulas that use the general education formula allowance.

Kindergarten Pupil Unit Weighting – The pupil unit weighting for kindergarten increased from 0.557 to 0.612 in FY 2008.

Gifted and Talented Revenue – The gifted and talented revenue increased from \$9 in FY 2007 to \$12 in FY 2008 per AMCPU. Districts now must adopt procedures for the academic acceleration of gifted and talented students.

Alternative Teacher Compensation Revenue (Q Comp) – For districts that did not apply for alternative teacher compensation aid by March 20, 2008, the entitlement is limited to \$11,397,000 for FY 2009 and for those not qualifying for aid in FY 2009, the limit will be \$2,899,000 for FY 2010. Eligibility will be determined on a first-come first-serve basis.

The limit on Basic Q Comp aid returns to the full amount authorized by legislation of \$75,636,000 for FY 2011 and later.

Equity Revenue – Beginning in FY 2008, districts with referendum revenue per AMCPU above the regional 95th percentile receive the same equity revenue as other districts, an increase from \$23 to \$46 per AMCPU.

Alternative Attendance Adjustment – This is a change, beginning in FY 2008, in the calculation of the revenue adjustment for serving districts under open enrollment. This will increase the revenue for certain serving districts meeting various criteria, including cases with open enrollment exceeding 20 percent of resident students.

Tax Base Replacement Aid – Beginning in FY 2008, the tax base replacement aid is rolled into general education aid.

One-Time Transfer From the Operating Capital Reserve Account – Districts were allowed to transfer on June 30, 2008, up to \$51 per FY 2007 AMCPU, from the operating capital reserved fund balance to its unreserved General Fund balance.

Repeal of the Endowment Fund Reduction – Beginning in FY 2010, districts will no longer receive a reduction in their general education aid by the amount of endowment payments received. This will have the effect of increasing general education aid by \$36 per resident ADM for FY 2010.

School Technology and Operating Capital Aid – Qualifies all school districts for technology and operating capital aid equal to \$40 per AMCPU for FY 2008 and \$55 per AMCPU for FY 2009. The aid must be used only for the purposes authorized for operating capital revenue.

Repeal of Advance Final Payment for Districts in SOD – Districts in SOD will no longer be able to receive an advance on their final state aid payment beginning in FY 2009.

Safe Schools Levy – Beginning for taxes payable in 2008 (revenue in FY 2009), the safe schools levy is increased from \$27 to \$30 per AMCPU. Districts that are members of an intermediate district can levy \$10 per AMCPU, which is then passed on to the intermediate district. Districts are required to set aside \$3 per AMCPU for specific costs and annual certifications on spending are required beginning in FY 2010.

Career and Technical Levy – The funding for career and technical programs is changed beginning with the tax levy payable in 2008. Districts with approved programs may levy the lesser of \$80 per ADM in Grades 10 through 12 or 25 percent of approved expenditures.

Referendum Equalization – For FY 2008, the first tier of referendum equalization was increased from \$600 to \$700 per resident marginal cost pupil unit (RMCPU).

Special Education and Related Aids – Beginning in FY 2008, the special education–regular and transition–disabled aid formulas are based on current year expenditures rather than the second prior year expenditures. The state-wide funding caps for these two programs are now combined and, together with expanded funding for Part C services, the state-wide imputed growth factors are 27.5 percent for FY 2008, 3.8 percent for FY 2009, 1.9 percent for FY 2010, 6.6 percent for FY 2011, and 4.6 percent per year after that. The state-wide proration factor for special education–regular funding is projected to be 89 percent for FY 2008 and 88 percent for FY 2009.

Beginning in FY 2008, transition–disabled is included in the formula, and the state-wide imputed growth factors in funding are 5.2 percent for FY 2008, zero percent for FY 2009 through FY 2011, and capped at 2 percent per year after that.

Deferred Maintenance Revenue – Beginning in FY 2008, an equalized deferred maintenance levy is available for smaller districts that do not qualify for the alternative facilities bonding and levy program.

Building Lease Levy – The maximum building lease levy is increased from \$100 to \$150 per RMCPU. Also, for districts that are members of intermediate districts, the additional building lease for their programs increases from \$25 to \$43 per AMCPU.

Ice Arena Levy – The ice arena levy is increased from 90 percent to 100 percent of the operating costs of the arena.

Capital Facilities Bonds – The maximum term of these bonds is extended from 10 years to 15 years and their use now includes modifying buildings and equipment for security.

Kindergarten Milk – Reimbursement for kindergarten milk, not included with school lunch or breakfast programs, increases from 14 cents to 20 cents per half-pint.

Food Service Reimbursements – School lunch reimbursement increased from 10.5 cents to 12 cents for all students in FY 2008.

Development Screening Aid – Screening aid is increased from \$50 to \$75 per child at age 3, \$40 to \$50 at age 4, and \$30 to \$40 at age 5 or pre-kindergarten age 6.

Intermediate School District Borrowing – Intermediate school districts are now allowed to borrow against expected receipts of state aids, federal aids, membership fees, and tuition payments from member districts. This requires a resolution from each member district pledging their full faith, credit, and full taxing powers to repay the borrowing.

Contracting Threshold Limits – Effective August 1, 2008 the requirement to obtain sealed bids on contracts is increased from \$50,000 to \$100,000. The thresholds for contracts that require a sealed bid or by direct negotiation after receiving two or more quotes is increased from the current law on those estimated between \$10,000 and \$50,000 to \$25,000 and \$100,000. The current law for a contract to be made either upon quotation or in the open market estimated is increased for contracts of \$10,000 or less to \$25,000 or less.

OPEB Funding – New legislation approved in 2008 created new opportunities related to school finance. This new legislation has three main components:

- It allows governments, including school districts, to establish trusts (either revocable or irrevocable trusts) to fund OPEB costs and liabilities.
- It permits funds in the trusts to be invested in stocks and other investments that are not allowed for other governmental funds, and which present both greater risk and opportunities for higher long-term rates of return.
- It allows local governments to issue bonds, without voter approval, to fund their OPEB liabilities; payments on the bonds would be financed through additional property tax levies.
- Validates existing trusts created prior to June 2006 to pay OPEB benefits.

Employee Benefit Plans – Makes the identity and number of vendors for tax sheltered annuity plans a term and condition of employment and subject to the negotiations process. Each district's exclusive representative must consider all vendors' ability to comply with IRS regulations, experience in providing 403(b) plans, and factors related to rights and benefits offered under the vendor's plan.

**INTERMEDIATE DISTRICT 287
PLYMOUTH, MN**

BOARD OF EDUCATION

Regular Meeting – December 18, 2008

Agenda Section: REPORTS FROM BOARD CHAIR & COMMITTEES

Item: 6.B.2.b

Presented by: Ad Hoc Transition Task Force

1. Motion recommending approval of District Administration & Organization (DAO) Board Policies DAO-100 (Goals) and DAO-140 (Administrator Code of Ethics)

- The Ad Hoc Task Force recommends approval of.....A

Board policies regarding District Administration & Organization (DAO) have been reviewed by the Human Resources Board Committee and Policies DAO-100 (Goals) and DAO-140 (Administrator Code of Ethics) are presented for a second read in the approval process.

Recommended Action: The Board approve Board Policies DAO-100 (Goals) and DAO-140 (Administrator Code of Ethics).

Motion by:

Second by:

Vote: Passed _____ Failed _____

6. REPORTS FROM BOARD CHAIR & COMMITTEES

B. Reports from Standing Board Committees

2. Ad Hoc Transition Committee

a. Ad Hoc Committee December 2008 no scheduled meeting.....I

b. The Ad Hoc Task Force recommends approval of.....A

Board policies regarding District Administration & Organization (DAO) have been reviewed by the Human Resources Board Committee and Policies DAO-100 (Goals) and DAO-140 (Administrator Code of Ethics) are presented for a second read in the approval process.

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District Administration & Organization Policy Series

The following is a list of current 287 Board policies and procedures that contain some aspect of the Board's vision for the district administration and organization:

2000	Goals
2110	Position Description: Superintendent
2200	Site Administration
2400	Administrative Operations
2420	Line and Staff Relations
2430	Councils, Cabinets, and Committees
2451	Policy and Regulations System
2460	Research, Evaluation, and Planning

In preparation for revising the current DAO policies, I reviewed the following sources of information: state and federal law; Intermediate District 287 policies and procedures, MSBA model policies, and the policies of 287's member districts.

The policies on Administrative Operations and the Policy and Regulations System were consolidated with numerous other policies regarding the development and adoption of policies and procedures to create the "Mother of all Policies."

The District 287 Organizational Chart was adopted by the Board earlier this year (DAO160) and is recommended for inclusion in the DAO procedures bucket.

The policy containing the Superintendent's Position Description has been superseded by the Superintendent's employment contract and should be deleted. The Line and Staff Relations; Councils, Cabinets, and Committees; and the Research, Evaluation and Planning policies were incorporated into the revised Goals policy. Finally, an Administrator Code of Ethics has been added in keeping with the practice of many member districts.

In addition to the current procedures accompanying this policy bucket, I recommend a new procedure regarding Superintendent Evaluation. That procedure is currently being drafted.

DRAFT POLICY

POLICY SERIES: District Administration & Organization

SUBJECT: Goals

BOARD APPROVED:

REVISION DATE:

DAO(100) Goals

I. PURPOSE

The purpose of this policy is to articulate the role of District administration in achieving the goals set by the Board.

II. GENERAL STATEMENT OF POLICY

- A. Effective administration and sound management practices are essential to realizing educational excellence. Strong, responsive, and innovative leadership is required to achieve the District's mission of being the premier provider of innovative specialized services that will ensure each member district can meet the unique learning needs of its students.
- B. District administration, under the leadership and authority of the Superintendent, is responsible for effectively and efficiently managing the District in accordance with state and federal laws and regulations, Board policies, District procedures, and the best educational and management practices.

III. ADMINISTRATION GOALS

The Board is committed to the selection and retention of administrators who:

- A. Create an atmosphere which is conducive to learning and based on respect and consideration for individual students and their differences;
- B. Demonstrate strong and effective leadership in implementing Board policies and achieving District goals;
- C. Interact with District personnel in a manner that recognizes the importance of each person's contribution to the work of the District;
- D. Practice sound judgment and good stewardship in the allocation and management of financial and personnel resources in order to receive the greatest educational return for the dollars expended;

- E. Use strategic planning, research, and evaluation in order to continuously strive to improve educational programs and member district services;
- F. Provide a positive role model for students and staff; and
- G. Adhere to the Administrator Code of Ethics and other applicable standards of professional and ethical conduct.

DRAFT POLICY

POLICY SERIES: District Administration & Organization

SUBJECT: Administrator Code of Ethics

BOARD APPROVED:

REVISION DATE:

DAO(140) Administrator Code of Ethics

I. PURPOSE

The purpose of this policy is to articulate the integrity, ethics, judgment, commitment, and professionalism expected of District administrators.

II. GENERAL STATEMENT OF POLICY

District 287 Administrators shall:

- A. Provide professional educational services in a nondiscriminatory manner;
- B. Take reasonable action to protect students and staff;
- C. Take reasonable action to provide an atmosphere conducive to learning;
- D. Not misuse professional relationships for private advantage;
- E. Disclose confidential information about individuals only when a compelling professional purpose is served and when permitted by law;
- F. Not knowingly falsify or misrepresent records or facts relating to the administrator's qualifications, or qualifications of other staff or personnel;
- G. Not knowingly make false or malicious statements;
- H. Not accept gratuities, gifts, or favors that impair professional judgment, nor offer any favor, service, or item of value to obtain special advantage;
- I. Adhere to licensure requirements in hiring personnel and filling positions;
- J. Not engage in conduct involving dishonesty, fraud, or misrepresentation;
- K. Implement the Board's policies and District administrative procedures;
- L. Place the education and welfare of students above all other considerations in decision-making; and
- M. Fulfill professional responsibilities with honesty and integrity.

6. REPORTS FROM BOARD CHAIR & COMMITTEES

B. Reports from Standing Committees

4. Teaching & Learning

- a. T & L Committee December 2008 no scheduled meeting I

**INTERMEDIATE DISTRICT 287
PLYMOUTH, MN**

BOARD OF EDUCATION

Regular Meeting – December 18, 2008

Agenda Section: REPORTS FROM BOARD CHAIR & COMMITTEES

Item: 6.B.3.b

Presented by: Special Education Board Committee

- 1. Motion recommending approval of Board Officers & Operations (BOO) Board Policies BOO-180 (Board-Superintendent) and BOO-460 (Conflict of Interest)**

- The Special Education Board Committee recommends approval of.....A

Board policies regarding Board Officers & Operations have been reviewed by the Special Education Board Committee & Policies BOO-180 (Board-Superintendent Relations) and BOO-460 (Conflict of Interest) are presented for a second read in the approval process.

Recommended Action: The Board approve Board Policies BOO-180 (Board-Superintendent) and BOO-460 (Conflict of Interest)

Motion by:

Second by:

Vote: Passed ____ Failed ____

6. REPORTS FROM BOARD CHAIR & COMMITTEES

B. Reports from Standing Committees (Committee meets on Monday, December 15, 2008, documents where not ready at time of upload).

3. Special Education

a. Minutes from the December 15th Committee MeetingI

Minutes from the December 15th meeting are shared for your information.

b. Board Officers & Operations (BOO) Policy Bucket – Second Read ...A

Board policies regarding Board Officers & Operations have been reviewed by the Special Education Board Committee and Policies BOO-180 (Board-Superintendent Relations) and BOO-460 (Conflict of Interest) are presented for a second read in the approval process.

Intermediate District 287
SPECIAL EDUCATION BOARD COMMITTEE
ACTION MINUTES

Members Present: Linda Johnson (Chair), Maureen Andre Knudsen, Ann Bremer, Don Draayer, Barbara Gabbert, Michele Kunz, Marvin Johnson, Sally Johnson

Members Absent: Steve Antolak, Jan Eian

Staff Present: Laura Keller-Gautsch, Barbara Lake

Date: December 15, 2008

Recorder: Tabitha Johnson

Agenda Item	Summary of Discussion	Staff/Member Follow-Up	Board Action
Student Achievement Data	<ul style="list-style-type: none"> • Sherry Landrud joined the group to discuss reading initiatives by 287. Key 287 staff have been tracking student reading progress through weekly progress updates online. Student comprehension, vocabulary and Souday for student that cannot decode are among the skills that are tracked. • Most of the students in special education across the United States have reading difficulties. Many of the students coming to 287 are 2-3 years behind academically than their regular education peers. Sherry noted that 3 States in the U.S. determine the need for future prisons based on 3rd grade students reading abilities. Reading is an area needing much improvement because it is the basis for many other academic areas of learning. • After and initial evaluation of students entering 287 programming, it was determined that typically, students were 3-10 years behind, 8-10% of the students could not read, and 65% had weak language systems and vocabulary issues. • Through the Read 180 initiative, Hosterman staff participated in a half day training on Read 180. Read 180 is a computerized reading program being used at Hosterman and Edgewood Education Centers. Students using this program have shown significant improvement in reading between September 2008 evaluations and December 2008 evaluations. 	Linda suggested a spring presentation to the Board on student achievement. Barb and Laura will prepare something for this time.	NONE
Division Update	<ul style="list-style-type: none"> • Laura mentioned the WCCO I team story on students with special needs having incidents in school which are resulting in placements in correctional and residential treatment facilities. <p>Enrollment/Program Updates</p> <ul style="list-style-type: none"> • We are continuing to get new referrals for students but we have not been able to make up for the 30 students that we lost over the summer months. Special Education supervisors have worked hard to redistribute staff in areas of need in order to keep from being overstaffed. We will continue to explore the idea of an extended school year for our high school aged students which would include a work experience component. <p>Tuition Billing</p> <ul style="list-style-type: none"> • Under Tuition Billing by MDE we are getting our cash flow payments every month. In February we will be reconciling data which will run the actual revenue amounts compared with what 287 requested in the spring. 		NONE

Agenda Item	Summary of Discussion	Staff/Member Follow-Up	Board Action
Superintendent Evaluation	<ul style="list-style-type: none"> The group reviewed the handout prepared by Michele Kunz, Linda Johnson and Sandy Lewandowski and agreed to using the same evaluation process to be completed by the full board. The Board officers will meet with Sandy for the year end evaluation in May or June. After June 2009 the full board will discuss and approve a new superintendent evaluation procedure. 		NONE

Meeting Adjourned: p.m.: 2:35 p.m.

BOO-180 Board-Superintendent Relations

I. PURPOSE

The purpose of this policy is to ensure a positive and productive Board-Superintendent working relationship.

II. GENERAL STATEMENT OF POLICY

- A. A positive Board-Superintendent relationship is essential to the effective management of the District. The foundation of that relationship is a clear understanding by both parties of their different roles and responsibilities.
- B. The Board-Superintendent relationship must be one of mutual respect and of adherence to defined roles and responsibilities.
- C. The Board shall respect the Superintendent as an expert in the District's administration and operations, and shall concern itself primarily with broad questions of policy rather than administrative details.
- D. The Superintendent shall respect the work of the Board, seek to provide it with timely information for informed and thorough deliberations, understand Board expectations and priorities, and implement Board policies to the best of his or her ability.
- E. The Superintendent is the Board's primary point of connection to the operational organization of the District. All authority and accountability of staff, as far as the Board is concerned, is considered to be the responsibility of the Superintendent. The Board shall not give directives to any employee other than the Superintendent.
- F. Only decisions of the Board, acting as a body, are binding on the Superintendent.

III. ROLES AND RESPONSIBILITIES

- A. The factors necessary to establish and maintain a positive relationship include:
 - 1. A written description of the Superintendent's primary duties and responsibilities and authority commensurate with the responsibilities.
 - 2. Clearly established and articulated Board policies and goals for the District.
 - 3. Regular communications from the Board to the Superintendent including assessments of the Superintendent's success in implementing Board policies and meeting Board goals.
 - 4. Regular administrative communications and recommendations to the Board concerning District programs, personnel, needs, resources, and operations.

- B. The Board shall conduct an annual review and appraisal of the Superintendent's performance. If necessary, the Board shall provide the Superintendent with a plan for improvement.

DRAFT POLICY

POLICY SERIES: Board Officers & Operations
SUBJECT: Board Member Conflict of Interest
BOARD APPROVED:
REVISION DATE:

BOO-460 Board Member Conflict of Interest

I. PURPOSE

The purpose of this policy is to ensure that Board decisions are based on the best interests of the District rather than an individual Board member's actual or perceived financial or personal gain.

I. GENERAL STATEMENT OF POLICY

It is the policy of the Board to define its priorities, adopt its policies, make its decisions, and dedicate District resources based solely on the best interests of the District as a whole, and the students and member districts served by its programs. It is the policy of the Board to ensure that all members are educated concerning possible conflicts of interest and how to avoid them.

II. GENERAL PROHIBITIONS

- A. All Board members shall avoid even the appearance of a conflict of interest because even though such conflict may not exist, it creates the appearance of impropriety. Board members with an actual or perceived conflict of interest shall not participate in Board discussions or vote on Board actions related to that interest.
- B. A Board member who is authorized to take part in any manner in making any sale, lease, or contract in his or her official capacity shall not voluntarily have a personal financial interest in that sale, lease, or contract or personally benefit financially from it.
- C. The District may not employ any person related by blood or marriage to a Board member, within the fourth degree as defined in civil law, except by a unanimous vote of the full Board.

IV. REPORTING AND DETERMINATION

The determination as to whether a conflict of interest exists is to be made by the Board. Any Board member who has reason to believe that he or she has an actual or potential conflict of interest, or that another member has an actual or potential conflict of interest, shall notify the Board immediately. The Board member(s) shall cooperate as necessary for the Board to make its determination and shall abide by the decision of the Board.

10/14/08

C. Organization Representative Reports I

D. Updates from District Representatives I

7. OTHER INFORMATION

A. December 2008 Calendar..... I

B. Miscellaneous Items of Interest I

8. ADJOURNMENT.....A

A motion is necessary to adjourn the general meeting.

**INTERMEDIATE DISTRICT 287
2008-2009 SCHOOL BOARD CALENDAR**

December

9	Tuesday	Facilities Board Committee (Chair Robb, Bush, Johns, L Johnson, & M Johnson)	2:00PM	Board Rm
9	Tuesday	Human Resources Board Committee - <i>canceled</i> (Chair Culver, Culver, Daniels, Kriesel-Koll, Gabbert, Robb & Rykken)	4:30PM	Board Rm
10	Wednesday	Finance Board Committee (Chair Thielsen, Andre-Knudsen, Bassett, Bush, Henke, M Johnson & Hurd)	3:30PM	Room 201
15	Monday	Special Education Board Committee (Chair L Johnson, Andre-Knudsen, Antolak, Bremer, Draayer, Eian, Gabbert, M Johnson & S Johnson)	1:00PM	Room 201
18	Thursday	General Board Meeting	6:45PM	Board Rm

January 2009

08	Thursday	General Board Meeting	7:00PM	Board Rm
22	Thursday	General Board Meeting	7:00PM	Board Rm

February 2009

12	Thursday	General Board Meeting	6:30PM	Board Rm
26	Thursday	General Board Meeting	6:30PM	Board Rm

March 2009

12	Thursday	General Board Meeting	6:30PM	Board Rm
26	Thursday	General Board Meeting	6:30PM	Board Rm

April 2009

23	Thursday	General Board Meeting	6:30PM	Board Rm
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May 2009

14	Thursday	General Board Meeting	6:30PM	Board Rm
28	Thursday	General Board Meeting	6:30PM	Board Rm

June 2009

11	Thursday	General Board Meeting	6:30PM	Board Rm
25	Thursday	General Board Meeting	6:30PM	Board Rm

July 2009

23	Thursday	General Board Meeting	6:30PM	Board Rm
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August 2009

27	Thursday	General Board Meeting	6:30PM	Board Rm
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September 2009

10	Thursday	General Board Meeting	6:30PM	Board Rm
24	Thursday	General Board Meeting	6:30PM	Board Rm

October 2009

8	Thursday	General Board Meeting	6:30PM	Board Rm
22	Thursday	General Board Meeting	6:30PM	Board Rm

November 2009

12	Thursday	General Board Meeting	6:30PM	Board Rm
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December 2009

10	Thursday	General Board Meeting	6:30PM	Board Rm
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OTHER ACTIVITIES

Jan 21	Wednesday	South Education Center Alternative Graduation	5:00PM	SEC Gym
Apr 21	Tuesday	Parent Appreciation Dinner	tbd	Hosterman
Apr 29	Wednesday	Mentor Connection Open House	tbd	tbd
May 29	Friday	Ridgedale Alternative Program Graduation	9:00AM	Eliot Community Ctr
June 1	Monday	North VISTA Graduation	7:00PM	NVEC
June 4	Thursday	City West Academy Graduation	10:00AM	Shady Oak
June 4	Thursday	South Education Center Alternative Graduation	5:00PM	SEC Gym
June 5	Friday	Prairie Center Alternative Graduation	10:00AM	EP Community Ctr
June 5	Friday	VECTOR/InVEST South Graduation	12:30PM	SEC
June 9	Tuesday	Phase North Graduation	tbd	tbd

**INTERMEDIATE DISTRICT 287
PLYMOUTH, MN**

BOARD OF EDUCATION

Board Meeting – December 18, 2008

Agenda Section: ADJOURNMENT

Item: 8.A

Presented by: Board Chair

Recommended Action: Board Chair calls meeting adjourned @ _____ PM