

# **Intermediate District 287**

**Responsive. Innovative. Solutions.**



**Intermediate District 287**

**Regular Meeting**

**Thursday, January 14, 2010 6:30 PM**

# Intermediate District 287 School Board Meeting Agenda

Thursday, January 14, 2010 at 6:30 PM  
Regular Meeting  
District Service Center Board Room

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1. CALL TO ORDER
2. APPROVAL OF GENERAL MEETING AGENDA 4
3. OPEN FORUM
4. APPROVAL OF CONSENT AGENDA 6
  - \* General Board Meeting Minutes from December 17, 2009
5. SHARE THE SUCCESS & RECOGNITIONS - None
6. SUPERINTENDENT'S REPORT 10
  - \* Overview of Boardroom Upgrades \*
  - Recommendation for new administrative position: Assistant Director of Finance
7. INSTRUCTIONAL REPORT 13
  - \* Enhancing education Through Technology Grant Recieved
8. ADMINISTRATIVE SERVICES REPORT
  - A. Financial Report 14
    - \* Audit Report from Jim Eichten
  - B. Human Resource Report \*\*Closed Session\*\*
    - \* Local 2209 Teacher Contract Renewal
    - The school Board may hold a closed meeting to consider strategy for labor negotiations. Minn. Stat. §13D.03.
  - C. Facilities Report 117
    - \* Establish Board Facilities Committee
9. BOARD BUSINESS
  - A. Policy Review & Revision
  - B. Board Reports
    - 1. Chair Report
      - \* Officer Election Process

2.	AMSD Report	118
C.	District News	122
	* School Board Planning Calendar	
	* January Event Calendar	
	* Local 2209 Uniflier Jan/Feb 2010	
	* Rise Reporter MEC - VECTOR Program	
D.	Once Around the Table	
10.	ADJOURNMENT	

# Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

## GENERAL MEETING OF THE BOARD

THURSDAY, January 14, 2010

6:30PM @ DSC

### AGENDA

A = Action  
R = Roll Call  
I = Information  
- Page #

1. **CALL TO ORDER**.....A
2. **APPROVAL OF GENERAL MEETING AGENDA**.....A
3. **OPEN FORUM FOR COMMUNITY COMMENTS**.....I
4. **APPROVAL OF CONSENT AGENDA**.....A-4
  - 4.1 General Board Meeting Minutes from December 17, 2010 -6
  - 4.2 Board’s Adoption of the Current Definition of Directory information under the Family Education Rights & Privacy Act -9
5. **SHARE THE SUCCESS & RECOGNITIONS**
6. **SUPERINTENDENT’S REPORT (15 minutes)**
  - 6.1 Overview of Boardroom Upgrades.....I-10  
Several changes have been made to the Boardroom over the past few months Chad Maxa, Information Technology Manager and Tom Shultz, Facilities Administrator, will give a brief overview.
  - 6.2 Recommendation for new administrative position: Assistant Director of Finance.....A-11  
The Minnesota Department of Education (MDE) uniform tuition billing has resulted in an administrative recommendation for an additional finance position.
7. **INSTRUCTIONAL REPORT (20 minutes)**
  - 7.1 Enhancing Education Through Technology Grant.....I-13
8. **ADMINISTRATIVE SERVICES REPORT (60 minutes)**
  - 8.1 Financial Report (30 minutes)
    - 8.1a FY2009 Audit.....A-15  
Jim Eichten, Malloy, Montague, Karnowski, Radosevich & Co., will present a summary of the FY09 Audit.
  - 8.2 Human Resource Report – Closed Session (30 minutes)
    - 8.2a Teacher Contract Renewal.....I  
The School Board may hold a closed meeting to consider strategy for labor negotiations. Minn. Stat. §13D.03.
  - 8.3 Facilities Report
    - 8.3a Establishment of a Board Facilities Committee.....I
    - 8.3b Approval of Fifth Amendment to Lease with Timberland Partners.....A-117  
Recommend approval of the *Fifth Amendment to Lease* with Timberland Partners for the Northwest Business Center located at 8601 73<sup>rd</sup> Avenue N, Brooklyn Park, MN 55428. This is a two-year lease renewal term from 8/1/10 to 7/31/12 for approximately 5,448 sq. ft. of space at a rate of \$5.62 per sq. ft. base rent (\$30,600 annually), plus \$3.50 per sq. ft. for operating expense (\$19,068 annually).

**9. BOARD BUSINESS (15 minutes)**

9.1 Policy Review & Revision - None

9.2 Board Reports.....	I
9.2a Chair Report.....	I
9.2b AMSD Report (Ann Bremer) .....	I-118
9.2c Interest in attending NSBA in Chicago (April 9-12).....	I
9.3 District News.....	I
9.3a School Board Planning Calendar.....	I-122
9.3b January Event Calendar.....	I-124
9.3c Local 2209 January/February 2010 Uniflier.....	I-125
9.3d Rise Reporter MEC - VECTOR Program.....	I-128
9.5 Once Around the Table.....	I

**10. ADJOURNMENT.....A**

**Recommended Action: Board Chair calls meeting adjourned @ \_\_\_\_\_ PM**

**DISTRICT 287 REGULAR BOARD MEETING**  
**Intermediate District 287**  
**December 17, 2009**  
**MINUTES**

(Note: In recognition of long-term Board member departing from 287's Board, a short social time preceded the general meeting.)

**1. CALL TO ORDER**

Chair Linda Johnson called the regular meeting to order at 6:30 PM in the District Service Center Board Room. A quorum was declared with the following members in attendance:

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

Absent:

Guests: Carter Christie, Trent Mahlen, Mark Thiede, and Rick Wessling

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

287 Staff Members: Jeremy Anderson, Kathleen Anderson, Leeann Arnquist, Katherine Asplin, Daniel Austin, Bob Bathke, Lynn Bowman-Bathke, Jayme Bennett, Karen Berger, Karen Boole, Heather Cisneros, Teresa Cosgrove, Mitzi Curtis, Amanda Dittbenner, David Dittbenner, Paige Dopp, Benjamin Drewelow, Jo Dunham, Jodi Eggenberger, Alicia Fink, Sheri Frank, Mary Fredenburg, Aasha Freeman, Nancy Guelich, Cheryl Hoffman, Catherine Jann, Kevin Kastle, Andrew Lake, Russell Lake, Laura Lazowski, Laurie Levin, Lois Lillie, Thomas Lynch, Randy Mason, Brent Maves, Eric Michelsen, Tracy Mooney, Laura Moore, Bruce Mulder, Justin Ore, Pierre Philistin, Donald Pietrick, Dean Powers, Bonnie Rinker, Gregory Salyers, Erlene Schwartz, Mary Semmer, Deborah Seveland, Julie Shobe, Nicoleena Sutherland, Scott Tousignant, David VanDenBoom, Crystal Visneski, and Mae Volk

**2. APPROVAL OF GENERAL MEETING AGENDA**

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

**3. OPEN FORUM FOR COMMUNITY COMMENTS**

Bruce Mulder addressed the Board on behalf of Local 2209 for the purpose of: 1) introducing the negotiating team, and 2) reassuring the membership and the Board, they are committed to negotiate in good will and with good faith to reach a settlement. Their hope for 2209 is that their members will receive improvements to the best extent possible given current conditions.

Trent Mahlen addressed the Board on behalf of the New Hope-Crystal-Plymouth (NHCP) swim club regarding the lease NHCP has with Robbinsdale on the Hosterman site.

**4. APPROVAL OF CONSENT AGENDA**

The Consent Agenda was presented for approval. The Consent Agenda included the general meeting minutes from November 12, 2009; approval of the Routine Human Resource Activities for December 17, 2009; and approval of the 403(b) Plan. *Motion by Arlene Bush, seconded by Michèle Kunz, to approve the consent agenda as presented. All in favor. Motion carried unanimously.*

**5. SHARE THE SUCCESS & RECOGNITIONS – None**

## 6. SUPERINTENDENT'S REPORT

Superintendent Lewandowski briefly gave an overview and recommended approval of the Intermediate School Districts #287, #916, and #917 joint legislative platform. The platform requests: 1) support of the additional funding in the New Minnesota Miracle to provide additional educational opportunities for students, including career and technical education; 2) changing the language of alternative teacher compensation (Q-Comp) to better reflect the unique way in which Intermediates work; and 3) support of voluntary shared services efforts among districts while looking at ways to remove barriers and provide incentives to encourage more shared services arrangements.

Sandy provided the Board a written proposal that was given to Commission Seagren on staff development for staff who works with students who have significant behavioral needs.

Sandy provided a brief overview on the upcoming AMSD Online Conference. District 287 staff assisted AMSD in the design of this conference. District 287 administrators will participate in panels, and a video produced by District 287 will be featured.

## 7. INSTRUCTIONAL REPORT

Superintendent Lewandowski introduced Dr. Jane Holmberg, Executive Director of Teaching & Learning. Jane presented an overview on two instructional services: 1) the district's leadership in designing industry-recognized certification in Document Imaging, and 2) the growth in the Fermi Off-the-Wall Math League, an internet-based math competition.

Jane presented the opportunity to sign onto the Minnesota Department of Education (MDE) application for federal Race to the Top (RTTT) funding. *Motion by Peyton Robb, seconded by Sally Johnson, to approve the application for federal Race to the Top funding as presented. All in favor. Motion carried unanimously.*

## 8. ADMINISTRATIVE SERVICE REPORTS

### Financial Report

Ms. Janet Johnson, Director of Finance Services, presented the monthly financial report for November 2009. *Motion by Carter Peterson, seconded by Greg Thielsen, to approve the monthly financial report as presented. All in favor. Motion carried unanimously.*

Greg Thielsen presented a brief overview on the audit exit interview and assured the Board the audit will be submitted by December 31, 2009, as required by law. The Board will review the audit report at the January Board meeting.

Dr. Colleen Baumtrog, Executive Director of Administrative Services, and Janet Johnson, Director of Finance, presented and recommended approval resolution series 2010A authorizing the execution and delivery of a lease purchase agreement, approving and authorizing execution of related documents. *Resolution motion was made by Nancy Rowley, to waive the reading of the resolution and approve it as written, seconded by Greg Thielsen, to approve the resolutions authorizing the execution and delivery of a lease purchase agreement and approving and authorizing execution of related documents as presented. Those voting in favor were: Antolak, Bremer, Bush, Draayer, Gabbert, L. Johnson, S. Johnson, Kunz, Peterson, Robb, Rowley, Rykken, and Thielsen. There were no votes against, no abstentions. Motion carried unanimously.*

Dr. Colleen Baumtrog, Executive Director of Administrative Services, and Janet Johnson, Director of Finance presented and recommended approval resolution series 2010B authorizing the execution and delivery of a lease purchase agreement, approving and authorizing execution of related documents. *Resolution motion was made by Peyton Robb, to waive the reading of the resolution and approve it as written, seconded by Greg Thielsen, to approve the resolutions authorizing the execution and delivery of a lease purchase agreement and approving and authorizing execution of related documents as presented. Those voting in favor were: Antolak, Bremer, Bush, Draayer, Gabbert, L. Johnson, S. Johnson, Kunz, Peterson, Robb, Rowley, Rykken, and Thielsen. There were no votes against, no abstentions. Motion carried unanimously.*

Janet presented and recommended approval resolution to finance the purchase of Edgewood through a lease purchase agreement. *Resolution motion was made by Greg Thielsen, to waive the reading of the resolution and approve it as written, seconded by Michèle Kunz, to approve the resolution to finance the purchase of Edgewood through a lease purchase agreement as presented. Those voting in favor were: Antolak, Bremer, Bush, Draayer, Gabbert, L. Johnson, S. Johnson, Kunz, Peterson, Robb, Rowley, Rykken, and Thielsen. There were no votes against, no abstentions. Motion carried unanimously.*

Colleen presented and recommended approval resolution to enter into negotiations with Robbinsdale Area School for the purchase of land to replace Hosterman and to continue to work with TSP, Inc. to develop a schematic design for a new North Education Center. *Resolution motion was made by Pam Rykken, to waive the reading of the resolution and approve it as written, seconded by Barbara Gabbert, to approve the resolution to enter into negotiations with Robbinsdale Area School for the purchase of land to replace Hosterman and to continue to work with TSP, Inc. to develop a schematic design for a new*

North Education Center as presented. Those voting in favor were: Antolak, Bremer, Draayer, Gabbert, S. Johnson, Kunz, Peterson, Robb, Rowley, Rykken, and Thielsen. Bush votes Against. L. Johnson Abstain. Motion carried.

**Facilities Report & Human Resources Report (Two Closed Session discussions in consecutive order)**

At the recommendation of Board Vice-Chair Draayer, a motion was made by Ann Bremer, seconded by Barbara Gabbert, to close the meeting to review confidential or nonpublic appraisal data under section 13.44, subdivision 3; and to develop or consider offers or counteroffers for the purchase or sale of real or personal property. Minn. Stat. §13D.05, subdivision 3, section C, and consider strategies for labor negotiations, as required in Minnesota Statute §13D.03. All in favor. Motion carried. The meeting was closed to the public at 8:40 PM. A motion was made by Carter Peterson, seconded by Peyton Robb, to reopen the general meeting. All in favor. Motion carried. The general meeting reopened at 10:14 PM.

Mr. Tom Shultz, Facilities Administrator, presented and recommended approval of land negotiation parameters with District 287. Motion by Carter Peterson, seconded by Steven Antolak, to approve the land negotiation parameters with District 287 as presented. Bush votes Against. L. Johnson Abstain. Motion carried.

Board member Robb provided a brief overview on Best Value Performance Information Procurement System.

**9. BOARD BUSINESS**

**Chair Report - None**

**AMSD Report - None**

**Organizational Report - None**

**Once Around the Table - None**

**10. ADJOURNMENT**

Motion was heard and seconded to adjourn the meeting. Meeting adjourned at 10:43 PM.

The next general meeting will be held on January 14, 2009, at 6:30 PM in the DSC Board Room.

Submitted by  
Wauneen Mgeni  
Secretary to the Board

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

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

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION DESIGNATING CERTAIN INFORMATION  
AS DIRECTORY INFORMATION**

**WHEREAS**, the Family Educational Rights and Privacy Act (FERPA), a federal law, designates certain student data as “directory information”; and

**WHEREAS**, directory information is information that is generally not considered harmful or an invasion of privacy if released; and

**WHEREAS**, school districts may disclose appropriately-designated directory information without written consent, unless the district has been advised to the contrary in accordance with district procedures; and

**WHEREAS**, the School Board of Intermediate District 287 has previously designated certain information as directory information and has decided to add additional categories to the list, primarily for the purpose of including this type of information in district publications.

**NOW, THEREFORE, BE IT RESOLVED** by the School Board of Intermediate District 287, State of Minnesota, as follows:

Effective the 2010-2011 school year, the following is designated as “directory information:”

- Student name
- Address
- Telephone listing
- Electronic mail address
- Photograph
- Date and place of birth
- Dates of attendance
- Grade level
- Participation in officially recognized activities and sports
- Degrees, honors, and awards received
- The most recent educational agency or institution attended
- Student ID number, user ID, or other unique personal identifier (excluding Social Security numbers)

The motion for the adoption of the foregoing resolution was duly seconded by Member \_\_\_\_\_, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.

# Intermediate District 287

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## 2009-2010 Board Room Improvements

### Facilities

- Physically connected all tables to allow for data and power distribution around the table.
- New chairs were purchased to replace chairs that were old and not able to provide adequate adjustment options.
- Replaced old wall art with new art created by our students

### Technology

- New projector for sharper image display.
- Added cable cubbies to tables, which includes power for laptops, Internet connectivity, and VGA (VGA connection allows anyone around the table to display their laptop on projector screen).
- Added more microphones to improve sound pickup around the table and podium during meetings.
- Reprogrammed room controls remote to resolve technical issues, and to also make the environment easier to control.
- Removed all cables and equipment rack out of sight for esthetic and safety purposes.
- Incorporated new CD recording device into sound system, so board meetings can now be recorded through the microphones.

# Intermediate District 287

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## INTER-OFFICE MEMORANDUM

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**TO:** Sandy Lewandowski

**FROM:** Janet Johnson, Director of Finance  
Anne Becker, Director of Human Resources  
Colleen Baumtrog, Executive Director Administrative Services

**DATE:** January 8, 2010

**SUBJECT:** Establishment of Assistant Director of Finance Position

### **Assistant Director of Finance Position**

This is to request the establishment of an Assistant Director of Finance position within the Administrative Services Division of Intermediate District 287. This request is based on the need to have a new administrative position in the business office to insure that the district finances continue to be sound while addressing the increased complexities related to the State tuition billing system, an increased need for a customer service oriented and transparent billing system. District 287 has already added a position due to the MDE tuition billing system. This second position is essential to the effective operation of the District. We anticipate that additional funds from the District's third appeal to MDE will fund the position.

### **Rationale**

We are requesting that a new position, titled "Assistant Director of Finance", be added to the Administrative Services Division. The primary impetus behind this request is the need to address the implementation of the highly complex and troublesome MDE special education tuition billing system. We have learned in recent months that this system was not designed to address the unique nature of 287 and requires constant monitoring, interactions with MDE officials and multiple appeals in order to attain the revenue to which the District is entitled. In addition, this system is having the unanticipated effect of causing districts to question not only rates and fees on our invoices but also student residency and legal fiscal responsibility. This necessitates time consuming conversations with districts throughout the State about our invoices. Another new and important initiative involves the Strategic Plan. Our work with pilot districts on the implementation of the Strategic Plan is telling us that we need to be more transparent in our rate setting and billing process. This new position would have the overall responsibility of managing the State tuition billing system for 287 and implementing a transparent billing system that is accurately reflected and monitored in the District's budget. This includes anticipating and responding to questions relating to the billing system such as tuition rates, student residency, legal obligations of districts to pay invoices, etc. and in a timely, accurate and customer friendly manner.

### **HR Review**

This position has been reviewed by the Human Resources Department and by the District's pay equity consultants who have recommended placement in Salary Grade 11 of the Administrators and other Unaffiliated Employees pay plan.

### **Summary**

We are requesting that the new position of Assistant Director of Finance, Salary Grade 11, \$85,932 - \$114,524, plus benefits, be approved. This position would have the overall responsibility of developing, directing and implementing a transparent tuition billing system, overseeing the accuracy and modifications of the State special education tuition billing system and be the customer service arm of the Finance Department. If the Board approves this request, the position would be filled as soon as a qualified candidate becomes available. Funds for the position would be approved during the FY10 budget revision process in February 2010.

Your approval of this position is respectfully requested.

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

**Regular Meeting – January 14, 2010**

**AGENDA SECTION: SUPERINTENDENT’S REPORT**

**ITEM: 6.2 Recommendation for new administrative position:  
Assistant Director of Finance**

**PRESENTED BY: Superintendent Lewandowski**

**1. Background Information**

This is to request the establishment of an Assistant Director of Finance position within the Administrative Services Division of Intermediate District 287. This request is based on the need to have a new administrative position in the business office to insure that the district finances continue to be sound while addressing the increased complexities related to the State tuition billing system, an increased need for a customer service oriented and transparent billing system. District 287 has already added a position due to the MDE tuition billing system. This second position is essential to the effective operation of the District. We anticipate that additional funds from the District’s third appeal to MDE will fund the position.

We are requesting that a new position, titled “Assistant Director of Finance”, be added to the Administrative Services Division. The primary impetus behind this request is the need to address the implementation of the highly complex and troublesome MDE special education tuition billing system. We have learned in recent months that this system was not designed to address the unique nature of 287 and requires constant monitoring, interactions with MDE officials and multiple appeals in order to attain the revenue to which the District is entitled. In addition, this system is having the unanticipated effect of causing districts to question not only rates and fees on our invoices but also student residency and legal fiscal responsibility. This necessitates time consuming conversations with districts throughout the State about our invoices. Another new and important initiative involves the Strategic Plan. Our work with pilot districts on the implementation of the Strategic Plan is telling us that we need to be more transparent in our rate setting and billing process. This new position would have the overall responsibility of managing the State tuition billing system for 287 and implementing a transparent billing system that is accurately reflected and monitored in the District’s budget. This includes anticipating and responding to questions relating to the billing system such as tuition rates, student residency, legal obligations of districts to pay invoices, etc. and in a timely, accurate and customer friendly manner.

**2. Fiscal Impact/Funding Source: Funds for the position would be approved during the FY10 budget revision process in February 2010.**

**3. RECOMMENDED ACTION: Board approves the new position, titled “Assistant Director of Finance”, as presented.**

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

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

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

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

# Intermediate District 287

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

Date: January 4, 2010

To: Sandy Lewandowski, Superintendent

From: Jane Holmberg, Executive Director of Teaching and Learning

**Re: Enhancing Education Through Technology Grant Received**

I am pleased to report our application submitted in response to the Enhancing Education Through Technology grant opportunity was selected for funding. This award of \$295, 654 is being made through the Minnesota Department of Education and part of the American Reinvestment and Recovery Act (ARRA).

The grant period will run from January 2010 to June 2011 and will allow us to significantly scale up work begun through the Northern Star Online (NSO) consortium. The goal is to improve student achievement by training teachers to integrate online resources into their curriculum to personalize instruction for individual student learning styles.

Districts that are part of NSO and who have chosen to participate in this grant include: Hopkins, Richfield, Edina, Fairmont, Mankato, SOCRATES ISD, Ely, and International Falls. The project will create targeted training opportunities for teachers in the participating districts as well as to produce a repository for use by all Minnesota teachers. The training will reach up to 80 teachers who in turn will create up to 50 online learning units for use in their on-site or online classrooms.

The online modules (1) produced to train the teachers and (2) produced by the teachers for students will contribute to a repository of digital learning objects to meet MN academic standards and address individual learning styles. These units will cover a spectrum of subject areas and age levels, providing the foundation of a Minnesota Online Resource Bank that will be expanded indefinitely through a collaboration called the Minnesota Learning Commons (MNLC).

Intermediate District 287 has been involved with other education organizations to create MNLC and is excited to sponsor work that will help achieve a vision of offering high quality online modules to increase the effectiveness and efficiency of instructional delivery. The learning modules and courses developed by this project will be ideal resources to be included in the free MNLC repository.

Further questions about this grant may be directed to Dr. Jon Voss, Supervisor of Academic Programs, [jwvoss@district287.org](mailto:jwvoss@district287.org).

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

Regular Meeting – January 14, 2010

AGENDA SECTION: ADMINISTRATIVE SERVICES

ITEM: 8.3 Recommendation for Board Acceptance of the  
Audited Financial Report for the Year Ended  
June 30, 2009

PRESENTED BY: Janet A. Johnson, Director of Finance

1. **Background Information**

Jim Eichten, Managing Partner of MMKR, Certified Public Accountants & Co., P.A. will present the District's audited Financial Report for the year ended June 30, 2009.

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

3. **RECOMMENDED ACTION:** The Board accepts the audited financial report for the year ended June 30, 2009.

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

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

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

INTERMEDIATE DISTRICT NO. 287  
PLYMOUTH, MINNESOTA

Financial Report

Year Ended  
June 30, 2009

INTERMEDIATE DISTRICT NO. 287

Table of Contents

	Page
<b>BOARD OF DIRECTORS AND ADMINISTRATION</b>	1
<b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	2-3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4-15
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements	
Governmental Funds	
Balance Sheet	18
Reconciliation of the Balance Sheet to the Statement of Net Assets	19
Statement of Revenue, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	22
Proprietary Fund	
Statement of Net Assets	23
Statement of Revenue, Expenses, and Changes in Fund Net Assets	24
Statement of Cash Flows	25
Fiduciary Funds	
Statement of Fiduciary Net Assets	26
Statement of Changes in Fiduciary Net Assets	26
Notes to Basic Financial Statements	27-47
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedules of Funding Progress	
Other Post-Employment Benefits Plan	48
Pension Benefits Plan	48
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	49
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	50
General Fund	
Comparative Balance Sheet	51
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	52
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account	53-54

INTERMEDIATE DISTRICT NO. 287

**Table of Contents (continued)**

	Page
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (CONTINUED)</b>	
Schedules of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	
Career and Technical Education Account	55
Academic Education Account	56
Special Education Account	57
Administrative Account	58
Severance and Property Account	59
Student Clubs Account	60
Food Service Special Revenue Fund	
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	61
Community Service Special Revenue Fund	
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	62
Agency Funds	
Combining Statement of Fiduciary Net Assets	63
Combining Statement of Changes in Assets and Liabilities	64
 <b>SUPPLEMENTAL INFORMATION (UNAUDITED)</b>	
Government-Wide Revenue by Type	65
Government-Wide Expenses by Program	66–67
General Fund Revenue by Source	68
 <b>SINGLE AUDIT AND OTHER REQUIRED REPORTS</b>	
Schedule of Expenditures of Federal Awards	69
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 <i>Government Auditing Standards</i>	70–71
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	72–73
Independent Auditor’s Report on Compliance With Minnesota State Laws and Regulations	74
Schedule of Findings and Questioned Costs	75–76
Uniform Financial Accounting and Reporting Standards Compliance Table	77–78

INTERMEDIATE DISTRICT NO. 287

Board of Directors and Administration  
as of June 30, 2009

**BOARD OF DIRECTORS**

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

**ADMINISTRATION**

Sandy Lewandowski	Superintendent
Colleen Baumtrog	Executive Director of Administrative Services
Jane Holmberg	Executive Director of Teaching and Learning
Laura Keller-Gautsch	Executive Director of Special Education and Student Support Services
Anne Becker	Director of Human Resources
Janet A. Johnson	Director of Finance
David Anderson	Fiscal Services Supervisor
Larry McAtee	Purchasing Supervisor
Thomas Shultz	Facilities Administrator
Charlene Myklebust	Director of Professional Learning

FINANCIAL SECTION



PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate District No. 287 (the District) as of and for the year ended June 30, 2009, 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 2008 financial statements and, in our report dated December 3, 2008, 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, 2009, 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.

As described in Note 1 of the notes to basic financial statements, the District has implemented Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions," during the year ended June 30, 2009.

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, 2008, from which such partial information was derived.

(continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedules of Funding Progress, as listed in the table of contents, are not required parts of the basic financial statements, but are 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 and the Schedule of Expenditures of Federal Awards 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 and the UFARS Compliance Table have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

December 31, 2009

## INTERMEDIATE DISTRICT NO. 287

### Management's Discussion and Analysis Year Ended June 30, 2009

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, 2009. We encourage readers to consider the financial information presented here in conjunction with other components of the District's annual financial report.

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

The financial section of the annual report consists of the following parts:

- Independent Auditor's Report;
- Management's Discussion and Analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Combining and individual fund statements and schedules.

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

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

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

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

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

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including career and technical education, academic education, special education, student clubs, and administrative support services, are primarily financed with tuition, membership fees, access fees, and operating grants.

## Fund Financial Statements

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

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

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

The District maintains the following kinds of funds:

**Governmental Funds** – The District's basic services are included in governmental funds, which generally focus on: 1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental 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>2009</u>	<u>2008</u>
<b>Assets</b>		
Current and other assets	\$ 20,409,112	\$ 17,596,568
Capital assets, net of accumulated depreciation	<u>45,150,193</u>	<u>45,331,943</u>
<b>Total assets</b>	<b><u>\$ 65,559,305</u></b>	<b><u>\$ 62,928,511</u></b>
<b>Liabilities</b>		
Current and other liabilities	\$ 13,671,902	\$ 12,441,890
Long-term liabilities, including due within one year	<u>48,703,211</u>	<u>53,470,648</u>
<b>Total liabilities</b>	<b><u>\$ 62,375,113</u></b>	<b><u>\$ 65,912,538</u></b>
<b>Net assets</b>		
Invested in capital assets, net of related debt	\$ 1,635,649	\$ 525,869
Restricted	160,198	45,460
Unrestricted	<u>1,388,345</u>	<u>(3,555,356)</u>
<b>Total net assets</b>	<b><u>\$ 3,184,192</u></b>	<b><u>\$ (2,984,027)</u></b>

The District's financial position is the product of many factors. For example, the determination of the District's investment in capital assets, net of related debt involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts.

The District's total net assets increased by \$6,168,219 during the year ended June 30, 2009. The unrestricted portion of net assets increased by about \$5.0 million during the year, primarily due to the change in accounting principle related to the District implementing Governmental Accounting Standards Board (GASB) Statement No. 45.

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

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

	<u>2009</u>	<u>2008</u>
<b>Revenue</b>		
Program revenues		
Charges for services	\$ 36,419,310	\$ 56,134,852
Operating grants and contributions	34,258,992	2,250,947
General revenues		
Other general revenues	111,300	949,567
Investment earnings	49,193	162,633
<b>Total revenue</b>	<u>70,838,795</u>	<u>59,497,999</u>
<b>Expenses</b>		
Career and technical education	2,031,279	3,174,598
Academic education	7,369,185	7,709,078
Special education	41,461,900	43,046,317
Student clubs	30,182	34,590
Administrative support services and operations and maintenance	14,507,409	3,485,015
Food service	302,050	204,638
Community service	289,497	228,778
Interest and fiscal charges on debt	2,603,436	2,087,803
<b>Total expenses</b>	<u>68,594,938</u>	<u>59,970,817</u>
<b>Change in net assets</b>	<u>\$ 2,243,857</u>	<u>\$ (472,818)</u>

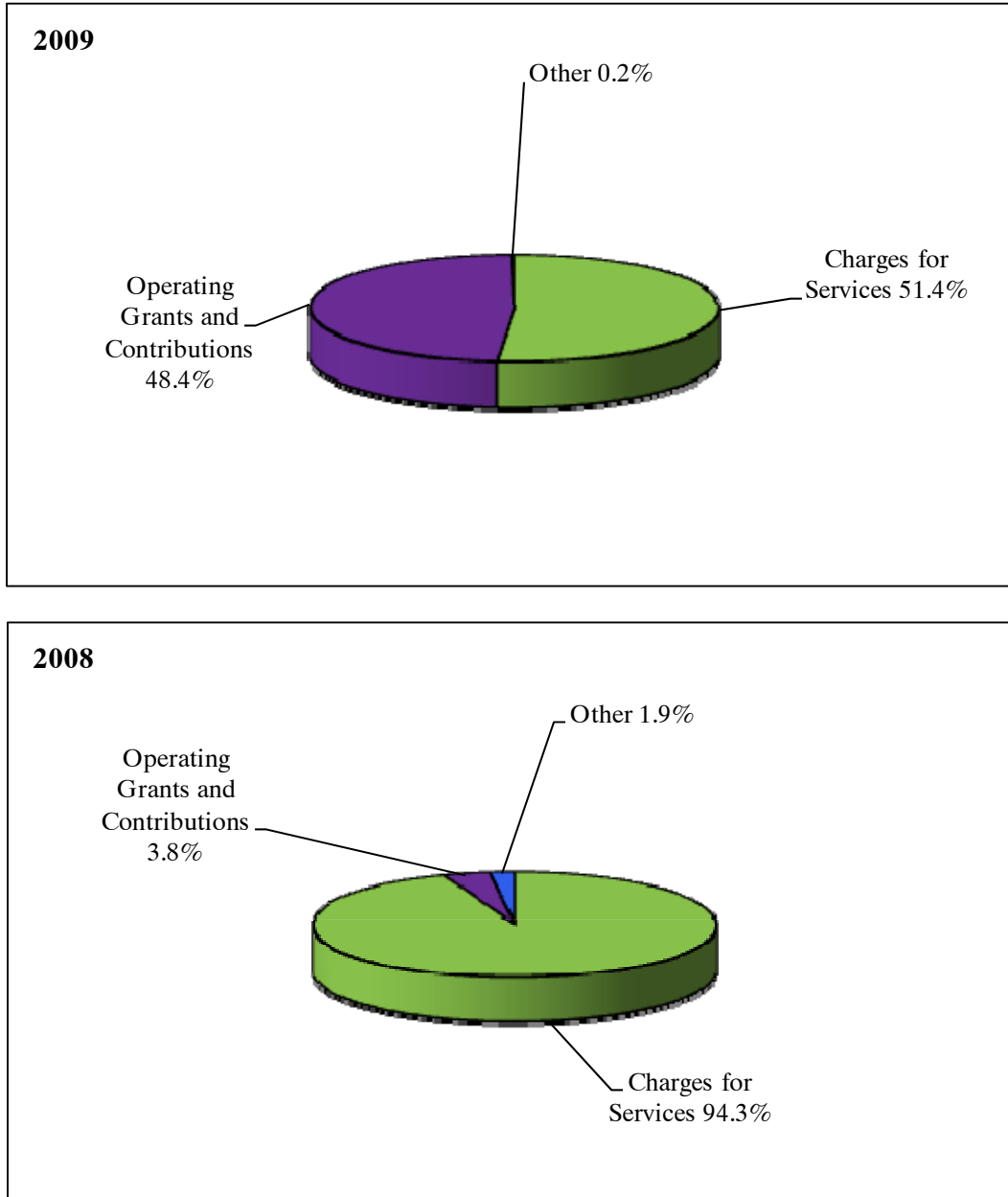
This statement is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The District's total revenues were \$70,838,795 for the year ended June 30, 2009. Charges for services account for 51.4 percent of total revenues for the year while operating grants and contributions accounted for 48.4 percent. The significant shift between 2008 to 2009 from charges for services to operating grants and contributions reflects the change brought on by the implementation of the Minnesota Department of Education (MDE) special education uniform tuition billing system. Revenue previously recognized as tuition charged for services is now recognized as an operating grant from the MDE. The remainder of the revenue came from other general revenues and interest.

The total cost of all programs and services was \$68,594,938. The District's expenses are predominantly related to providing education services to students. In 2008–2009, 74.2 percent of the District's expenses were devoted to this purpose. The activity in the administrative support services and operations and maintenance includes building operations and maintenance of the District, which accounted for 21.1 percent of total expenses for the year. Coding changes required under the MDE special education uniform tuition billing account for the increase in this category.

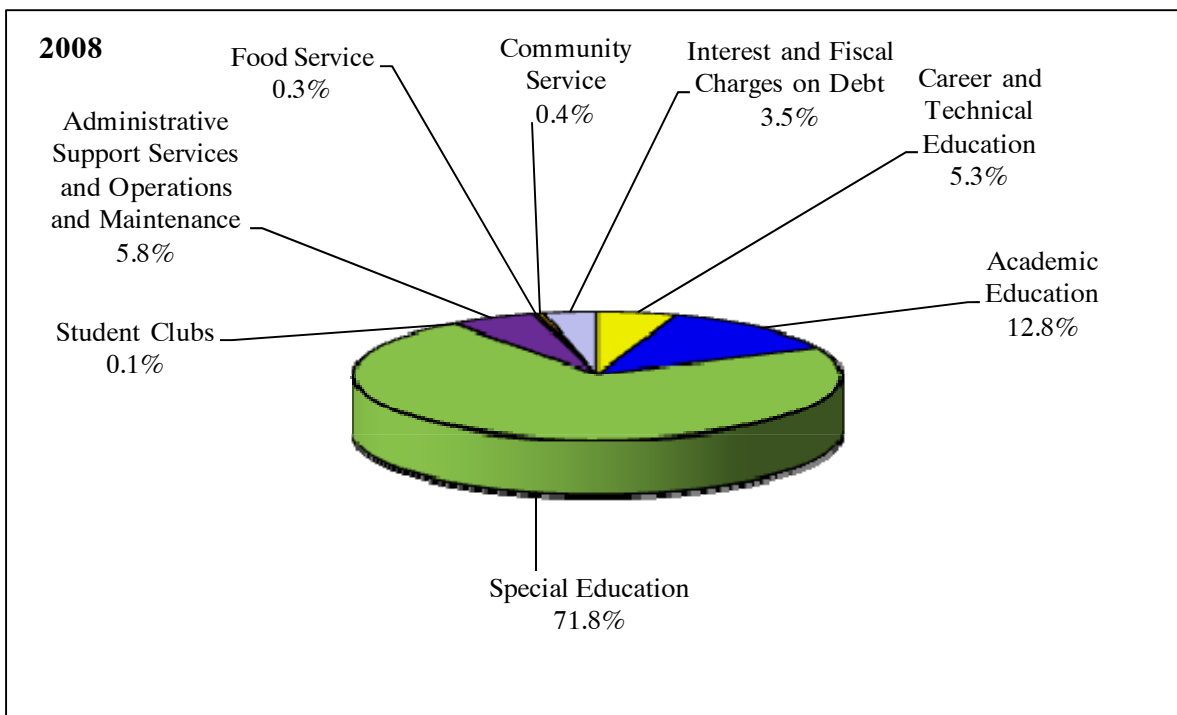
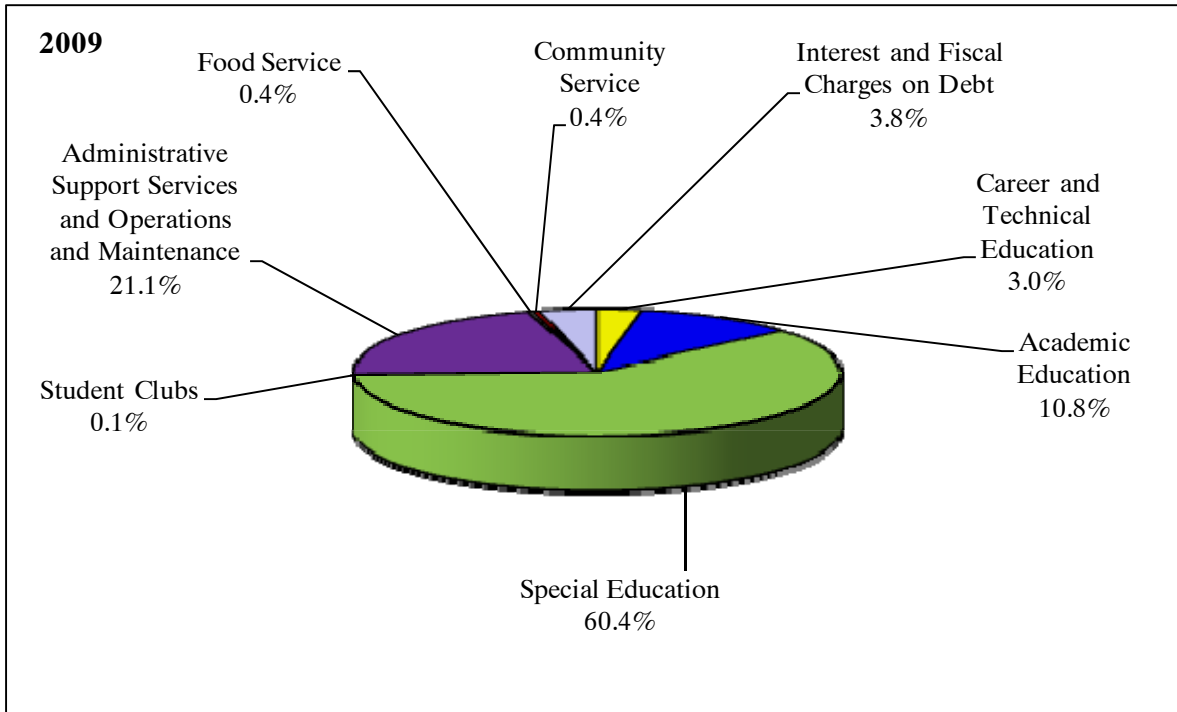
Figures A and B show further analysis of these revenue sources and expense functions:

**Figure A – Sources of Revenues for Fiscal Years 2009 and 2008**



The largest share of the District's revenue is received from member and non-member school districts from tuition charges and service fees. The most significant impact on revenue this year was the implementation of the MDE special education uniform tuition billing system. The District now receives special education revenue payments through the state, not through its tuition billing. As discussed under Table 2, this is the reason for the significant increase in operating grants and contributions in the current year.

**Figure B – Expenses for Fiscal Years 2009 and 2008**



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. The increase in administrative support services and operations and maintenance and the decrease in other major categories relates to moving all building operations and maintenance costs out of the instructional categories and into the district-wide administrative area. This and other expense classification changes were a result of the implementation of the MDE special education uniform tuition billing system.

**Table 3**  
**Net Cost of Governmental Activities**  
**for the Years Ended June 30, 2009 and 2008**

	2009		2008	
	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	\$ 2,031,279	\$ (42,542)	\$ 3,174,598	\$ (204,948)
Academic education	7,369,185	(348,407)	7,709,078	(415,279)
Special education	41,461,900	2,087,359	43,046,317	921,463
Student clubs	30,182	2,836	34,590	2,302
Administrative support services and operations and maintenance	14,507,409	3,182,956	3,485,015	325,201
Food service	302,050	(172,144)	204,638	(111,505)
Community service	289,497	(23,258)	228,778	(14,449)
Interest and fiscal charges on debt	2,603,436	(2,603,436)	2,087,803	(2,087,803)
<b>Total</b>	<b>\$ 68,594,938</b>	<b>\$ 2,083,364</b>	<b>\$ 59,970,817</b>	<b>\$ (1,585,018)</b>

**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, 2009 and 2008**

	2009	2008	Increase (Decrease)
Major funds			
General	\$ 7,789,363	\$ 5,490,299	\$ 2,299,064
Nonmajor funds			
Community Service Special Revenue	(20,067)	3,142	(23,209)
<b>Total governmental funds</b>	<b>\$ 7,769,296</b>	<b>\$ 5,493,441</b>	<b>\$ 2,275,855</b>

There was a net increase in the General Fund of \$2,299,064 as shown above. The Board of Directors fund balance policy states: "To ensure the financial strength and stability of the District, the Board of Directors will endeavor to maintain an unappropriated fund balance of at least 6 percent of the District's General Fund operating budget, excluding operating capital programs." The District was also able to transfer an amount to 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:

	<u>2009</u>	<u>2008</u>	<u>Amount of Increase (Decrease)</u>
Local sources			
Pass-through levies	\$ 6,134,620	\$ –	\$ 6,134,620
Tuition	28,370,605	54,145,979	(25,775,374)
Investment earnings	46,822	157,705	(110,883)
Other	2,394,942	3,128,512	(733,570)
State sources	33,178,712	523,268	32,655,444
Federal sources	<u>314,578</u>	<u>1,209,303</u>	<u>(894,725)</u>
 Total General Fund revenues	 <u>\$ 70,440,279</u>	 <u>\$ 59,164,767</u>	 <u>\$ 11,275,512</u>

The District received approximately \$6.1 million in property taxes that were levied for by their member districts. The pass-through levies are authorized in Minnesota Statutes to cover the District's lease costs, safe schools initiatives, and health and safety programs. During fiscal year 2009, the District began to report pass-through levies separately. In the past, these amounts were included in tuition.

The significant shift between 2008 to 2009 from tuition to state sources reflects the change brought on by the implementation of the MDE special education uniform tuition billing system. Revenue previously recognized as tuition is now recognized as state aids from the MDE.

The District also experienced increases in revenue from Medicare Assistance billing, the Math and Science Grant, and member and non-member fees to cover lease costs.

Table 6 presents a summary of General Fund expenditures:

<b>Table 6</b>			
<b>General Fund Expenditures</b>			
<b>for the Years Ended June 30, 2009 and 2008</b>			
	<u>2009</u>	<u>2008</u>	<u>Amount of Increase (Decrease)</u>
Salaries	\$ 38,003,379	\$ 34,689,885	\$ 3,313,494
Employee benefits	12,479,882	10,405,917	2,073,965
Purchased services	11,284,484	10,078,272	1,206,212
Supplies and materials	1,212,794	940,262	272,532
Other expenditures	266,417	70,793	195,624
Capital expenditures	1,065,404	619,706	445,698
Debt service	<u>3,673,379</u>	<u>1,681,606</u>	<u>1,991,773</u>
Total General Fund expenditures	<u>\$ 67,985,739</u>	<u>\$ 58,486,441</u>	<u>\$ 9,499,298</u>

In addition to salary and benefit inflationary increases, this reflects the first year of principal and interest payments on the South Education Center debt, new expenditures under the expanded safe school levy authority, and the one year grant for regional math/science teacher training. Expenditure increases also occurred in purchased services and capital expenditures mainly for data processing upgrades and building remodeling projects.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Unreserved – undesignated fund balance	\$ 1,438,160	\$ 561,124	\$ 2,796,598	\$ 2,889,686	\$ 4,691,375
Unreserved – undesignated fund balance as a percentage of noncapital related expenditures	2.5%	1.0%	5.0%	4.9%	6.9%

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 \$4,691,375 at June 30, 2009 represents 6.9 percent of annual expenditures or about 3.6 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>\$ 69,097,137</u>	<u>\$ 70,616,300</u>	<u>\$ 70,440,279</u>	<u>\$ (176,021)</u>	<u>(0.2%)</u>
Expenditures (noncapital related)	<u>\$ 67,772,951</u>	<u>\$ 69,497,999</u>	<u>\$ 67,985,739</u>	<u>\$ (1,512,260)</u>	<u>(2.2%)</u>

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

General Fund revenue was under budgeted amounts due to lower than anticipated enrollments both in the District’s ADM based programs, and elective services programs. Revenue was lower than budget from the new Math and Science Grant as well in fiscal 2009. This was offset by higher than anticipated Medicare Assistance billing revenue. General Fund expenditures were under budget due to corresponding cost containment efforts that brought expenditures in line with the lower student enrollment numbers for the year. Expenditures were also under budget in the new Math and Science Grant program.

## 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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>	<u>Net Change</u>
Land	\$ 8,838,769	\$ 8,838,769	\$ -
Buildings	12,740,489	12,836,379	(95,890)
Equipment	2,770,491	2,874,129	(103,638)
Construction in progress	24,483,794	22,603,431	1,880,363
Assets held under capital lease	1,820,432	3,700,795	(1,880,363)
Less accumulated depreciation	<u>(5,503,782)</u>	<u>(5,521,560)</u>	<u>17,778</u>
<b>Total</b>	<u><u>\$ 45,150,193</u></u>	<u><u>\$ 45,331,943</u></u>	<u><u>\$ (181,750)</u></u>
Depreciation expense	<u><u>\$ 575,337</u></u>	<u><u>\$ 523,488</u></u>	<u><u>\$ 51,849</u></u>

### Long-Term Liabilities

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

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>Total Percent Change</u>
Capital leases payable	\$ 43,514,544	\$ 44,806,074	\$ (1,291,530)	(2.9%)
Severance benefits payable	4,895,311	8,455,975	(3,560,664)	(42.1%)
Compensated absences payable	<u>293,356</u>	<u>208,599</u>	<u>84,757</u>	40.6%
<b>Total</b>	<u><u>\$ 48,703,211</u></u>	<u><u>\$ 53,470,648</u></u>	<u><u>\$ (4,767,437)</u></u>	(8.9%)

The severance benefits payable decline is mainly related to the implementation of GASB Statement No. 45 as discussed in Note 1 of the notes to basic financial statements.

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, 2009  
(With Partial Comparative Information as of June 30, 2008)

	Governmental Activities	
	2009	2008
<b>Assets</b>		
Cash and temporary investments	\$ 383,665	\$ 3,884,009
Receivables		
Accounts and interest	325,891	416,760
Due from other governmental units	19,664,901	12,922,754
Inventory	755	481
Prepaid items	33,900	372,564
Capital assets, net of depreciation		
Not depreciated	35,142,995	35,142,995
Depreciated, net of accumulated depreciation	10,007,198	10,188,948
Total capital assets, net of accumulated depreciation	<u>45,150,193</u>	<u>45,331,943</u>
Total assets	<u>\$ 65,559,305</u>	<u>\$ 62,928,511</u>
<b>Liabilities</b>		
Salaries and compensated absences payable	\$ 965,924	\$ 593,378
Accounts and contracts payable	828,199	664,919
Due to other governmental units	2,694,138	2,484,836
Unearned revenue	8,087,420	8,258,746
Accrued interest payable	661,598	440,011
Net other post-employment benefit obligation	292,515	—
Pension benefit obligation	142,108	—
Long-term liabilities		
Due within one year	1,914,554	2,077,725
Due in more than one year	46,788,657	51,392,923
Total long-term liabilities	<u>48,703,211</u>	<u>53,470,648</u>
Total liabilities	62,375,113	65,912,538
<b>Net assets (deficit)</b>		
Invested in capital assets, net of related debt	1,635,649	525,869
Restricted for		
Student clubs	43,911	41,074
Capital asset acquisition	116,287	1,244
Community service	—	3,142
Unrestricted	1,388,345	(3,555,356)
Total net assets (deficit)	<u>3,184,192</u>	<u>(2,984,027)</u>
Total liabilities and net assets	<u>\$ 65,559,305</u>	<u>\$ 62,928,511</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Activities  
 Year Ended June 30, 2009  
 (With Partial Comparative Information for the Year Ended June 30, 2008)

Functions/Programs	2009			2008	
	Expenses	Program Revenues		Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets	Revenue and Changes in Net Assets
			Governmental Activities	Governmental Activities	
<b>Governmental activities</b>					
Career and technical education	\$ 2,031,279	\$ 1,982,932	\$ 5,805	\$ (42,542)	\$ (204,948)
Academic education	7,369,185	6,604,038	416,740	(348,407)	(415,279)
Special education	41,461,900	15,822,330	27,726,929	2,087,359	921,463
Student clubs	30,182	27,059	5,959	2,836	2,302
Administrative support services and operations and maintenance	14,507,409	11,785,307	5,905,058	3,182,956	325,201
Food service	302,050	36,103	93,803	(172,144)	(111,505)
Community service	289,497	161,541	104,698	(23,258)	(14,449)
Interest and fiscal charges on debt	2,603,436	—	—	(2,603,436)	(2,087,803)
<b>Total governmental activities</b>	<b>\$ 68,594,938</b>	<b>\$ 36,419,310</b>	<b>\$ 34,258,992</b>	<b>2,083,364</b>	<b>(1,585,018)</b>
<b>General revenues</b>					
Other general revenues				111,300	949,567
Investment earnings				49,193	162,633
<b>Total general revenues</b>				<b>160,493</b>	<b>1,112,200</b>
<b>Change in net assets</b>				<b>2,243,857</b>	<b>(472,818)</b>
<b>Net assets (deficit) – beginning, as previously reported</b>				<b>(2,984,027)</b>	<b>(2,511,209)</b>
<b>Change in accounting principle</b>				<b>3,924,362</b>	<b>—</b>
<b>Net assets – beginning, as restated</b>				<b>940,335</b>	<b>(2,511,209)</b>
<b>Net assets (deficit) – ending</b>				<b>\$ 3,184,192</b>	<b>\$ (2,984,027)</b>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Balance Sheet  
 Governmental Funds  
 as of June 30, 2009  
 (With Partial Comparative Information as of June 30, 2008)

	General Fund	Nonmajor Funds	Total Governmental Funds	
			2009	2008
Assets				
Cash and temporary investments	\$ 270,852	\$ -	\$ 270,852	\$ 3,782,761
Receivables				
Accounts and interest	321,076	4,815	325,891	416,760
Due from other funds	50,350	-	50,350	24,468
Due from other governmental units	19,605,548	59,353	19,664,901	12,922,754
Inventory	-	755	755	481
Prepaid items	33,900	-	33,900	372,564
<b>Total assets</b>	<b>\$ 20,281,726</b>	<b>\$ 64,923</b>	<b>\$ 20,346,649</b>	<b>\$ 17,519,788</b>
Liabilities and Fund Balances				
Liabilities				
Salaries and compensated absences payable	\$ 921,154	\$ (3,908)	\$ 917,246	\$ 593,378
Due to other funds	-	50,350	50,350	24,468
Accounts and contracts payable	802,739	25,460	828,199	664,919
Due to other governmental units	2,682,689	11,449	2,694,138	2,484,836
Unearned revenue	8,085,781	1,639	8,087,420	8,258,746
<b>Total liabilities</b>	<b>12,492,363</b>	<b>84,990</b>	<b>12,577,353</b>	<b>12,026,347</b>
Fund balances (deficit)				
Reserved for health and safety	1,243	-	1,243	1,245
Reserved for safe schools levy	115,044	-	115,044	-
Unreserved				
Designated for severance	2,123,524	-	2,123,524	1,635,989
Designated for property	814,266	-	814,266	922,305
Designated for student clubs	43,911	-	43,911	41,074
Unreserved - undesignated, reported in				
General Fund	4,691,375	-	4,691,375	2,889,686
Community Service Special Revenue Fund	-	(20,067)	(20,067)	3,142
<b>Total fund balances (deficit)</b>	<b>7,789,363</b>	<b>(20,067)</b>	<b>7,769,296</b>	<b>5,493,441</b>
<b>Total liabilities and fund balances</b>	<b>\$ 20,281,726</b>	<b>\$ 64,923</b>	<b>\$ 20,346,649</b>	<b>\$ 17,519,788</b>

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, 2009

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

	<u>2009</u>	<u>2008</u>
Total fund balances – governmental funds	\$ 7,769,296	\$ 5,493,441
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	50,653,975	50,853,503
Accumulated depreciation	(5,503,782)	(5,521,560)
Benefit obligations reported in the Statement of Net Assets do not require the use of current financial resources and are not reported as liabilities in governmental funds until actually due.		
Net other post-employment benefit obligation	(292,515)	–
Net pension benefit obligation	(142,108)	–
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.		
	(661,598)	(440,011)
Long-term liabilities are included in net assets, but are excluded from fund balances until due and payable.		
Capital leases payable	(43,514,544)	(44,806,074)
Severance benefits payable	(4,895,311)	(8,455,975)
Compensated absences payable	(293,356)	(208,599)
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>64,135</u>	<u>101,248</u>
Total net assets – governmental activities	<u>\$ 3,184,192</u>	<u>\$ (2,984,027)</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, 2009  
 (With Partial Comparative Information for the Year Ended June 30, 2008)

	General Fund	Nonmajor Funds	Total Governmental Funds	
			2009	2008
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 6,134,620	\$ -	\$ 6,134,620	\$ -
Tuition	28,370,605	126,576	28,497,181	54,285,370
Investment earnings	46,822	-	46,822	162,633
Other	2,394,942	71,068	2,466,010	3,169,131
State sources	33,178,712	4,089	33,182,801	526,269
Federal sources	314,578	194,412	508,990	1,354,594
Total revenue	<u>70,440,279</u>	<u>396,145</u>	<u>70,836,424</u>	<u>59,497,997</u>
<b>Expenditures</b>				
Current				
Career and technical education	1,982,275	-	1,982,275	3,109,895
Academic education	7,207,247	-	7,207,247	7,709,634
Special education	40,891,197	-	40,891,197	42,424,179
Student clubs	30,182	-	30,182	34,590
Administrative support services and operations and maintenance	14,201,459	-	14,201,459	3,526,537
Food service	-	302,050	302,050	228,633
Community service	-	289,448	289,448	228,974
Capital outlay				
Capital expenditures	-	-	-	81,023
Debt service				
Principal	1,291,530	-	1,291,530	582,037
Interest and fiscal charges	2,381,849	-	2,381,849	1,099,569
Total expenditures	<u>67,985,739</u>	<u>591,498</u>	<u>68,577,237</u>	<u>59,025,071</u>
Excess (deficiency) of revenue over expenditures	2,454,540	(195,353)	2,259,187	472,926
<b>Other financing sources (uses)</b>				
Transfers in	-	172,144	172,144	135,499
Transfers (out)	(172,144)	-	(172,144)	(135,499)
Sale of capital assets	16,668	-	16,668	-
Total other financing sources (uses)	<u>(155,476)</u>	<u>172,144</u>	<u>16,668</u>	<u>-</u>
Net change in fund balances	2,299,064	(23,209)	2,275,855	472,926
<b>Fund balances (deficit)</b>				
Beginning of year	<u>5,490,299</u>	<u>3,142</u>	<u>5,493,441</u>	<u>5,020,515</u>
End of year	<u>\$ 7,789,363</u>	<u>\$ (20,067)</u>	<u>\$ 7,769,296</u>	<u>\$ 5,493,441</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, 2009  
(With Partial Comparative Information for the Year Ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
Total net change in fund balances – governmental funds	\$ 2,275,855	\$ 472,926
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	530,189	446,703
Depreciation expense	(575,337)	(523,488)
Repayment of long-term debt principal does not affect the change in net assets. However, it reduces fund balances.		
Capital lease payable	1,291,530	582,037
Net other post-employment and pension benefit obligations reported in the Statement of Activities do not require the use of current financial resources and are not reported until actually due.		
	(434,623)	–
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.		
	(221,587)	(988,234)
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.		
	(136,602)	(453,944)
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.		
	(37,113)	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 payable	(363,698)	(43,543)
Severance benefits payable	(84,757)	(66,523)
Change in net assets – governmental activities	<u>\$ 2,243,857</u>	<u>\$ (472,818)</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, 2009

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 6,904,019	\$ 7,386,289	\$ 6,134,620	\$ (1,251,669)
Tuition	24,882,980	25,087,220	28,370,605	3,283,385
Investment earnings	170,000	70,000	46,822	(23,178)
Other	2,155,116	3,042,731	2,394,942	(647,789)
State sources	34,791,367	34,644,006	33,178,712	(1,465,294)
Federal sources	193,655	386,054	314,578	(71,476)
Total revenue	<u>69,097,137</u>	<u>70,616,300</u>	<u>70,440,279</u>	<u>(176,021)</u>
<b>Expenditures</b>				
Current				
Career and technical education	1,953,283	2,022,671	1,982,275	(40,396)
Academic education	7,255,664	7,411,750	7,207,247	(204,503)
Special education	39,586,121	41,146,624	40,891,197	(255,427)
Student clubs	28,800	28,800	30,182	1,382
Administrative support services and operations and maintenance	15,275,708	15,214,775	14,201,459	(1,013,316)
Debt service				
Principal	1,291,528	1,291,530	1,291,530	-
Interest and fiscal charges	2,381,847	2,381,849	2,381,849	-
Total expenditures	<u>67,772,951</u>	<u>69,497,999</u>	<u>67,985,739</u>	<u>(1,512,260)</u>
Excess (deficiency) of revenue over expenditures	1,324,186	1,118,301	2,454,540	1,336,239
<b>Other financing sources (uses)</b>				
Transfers (out)	-	(187,614)	(172,144)	15,470
Sale of capital assets	-	-	16,668	16,668
Total other financing sources (uses)	<u>-</u>	<u>(187,614)</u>	<u>(155,476)</u>	<u>32,138</u>
Net change in fund balances	<u>\$ 1,324,186</u>	<u>\$ 930,687</u>	<u>2,299,064</u>	<u>\$ 1,368,377</u>
<b>Fund balances</b>				
Beginning of year			<u>5,490,299</u>	
End of year			<u>\$ 7,789,363</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, 2009  
 (With Partial Comparative Information for the Year Ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
Assets		
Current assets		
Cash and temporary investments	\$ 112,813	\$ 101,248
Liabilities		
Salaries and benefits payable	<u>48,678</u>	<u>—</u>
Net assets		
Unrestricted	<u>\$ 64,135</u>	<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, 2009  
 (With Partial Comparative Information for the Year Ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
Operating revenue		
Contributions from governmental funds	\$ 452,782	\$ 435,300
Operating expenses		
Dental benefit claims and expenses	<u>492,266</u>	<u>334,052</u>
Operating income (loss)	(39,484)	101,248
Non-operating revenue		
Investment earnings	<u>2,371</u>	<u>-</u>
Change in net assets	(37,113)	101,248
Net assets		
Beginning of year	<u>101,248</u>	<u>-</u>
End of year	<u>\$ 64,135</u>	<u>\$ 101,248</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, 2009  
 (With Partial Comparative Information for the Year Ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 452,782	\$ 435,300
Payments for dental claims	<u>(443,588)</u>	<u>(334,052)</u>
Net cash provided (used) by operating activities	9,194	101,248
Cash flows from investing activities		
Interest on investments	<u>2,371</u>	<u>—</u>
Net change in cash and cash equivalents	11,565	101,248
Cash and temporary investments		
Beginning of year	<u>101,248</u>	<u>—</u>
End of year	<u><u>\$ 112,813</u></u>	<u><u>\$ 101,248</u></u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	\$ (39,484)	\$ 101,248
Increase in claims payable	<u>48,678</u>	<u>—</u>
Net cash provided by operating activities	<u><u>\$ 9,194</u></u>	<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, 2009

	<u>Employee Benefit Trust Fund</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and investments	\$ 87,281	\$ 227,156
Cash and investments held by trustee	-	2,198,829
Due from other governmental units	-	453,321
	<hr/>	<hr/>
Total assets	87,281	<u>\$ 2,879,306</u>
<b>Liabilities</b>		
Checks issued, but not presented for payment	-	\$ 121,171
Accounts and contracts payable	-	408,939
Due to other governmental units	76,133	2,349,196
	<hr/>	<hr/>
Total liabilities	<u>76,133</u>	<u>\$ 2,879,306</u>
<b>Net assets</b>		
Held in trust for flexible benefits	<u>\$ 11,148</u>	

Statement of Changes in Fiduciary Net Assets  
Year Ended June 30, 2009

	<u>Employee Benefit Trust Fund</u>
<b>Additions</b>	
Plan member contributions	\$ 345,078
<b>Deductions</b>	
Benefits to plan members	<u>341,688</u>
Change in net assets	3,390
<b>Net assets</b>	
Beginning of year	<u>7,758</u>
End of year	<u>\$ 11,148</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Notes to Basic Financial Statements  
June 30, 2009

**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.

#### Proprietary Fund

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

#### Fiduciary Fund

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

**Agency Funds** – Agency funds are established to account for cash and other assets held by the District as an agent for others. These funds are used to account for the transactions of the District’s capital lease escrows for the South Education Center Projects, 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, Food Service Special Revenue Fund, and Community Service Special Revenue Fund. Legal budgetary control is at the fund level. Supplemental budgetary appropriations included an increase in General Fund revenues of \$1,519,163 and an increase in expenditures of \$1,725,048. Budgeted appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the Community Service Special Revenue Fund by \$11,583.

### 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.

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

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.

### **K. Unearned Revenue**

The District bills member districts for fiscal 2010 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.

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

### **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. 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. Severance is recorded as a liability in the government-wide statements as it is earned and it becomes probable that it will vest at some point in the future. Severance or retirement pay is accrued in the governmental fund financial statements only when it becomes due and payable.

### **O. Tuition Billings**

The District's policy is to recognize tuition revenue in the fiscal year that corresponds with the fiscal year in which the educational services are rendered to resident districts. Therefore, tuition revenue for the year ended June 30, 2009 represents services performed during the 2008–2009 fiscal year.

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

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

**P. Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers’ compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District’s insurance coverage in fiscal 2009.

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 \$48,678 reported in the Internal Service Fund at June 30, 2009 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
June 30, 2009	\$ –	\$ 456,582	\$ 407,904	\$ 48,678
June 30, 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.

**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.

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

### 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.

### U. Change in Accounting Principle

For the year ended June 30, 2009, the District has implemented 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 financial reporting for other post-employment benefits (OPEB) and other pension benefits accounted for in financial statements of plan sponsors and employers. OPEB refers to non-pension benefits provided after the termination of employment. One example of this type of benefit is healthcare premiums paid by the employers on behalf of former employees. Pension benefits refer to benefits provided to eligible employees after the termination of employment. One example of this type of benefit is payment of lump sum amounts to employees who have reached years of service thresholds and are paid based on a certain number of days based on a daily rate of pay. Governmental entities have traditionally accounted for OPEB and pension benefits on a pay-as-you-go basis. The guidance in this statement rests on the assumption that OPEB and pension benefits should be accrued as service is provided by employees.

The implementation of this standard caused the net asset balance as of July 1, 2008 in the District's government-wide statements to change from a deficit of (\$2,984,027) to a balance of \$940,335. The District is implementing this standard prospectively, meaning there is no OPEB and pension benefit liability accrued for past service at the date of transition. Therefore, this change in accounting principle resulted in the removal of the \$3,924,362 of estimated OPEB liability the District had reported prior to the implementation of this new standard. More information on these liabilities is included later in these notes.

## 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.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

At year-end, the carrying amount of the District's deposits was a deficit of (\$979,595) while the balance on the bank records was \$3,644. At June 30, 2009, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

### B. Cash on Hand

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

### C. Investments

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

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

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

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

**Concentration Risk** – This is the risk associated with investing a significant portion of the District's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policy does not further address these potential risks.

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

**D. Summary Information**

The following table presents the District’s deposit and investment balances at June 30, 2009, and information relating to potential investment risks:

Investment Type	Credit Risk		Interest Rate Risk	Carrying Value
	Credit Rating	Rating Agency	Maturity Date	
Negotiable certificates of deposit	N/A	N/A	< 1 year	\$ 1,467,631
Investment pools/mutual funds				
Minnesota School District Liquid Asset Fund				
Liquid portfolio	AAAm	S&P	N/A	1,554,745
Max portfolio	AAAm	S&P	N/A	1,131
Money market accounts	AAA	S&P	N/A	731,198
Total investments				3,754,705
Deposits				(979,595)
Cash on hand				650
Total cash and investments				<u>\$ 2,775,760</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	\$ 383,665
Cash and investments – Statement of Fiduciary Net Assets – Employee Benefit Trust Fund	87,281
Agency Fund	227,156
Checks issued, but not presented for payment – Statement of Fiduciary Net Assets – Agency Fund	(121,171)
Cash and investments held by trustee – Statement of Fiduciary Net Assets – Agency Fund	2,198,829
Total cash and investments	<u>\$ 2,775,760</u>

### NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 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	3,700,795	–	–	(1,880,363)	1,820,432
Construction in progress	22,603,431	–	–	1,880,363	24,483,794
Total capital assets, not depreciated	35,142,995	–	–	–	35,142,995
Capital assets, depreciated					
Buildings	12,836,379	363,927	(459,817)	–	12,740,489
Equipment	2,874,129	166,262	(269,900)	–	2,770,491
Total capital assets, depreciated	15,710,508	530,189	(729,717)	–	15,510,980
Less accumulated depreciation for					
Buildings	(3,263,311)	(362,228)	332,573	–	(3,292,966)
Equipment	(2,258,249)	(213,109)	260,542	–	(2,210,816)
Total accumulated depreciation	(5,521,560)	(575,337)	593,115	–	(5,503,782)
Net capital assets, depreciated	10,188,948	(45,148)	(136,602)	–	10,007,198
Total capital assets, net	\$ 45,331,943	\$ (45,148)	\$ (136,602)	\$ –	\$ 45,150,193

Depreciation expense for the year ended June 30, 2009 was charged to the following governmental functions:

Career and technical education	\$ 5,976
Academic education	179,145
Special education	212,680
Administrative support services	177,536
Total depreciation expense	\$ 575,337

### NOTE 4 – LONG-TERM LIABILITIES

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

	June 30, 2008	Change in Accounting Principle*	Revised Balance – June 30, 2008	Additions	Retirements	June 30, 2009	Due Within One Year
Capital leases payable	\$ 44,806,074	\$ –	\$ 44,806,074	\$ –	\$ 1,291,530	\$ 43,514,544	\$ 1,360,902
Severance benefits payable	8,455,975	(3,924,362)	4,531,613	833,732	470,034	4,895,311	260,296
Compensated absences payable	208,599	–	208,599	122,385	37,628	293,356	293,356
	\$ 53,470,648	\$ (3,924,362)	\$ 23,639,196	\$ 956,117	\$ 1,799,192	\$ 48,703,211	\$ 1,914,554

\*Adjustment is for the change in accounting principle described earlier in these notes.

**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, 2009:

Capital Lease Issue	Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding
North Vector	02/15/2005	5.37%	\$ 96,000	01/15/2025	\$ 83,603
Bren Road	08/31/2004	5.52%	\$ 9,000,000	01/15/2025	8,047,974
South Education Center – Land	01/06/2006	5.46%	\$ 7,600,000	01/01/2028	7,538,467
Technology	02/14/2006	4.78%	\$ 1,400,000	03/15/2013	859,556
South Education Center – Construction	10/10/2006	5.30%	\$ 25,400,000	01/01/2032	26,984,944
Total capital leases payable					<u>\$ 43,514,544</u>

The assets acquired through the capital leases have been recorded in capital assets within land of \$7,600,000, building and equipment costs of \$9,591,774, construction in progress of \$24,483,794, and assets held under capital lease of \$1,820,432. The building and equipment costs are depreciated using the straight-line method over the life of the leases. The lease obligations will be repaid through the General Fund.

- 2. 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:

Year Ending June 30,	Principal	Interest
2010	\$ 1,360,902	\$ 2,312,477
2011	1,434,008	2,239,371
2012	1,511,050	2,162,330
2013	1,592,238	2,081,141
2014	1,436,309	1,998,433
2015–2019	8,448,232	8,725,479
2020–2024	11,023,154	6,150,558
2025–2029	10,329,901	3,114,396
2030–2033	6,378,750	693,150
	<u>\$ 43,514,544</u>	<u>\$ 29,477,335</u>

**NOTE 5 – RESERVED AND DESIGNATED FUND BALANCES**

In the fund financial statements, fund balances are reserved based on state requirements to track special program funding, to provide funding for certain long-term liabilities, or as required by other outside parties. In addition, the District’s Board of Directors has designated portions of fund balance for specific future uses. At June 30, 2009, the District has recorded the following reservations and designations of fund balance:

	<u>Reserved</u>	<u>Designated</u>
General Fund		
Reserved for health and safety	\$ 1,243	\$ –
Reserved for safe schools levy	115,044	–
Designated for severance	–	2,123,524
Designated for property	–	814,266
Designated for student clubs	–	43,911
	<u>–</u>	<u>–</u>
Total General Fund	<u>\$ 116,287</u>	<u>\$ 2,981,701</u>

**NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN**

During fiscal 2009, the District prospectively implemented the requirements of a new accounting pronouncement, GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.”

**A. Plan Description**

The District provides post-employment benefits to certain eligible employees through the District’s Other Post-Employment Benefits Plan, a single-employer defined benefit plan administered by the District. There are 677 active plan participants and 34 retired plan participants. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

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

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

**NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

**B. Funding Policy**

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

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

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

Annual required contribution	\$	481,823
Interest on net pension obligation		–
Adjustment to annual required contribution		–
Annual pension cost (expense)		<u>481,823</u>
Contributions made		<u>189,308</u>
Increase in net other post-employment benefit obligation		292,515
Net other post-employment benefit obligation – beginning of year		<u>–</u>
Net other post-employment benefit obligation – end of year	\$	<u><u>292,515</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Other Post-Employment Benefit Obligation</u>
June 30, 2009	\$ 481,823	\$ 189,308	39.3%	\$ 292,515

**D. Funded Status and Funding Progress**

As of July 1, 2006, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,789,783, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,789,783. The covered payroll (annual payroll of active employees covered by the plan) was \$32,746,105, and the ratio of the UAAL to the covered payroll was 11.6 percent.

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

## **NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

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

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

In the July 1, 2006 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 6.0 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 4.0 percent rate of projected salary increases; an annual healthcare cost trend rate of 12.0 percent initially, reduced by decrements to an ultimate rate of 6.0 percent after 6 years. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period at July 1, 2006 was 30 years.

## **NOTE 7 – PENSION BENEFITS PLAN**

During fiscal 2009, the District prospectively implemented the requirements of a new accounting pronouncement, GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions."

### **A. Plan Description**

The District provides post-employment pension benefits to certain eligible employees through the District's Pension Benefits Plan, a single-employer defined benefit plan administered by the District. There are 677 active plan participants and 34 retired plan participants. All pension benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

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

### **B. Funding Policy**

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

**NOTE 7 – PENSION BENEFITS PLAN (CONTINUED)**

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

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

Annual required contribution	\$	418,680
Interest on net pension obligation		–
Adjustment to annual required contribution		–
Annual pension cost (expense)		<u>418,680</u>
Contributions made		<u>276,572</u>
Increase in net pension obligation		142,108
Net pension obligation – beginning of year		<u>–</u>
Net pension obligation – end of year	<u>\$</u>	<u>142,108</u>

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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2009	\$ 418,680	\$ 276,572	66.1%	\$ 142,108

**D. Funded Status and Funding Progress**

As of July 1, 2006, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,822,780, and the actuarial value of assets was \$0, resulting in an UAAL of \$3,822,780. The covered payroll (annual payroll of active employees covered by the plan) was \$32,746,105 and the ratio of the UAAL to the covered payroll was 11.7 percent.

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

## **NOTE 7 – PENSION BENEFITS PLAN (CONTINUED)**

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

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

In the July 1, 2006 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 6.0 percent investment rate of return (net of administrative expenses) based on the District's own investments and a 4.0 percent salary increase for all members. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period at July 1, 2006 was 30 years.

## **NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

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

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

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

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

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

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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

**Tier I**

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

With these provisions:

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

**Tier II**

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

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

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

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

## **NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

TRA publicly issues a 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](http://tra.state.mn.us). Alternatively, a copy of the report may be obtained by writing or calling TRA at Teachers' Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-4000 or by calling (651) 296-6449 or (800) 657-3853.

### **B. Funding Policy**

Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. These statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 5.5 percent and 9.0 percent, respectively, of their annual covered salary as employee contributions. The employer contribution rate for Coordinated Plan members was 5.5 percent and 9.5 percent for Basic Plan members. Total covered payroll salaries for all TRA members state-wide during fiscal year June 30, 2008 was approximately \$3.645 billion.

The District's contributions for the years ended June 30, 2009, 2008, and 2007 were \$1,303,810, \$1,223,130, and \$1,079,400, respectively, equal to the contractually required contributions for each year as set by state statutes.

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

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

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

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

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

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

## **NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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

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

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

### **B. Funding Policy**

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic and Coordinated Plan members were required to contribute 9.1 percent and 6.0 percent, respectively, of their annual covered salary in 2008. The District is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan PERF members and 6.5 percent for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan increased to 6.75 percent, effective January 1, 2009. The District's contributions to PERF for the years ended June 30, 2009, 2008, and 2007 were \$830,999, \$692,199, and \$618,958, respectively, equal to the contractually required contributions for each year as set by state statutes.

## **NOTE 9 – 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.

## NOTE 9 – FLEXIBLE BENEFIT PLAN (CONTINUED)

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 10 – COMMITMENTS AND CONTINGENCIES

### A. Federal and State Revenue

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

### B. Legal Contingencies

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

## NOTE 11 – OPERATING LEASES

The District is leasing equipment, buildings, and space in several locations. The District incurred costs of approximately \$2,647,500 for operating leases during the year ended June 30, 2009. These leases are scheduled to expire on various dates through 2014. Many of the leases are negotiated on a yearly basis and payment commitments extend out one year. The following is a summary of minimum lease payment commitments for all operating leases:

Year Ending June 30,	Amount
2010	\$ 2,595,088
2011	769,590
2012	652,703
2013	330,769
2014	44,388
	<u>\$ 4,392,538</u>

## NOTE 12 – SUBSEQUENT EVENTS

In July 2009, the District issued \$8,570,000 of Refunding Certificates of Participation, Series 2009A. Proceeds from this sale will be used to refund in advance of maturity the January 15, 2010 through January 15, 2025 payments of the Bren Road capital lease. These certificates will mature February 1, 2025 and bear interest rates ranging from 1.65 percent to 5.00 percent.

## **NOTE 12 – SUBSEQUENT EVENTS (CONTINUED)**

In October 2009, the District issued \$4,895,000 of Aid Anticipation Certificates of Indebtedness, Series 2009B. The certificates will mature on September 30, 2010 and bear an interest rate of 2.50 percent.

In December 2009, the District issued certificates of participation for the purchase of the Edgewood School Building. The District issued \$3,200,000 of Certificates of Participation, Series 2010A. The certificates will mature on February 1, 2014 and bear an interest rate ranging from 2–4 percent. The District also issued \$2,050,000 Taxable Certificates of Participation, Series 2010B. The certificates will mature on February 1, 2019 and bear an interest rate of 5.48 percent.

## **NOTE 13 – INDIVIDUAL FUND DISCLOSURES**

### **A. Interfund Balances**

At June 30, 2009, the District's Food Service Special Revenue and Community Service Special Revenue Funds had interfund borrowing of \$3,145 and \$47,205, 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 \$172,144 to the Food Service Special Revenue Fund. The transfer was made to finance the operations of the Food Service Special Revenue Fund.

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

At June 30, 2009, the District reported a deficit fund balance of \$20,067 in its Community Service Special Revenue Fund.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 287

Schedules of Funding Progress  
June 30, 2009

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

**Other Post-Employment Benefits Plan**

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Plan Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Payroll</u>
July 1, 2006	\$ 3,789,783	\$ -	\$ 3,789,783	- %	\$ 32,746,105	11.6 %

**Pension Benefits Plan**

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Plan Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Payroll</u>
July 1, 2006	\$ 3,822,780	\$ -	\$ 3,822,780	- %	\$ 32,746,105	11.7 %

COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds  
 Combining Balance Sheet  
 as of June 30, 2009

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Total
Assets			
Receivables			
Accounts and interest	\$       —	\$     4,815	\$     4,815
Due from other governmental units	14,400	44,953	59,353
Inventory	755	—	755
Total assets	<u>\$   15,155</u>	<u>\$   49,768</u>	<u>\$   64,923</u>
Liabilities and Fund Balances			
Liabilities			
Salaries and compensated absences payable	\$       —	\$   (3,908)	\$   (3,908)
Due to other funds	3,145	47,205	50,350
Accounts payable	1,067	24,393	25,460
Due to other governmental units	10,943	506	11,449
Unearned revenue	—	1,639	1,639
Total liabilities	<u>15,155</u>	<u>69,835</u>	<u>84,990</u>
Fund balances (deficit)			
Unreserved – undesignated	—	(20,067)	(20,067)
Total liabilities and fund balances	<u>\$   15,155</u>	<u>\$   49,768</u>	<u>\$   64,923</u>

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Year Ended June 30, 2009

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Total
<b>Revenue</b>			
Local sources			
Tuition	\$       —	\$    126,576	\$    126,576
Other	36,103	34,965	71,068
State sources	4,089	—	4,089
Federal sources	89,714	104,698	194,412
Total revenue	<u>129,906</u>	<u>266,239</u>	<u>396,145</u>
<b>Expenditures</b>			
Current			
Food service	302,050	—	302,050
Community service	—	289,448	289,448
Total expenditures	<u>302,050</u>	<u>289,448</u>	<u>591,498</u>
Excess (deficiency) of revenue over expenditures	(172,144)	(23,209)	(195,353)
<b>Other financing sources</b>			
Transfers in	<u>172,144</u>	—	<u>172,144</u>
Net change in fund balance	—	(23,209)	(23,209)
<b>Fund balances (deficit)</b>			
Beginning of year	<u>—</u>	<u>3,142</u>	<u>3,142</u>
End of year	<u>\$       —</u>	<u>\$    (20,067)</u>	<u>\$    (20,067)</u>

INTERMEDIATE DISTRICT NO. 287

General Fund  
Comparative Balance Sheet  
as of June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Cash and temporary investments	\$ 270,852	\$ 3,782,761
Receivables		
Accounts and interest	321,076	410,485
Due from other funds	50,350	24,468
Due from other governmental units	19,605,548	12,889,536
Prepaid items	<u>33,900</u>	<u>372,564</u>
Total assets	<u>\$ 20,281,726</u>	<u>\$ 17,479,814</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Salaries and compensated absences payable	\$ 921,154	\$ 593,110
Accounts and contracts payable	802,739	654,126
Due to other governmental units	2,682,689	2,484,836
Unearned revenue	<u>8,085,781</u>	<u>8,257,443</u>
Total liabilities	12,492,363	11,989,515
<b>Fund balances</b>		
Reserved for health and safety	1,243	1,245
Reserved for safe schools levy	115,044	-
Unreserved		
Designated for severance	2,123,524	1,635,989
Designated for property	814,266	922,305
Designated for student clubs	43,911	41,074
Undesignated	<u>4,691,375</u>	<u>2,889,686</u>
Total fund balances	<u>7,789,363</u>	<u>5,490,299</u>
Total liabilities and fund balances	<u>\$ 20,281,726</u>	<u>\$ 17,479,814</u>

INTERMEDIATE DISTRICT NO. 287

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2009  
 (With Comparative Actual Amounts for the Year Ended June 30, 2008)

	2009		Over (Under) Budget	2008
	Budget	Actual		Actual
Revenue				
Local sources				
Pass-through levies	\$ 7,386,289	\$ 6,134,620	\$ (1,251,669)	\$ -
Tuition	25,087,220	28,370,605	3,283,385	54,145,979
Investment earnings	70,000	46,822	(23,178)	157,705
Other	3,042,731	2,394,942	(647,789)	3,128,512
State sources	34,644,006	33,178,712	(1,465,294)	523,268
Federal sources	386,054	314,578	(71,476)	1,209,303
Total revenue	<u>70,616,300</u>	<u>70,440,279</u>	<u>(176,021)</u>	<u>59,164,767</u>
Expenditures				
Current				
Career and technical education	2,022,671	1,982,275	(40,396)	3,109,895
Academic education	7,411,750	7,207,247	(204,503)	7,709,634
Special education	41,146,624	40,891,197	(255,427)	42,424,179
Student clubs	28,800	30,182	1,382	34,590
Administrative support services and operations and maintenance	15,214,775	14,201,459	(1,013,316)	3,526,537
Debt service				
Principal	1,291,530	1,291,530	-	582,037
Interest and fiscal charges	2,381,849	2,381,849	-	1,099,569
Total expenditures	<u>69,497,999</u>	<u>67,985,739</u>	<u>(1,512,260)</u>	<u>58,486,441</u>
Excess (deficiency) of revenue over expenditures	1,118,301	2,454,540	1,336,239	678,326
Other financing sources (uses)				
Transfers (out)	(187,614)	(172,144)	15,470	(135,499)
Sale of capital assets	-	16,668	16,668	-
Total other financing sources (uses)	<u>(187,614)</u>	<u>(155,476)</u>	<u>32,138</u>	<u>(135,499)</u>
Net change in fund balances	<u>\$ 930,687</u>	<u>2,299,064</u>	<u>\$ 1,368,377</u>	<u>542,827</u>
Fund balances				
Beginning of year		<u>5,490,299</u>		<u>4,947,472</u>
End of year		<u>\$ 7,789,363</u>		<u>\$ 5,490,299</u>

INTERMEDIATE DISTRICT NO. 287

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account  
 Year Ended June 30, 2009

	Career and Technical Education Account	Academic Education Account	Special Education Account	Administrative Account	Severance and Property Account	Student Clubs Account	Total
<b>Revenue</b>							
Local sources							
Pass-through levies	\$ -	\$ 283,510	\$ -	\$ 5,851,110	\$ -	\$ -	\$ 6,134,620
Tuition	1,779,826	5,634,523	15,607,113	5,349,143	-	-	28,370,605
Investment earnings	24,191	39,121	241,458	(257,948)	-	-	46,822
Other	231,356	767,619	320,873	1,042,075	-	33,019	2,394,942
State sources	-	355,219	27,646,667	5,176,826	-	-	33,178,712
Federal sources	5,805	-	19,420	289,353	-	-	314,578
Total revenue	<u>2,041,178</u>	<u>7,079,992</u>	<u>43,835,531</u>	<u>17,450,559</u>	<u>-</u>	<u>33,019</u>	<u>70,440,279</u>
<b>Expenditures</b>							
Current							
Career and technical education	1,982,275	-	-	-	-	-	1,982,275
Academic education	-	7,207,247	-	-	-	-	7,207,247
Special education	-	-	40,891,197	-	-	-	40,891,197
Student clubs	-	-	-	-	-	30,182	30,182
Administrative support services and operations and maintenance	-	-	-	14,093,420	108,039	-	14,201,459
Debt service							
Principal	19,259	13,920	122,040	1,136,311	-	-	1,291,530
Interest and fiscal charges	4,843	3,500	30,688	2,342,818	-	-	2,381,849
Total expenditures	<u>2,006,377</u>	<u>7,224,667</u>	<u>41,043,925</u>	<u>17,572,549</u>	<u>108,039</u>	<u>30,182</u>	<u>67,985,739</u>
Excess (deficiency) of revenue over expenditures	34,801	(144,675)	2,791,606	(121,990)	(108,039)	2,837	2,454,540
Other financing sources (uses)							
Interfund transfers	41,538	(66,866)	(402,126)	(60,081)	487,535	-	-
Transfers in (out)	-	-	-	(172,144)	-	-	(172,144)
Sale of capital assets	-	-	-	16,668	-	-	16,668
Total other financing sources (uses)	<u>41,538</u>	<u>(66,866)</u>	<u>(402,126)</u>	<u>(215,557)</u>	<u>487,535</u>	<u>-</u>	<u>(155,476)</u>
Net change in fund balances	76,339	(211,541)	2,389,480	(337,547)	379,496	2,837	2,299,064
Fund balances (deficit)							
Beginning of year	<u>256,947</u>	<u>(113,294)</u>	<u>2,746,033</u>	<u>1,245</u>	<u>2,558,294</u>	<u>41,074</u>	<u>5,490,299</u>
End of year	<u>\$ 333,286</u>	<u>\$ (324,835)</u>	<u>\$ 5,135,513</u>	<u>\$ (336,302)</u>	<u>\$ 2,937,790</u>	<u>\$ 43,911</u>	<u>\$ 7,789,363</u>

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, 2009  
 (With Comparative Actual Amounts for the Year Ended June 30, 2008)

	2009		Over (Under) Budget	2008
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Tuition	\$ 1,695,063	\$ 1,779,826	\$ 84,763	\$ 1,983,668
Investment earnings	–	24,191	24,191	–
Other	475,290	231,356	(243,934)	155,873
Federal sources	–	5,805	5,805	833,490
Total revenue	<u>2,170,353</u>	<u>2,041,178</u>	<u>(129,175)</u>	<u>2,973,031</u>
<b>Expenditures</b>				
Career and technical education				
Salaries and wages	1,190,408	1,231,364	40,956	1,368,182
Employee benefits	353,845	315,505	(38,340)	323,441
Purchased services	269,329	264,786	(4,543)	1,273,884
Supplies and materials	177,614	142,306	(35,308)	97,698
Capital expenditures	3,500	–	(3,500)	2,172
Other	27,975	28,314	339	44,518
Debt service				
Principal	19,259	19,259	–	18,371
Interest and fiscal charges	4,843	4,843	–	5,732
Total expenditures	<u>2,046,773</u>	<u>2,006,377</u>	<u>(40,396)</u>	<u>3,133,998</u>
Excess (deficiency) of revenue over expenditures	123,580	34,801	(88,779)	(160,967)
Other financing sources				
Interfund transfers	–	41,538	41,538	–
Net change in fund balances	<u>\$ 123,580</u>	<u>76,339</u>	<u>\$ (47,241)</u>	<u>(160,967)</u>
<b>Fund balances</b>				
Beginning of year		<u>256,947</u>		<u>417,914</u>
End of year		<u>\$ 333,286</u>		<u>\$ 256,947</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, 2009  
 (With Comparative Actual Amounts for the Year Ended June 30, 2008)

	2009		Over (Under) Budget	2008
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 283,510	\$ 283,510	\$ –	\$ –
Tuition	5,397,207	5,634,523	237,316	6,582,423
Investment earnings	–	39,121	39,121	–
Other	983,330	767,619	(215,711)	722,262
State sources	170,000	355,219	185,219	172,295
Federal sources	–	–	–	99,456
Total revenue	<u>6,834,047</u>	<u>7,079,992</u>	<u>245,945</u>	<u>7,576,436</u>
<b>Expenditures</b>				
Academic education				
Salaries and wages	4,995,287	5,011,949	16,662	4,682,253
Employee benefits	1,425,168	1,365,875	(59,293)	1,258,640
Purchased services	801,059	706,103	(94,956)	1,547,676
Supplies and materials	168,336	109,641	(58,695)	176,809
Capital expenditures	20,700	12,832	(7,868)	39,289
Other	1,200	847	(353)	4,967
Debt service				
Principal	13,920	13,920	–	13,278
Interest and fiscal charges	3,500	3,500	–	4,143
Total expenditures	<u>7,429,170</u>	<u>7,224,667</u>	<u>(204,503)</u>	<u>7,727,055</u>
Excess (deficiency) of revenue over expenditures	(595,123)	(144,675)	450,448	(150,619)
<b>Other financing (uses)</b>				
Interfund transfers	<u>–</u>	<u>(66,866)</u>	<u>(66,866)</u>	<u>–</u>
Net change in fund balances	<u>\$ (595,123)</u>	<u>(211,541)</u>	<u>\$ 383,582</u>	<u>(150,619)</u>
<b>Fund balances (deficit)</b>				
Beginning of year		<u>(113,294)</u>		<u>37,325</u>
End of year		<u>\$ (324,835)</u>		<u>\$ (113,294)</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, 2009  
 (With Comparative Actual Amounts for the Year Ended June 30, 2008)

	2009		Over (Under) Budget	2008
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Tuition	\$ 13,648,507	\$ 15,607,113	\$ 1,958,606	\$ 42,511,223
Investment earnings	–	241,458	241,458	–
Other	368,868	320,873	(47,995)	1,131,858
State sources	28,147,262	27,646,667	(500,595)	350,973
Federal sources	19,420	19,420	–	259,265
Total revenue	<u>42,184,057</u>	<u>43,835,531</u>	<u>1,651,474</u>	<u>44,253,319</u>
<b>Expenditures</b>				
Special education				
Current				
Salaries and wages	28,051,575	27,990,327	(61,248)	28,306,318
Employee benefits	9,953,129	9,678,046	(275,083)	8,124,323
Purchased services	1,985,532	2,090,333	104,801	5,120,153
Supplies and materials	645,264	547,020	(98,244)	482,809
Capital expenditures	492,354	574,778	82,424	365,608
Other	18,770	10,693	(8,077)	24,968
Debt service				
Principal	122,040	122,040	–	410,087
Interest and fiscal charges	30,688	30,688	–	514,379
Total expenditures	<u>41,299,352</u>	<u>41,043,925</u>	<u>(255,427)</u>	<u>43,348,645</u>
Excess (deficiency) of revenue over expenditures	884,705	2,791,606	1,906,901	904,674
Other financing (uses)				
Interfund transfers	–	(402,126)	(402,126)	(500,000)
Net change in fund balances	<u>\$ 884,705</u>	<u>2,389,480</u>	<u>\$ 1,504,775</u>	<u>404,674</u>
<b>Fund balances</b>				
Beginning of year		<u>2,746,033</u>		<u>2,341,359</u>
End of year		<u>\$ 5,135,513</u>		<u>\$ 2,746,033</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, 2009  
 (With Comparative Actual Amounts for the Year Ended June 30, 2008)

	2009		Over (Under) Budget	2008
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 7,102,779	\$ 5,851,110	\$ (1,251,669)	\$ –
Tuition	4,346,443	5,349,143	1,002,700	3,068,665
Investment earnings	70,000	(257,948)	(327,948)	157,705
Other	1,186,443	1,042,075	(144,368)	1,081,627
State sources	6,326,744	5,176,826	(1,149,918)	–
Federal sources	366,634	289,353	(77,281)	17,092
Total revenue	<u>19,399,043</u>	<u>17,450,559</u>	<u>(1,948,484)</u>	<u>4,325,089</u>
<b>Expenditures</b>				
Administrative support services and operations and maintenance				
Current				
Salaries and wages	3,778,486	3,769,739	(8,747)	333,132
Employee benefits	1,175,822	1,120,456	(55,366)	699,513
Purchased services	8,754,909	8,223,262	(531,647)	2,131,251
Supplies and materials	578,181	413,827	(164,354)	182,946
Capital expenditures	685,632	477,794	(207,838)	164,137
Other	82,050	88,342	6,292	(38,250)
Debt service				
Principal	1,136,311	1,136,311	–	140,301
Interest and fiscal charges	2,342,818	2,342,818	–	575,315
Total expenditures	<u>18,534,209</u>	<u>17,572,549</u>	<u>(961,660)</u>	<u>4,188,345</u>
Excess (deficiency) of revenue over expenditures	864,834	(121,990)	(986,824)	136,744
<b>Other financing sources (uses)</b>				
Interfund transfers	–	(60,081)	(60,081)	–
Transfers out	(187,614)	(172,144)	15,470	(135,499)
Sale of capital assets	–	16,668	16,668	–
Total other financing (uses)	<u>(187,614)</u>	<u>(215,557)</u>	<u>(27,943)</u>	<u>(135,499)</u>
Net change in fund balances	<u>\$ 677,220</u>	<u>(337,547)</u>	<u>\$ (1,014,767)</u>	<u>1,245</u>
<b>Fund balances (deficit)</b>				
Beginning of year		<u>1,245</u>		<u>–</u>
End of year		<u>\$ (336,302)</u>		<u>\$ 1,245</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, 2009  
 (With Comparative Actual Amounts for the Year Ended June 30, 2008)

	2009			2008
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures				
Administrative support services and operations and maintenance				
Allocated costs	<u>159,695</u>	<u>108,039</u>	<u>(51,656)</u>	<u>53,808</u>
Excess (deficiency) of revenue over expenditures	(159,695)	(108,039)	51,656	(53,808)
Other financing sources				
Interfund transfers	<u>-</u>	<u>487,535</u>	<u>487,535</u>	<u>500,000</u>
Net change in fund balances	<u>\$ (159,695)</u>	379,496	<u>\$ 539,191</u>	446,192
Fund balances				
Beginning of year		<u>2,558,294</u>		<u>2,112,102</u>
End of year		<u>\$ 2,937,790</u>		<u>\$ 2,558,294</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, 2009  
 (With Comparative Actual Amounts for the Year Ended June 30, 2008)

	2009			2008
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ 28,800	\$ 33,019	\$ 4,219	\$ 36,892
Expenditures				
Student clubs				
Pupil support services	<u>28,800</u>	<u>30,182</u>	<u>1,382</u>	<u>34,590</u>
Net change in fund balances	<u>\$ --</u>	<u>2,837</u>	<u>\$ 2,837</u>	<u>2,302</u>
Fund balances				
Beginning of year		<u>41,074</u>		<u>38,772</u>
End of year		<u>\$ 43,911</u>		<u>\$ 41,074</u>

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, 2009  
 (With Comparative Actual Amounts for the Year Ended June 30, 2008)

	2009		Over (Under) Budget	2008
	Budget	Actual		Actual
Revenue				
Local sources				
Other – primarily meal sales	\$ 11,273	\$ 36,103	\$ 24,830	\$ 19,780
State sources	2,356	4,089	1,733	3,001
Federal sources	106,950	89,714	(17,236)	70,353
Total revenue	<u>120,579</u>	<u>129,906</u>	<u>9,327</u>	<u>93,134</u>
Expenditures				
Current				
Food service	<u>308,193</u>	<u>302,050</u>	<u>(6,143)</u>	<u>228,633</u>
Excess (deficiency) of revenue over expenditures	(187,614)	(172,144)	15,470	(135,499)
Other financing sources				
Transfers in	<u>187,614</u>	<u>172,144</u>	<u>(15,470)</u>	<u>135,499</u>
Net change in fund balances	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>
Fund balances				
Beginning of year		<u>—</u>		<u>—</u>
End of year		<u>\$ —</u>		<u>\$ —</u>

INTERMEDIATE DISTRICT NO. 287

Community Service Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2009  
 (With Comparative Actual Amounts for the Year Ended June 30, 2008)

	2009			2008
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition	\$ 146,200	\$ 126,576	\$ (19,624)	\$ 139,391
Other	61,000	34,965	(26,035)	20,839
Federal sources	71,857	104,698	32,841	74,938
Total revenue	<u>279,057</u>	<u>266,239</u>	<u>(12,818)</u>	<u>235,168</u>
Expenditures				
Current				
Community service	<u>277,865</u>	<u>289,448</u>	<u>11,583</u>	<u>228,974</u>
Net change in fund balances	<u>\$ 1,192</u>	<u>(23,209)</u>	<u>\$ (24,401)</u>	<u>6,194</u>
Fund balances (deficit)				
Beginning of year		<u>3,142</u>		<u>(3,052)</u>
End of year		<u>\$ (20,067)</u>		<u>\$ 3,142</u>

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Fiduciary Net Assets  
 Agency Funds  
 as of June 30, 2009

	South Education Construction	Keystone	Total
<b>Assets</b>			
Cash and investments	\$ 227,156	\$ -	\$ 227,156
Cash and investments held by trustee	2,198,829	-	2,198,829
Due from other governmental units	-	453,321	453,321
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 2,425,985</u>	<u>\$ 453,321</u>	<u>\$ 2,879,306</u>
<b>Liabilities</b>			
Checks issued, but not presented for payment	\$ -	\$ 121,171	\$ 121,171
Accounts and contracts payable	76,789	332,150	408,939
Due to other governmental units	2,349,196	-	2,349,196
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 2,425,985</u>	<u>\$ 453,321</u>	<u>\$ 2,879,306</u>

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2009

	Balance – July 1, 2008	Additions	Deletions	Balance – June 30, 2009
<b>South Education Construction</b>				
<b>Assets</b>				
Cash and investments	\$ –	\$ 227,156	\$ –	\$ 227,156
Cash and investments held by trustee	5,020,279	154,047	2,975,497	2,198,829
<b>Total assets</b>	<b>\$ 5,020,279</b>	<b>\$ 381,203</b>	<b>\$ 2,975,497</b>	<b>\$ 2,425,985</b>
<b>Liabilities</b>				
Checks issued, but not presented for payment	\$ 405,902	\$ –	\$ 405,902	\$ –
Accounts and contracts payable	657,521	–	580,732	76,789
Salaries and benefits payable	287	–	287	–
Due to other governmental units	3,956,569	381,203	1,988,576	2,349,196
<b>Total liabilities</b>	<b>\$ 5,020,279</b>	<b>\$ 381,203</b>	<b>\$ 2,975,497</b>	<b>\$ 2,425,985</b>
<b>Keystone</b>				
<b>Assets</b>				
Due from other governmental units	\$ 249,772	\$ 313,252	\$ 109,703	\$ 453,321
<b>Liabilities</b>				
Checks issued, but not presented for payment	\$ 230,490	\$ –	\$ 109,319	\$ 121,171
Accounts and contracts payable	18,898	313,252	–	332,150
Due to other governmental units	384	–	384	–
<b>Total liabilities</b>	<b>\$ 249,772</b>	<b>\$ 313,252</b>	<b>\$ 109,703</b>	<b>\$ 453,321</b>
<b>Totals</b>				
<b>Assets</b>				
Cash and investments	\$ –	\$ 227,156	\$ –	\$ 227,156
Cash and investments held by trustee	5,020,279	154,047	2,975,497	2,198,829
Due from other governmental units	249,772	313,252	109,703	453,321
<b>Total assets</b>	<b>\$ 5,270,051</b>	<b>\$ 694,455</b>	<b>\$ 3,085,200</b>	<b>\$ 2,879,306</b>
<b>Liabilities</b>				
Checks issued, but not presented for payment	\$ 636,392	\$ –	\$ 515,221	\$ 121,171
Accounts and contracts payable	676,419	313,252	580,732	408,939
Salaries and benefits payable	287	–	287	–
Due to other governmental units	3,956,953	381,203	1,988,960	2,349,196
<b>Total liabilities</b>	<b>\$ 5,270,051</b>	<b>\$ 694,455</b>	<b>\$ 3,085,200</b>	<b>\$ 2,879,306</b>

SUPPLEMENTAL INFORMATION

(UNAUDITED)

INTERMEDIATE DISTRICT NO. 287

Government-Wide Revenue by Type  
Last Seven Fiscal Years

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

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

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

INTERMEDIATE DISTRICT NO. 287

Government-Wide Expenses by Program  
Last Seven Fiscal Years

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

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

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

INTERMEDIATE DISTRICT NO. 287

General Fund Revenue by Source  
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Pass-Through Levies</u>	<u>Tuition</u>	<u>Federal Revenue</u>	<u>State Revenue</u>	<u>Other Revenue</u>	<u>Total</u>
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
2009	6,134,620	28,370,605	314,578	33,178,712	2,441,764	70,440,279

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

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

SINGLE AUDIT AND OTHER REQUIRED REPORTS

INTERMEDIATE DISTRICT NO. 287

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
<b>U.S. Department of Education</b>		
Passed through Minnesota Department of Education		
Improving Teacher Quality – State Grants	84.367	\$ 6,367
Career and Technical Education – Basic Grants to States	84.048	5,805
Safe and Drug-Free Schools and Communities – State Grants	84.186	106,843
English Language Acquisition Grants	84.365	32,711
State Grants for Innovative Programs	84.298	2,064
Special education cluster		
Special Education – Grants to States	84.027	19,420
Direct		
Fund for the Improvement of Education	84.215	246,918
<b>National Endowment for the Arts</b>		
Direct		
Promotion of the Arts – Grants to Organizations and Individuals	45.024	9,956
<b>U.S. Department of Agriculture</b>		
Passed through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	27,490
National School Lunch Program	10.555	62,224
Subtotal child nutrition cluster		<u>89,714</u>
Total federal awards		<u>\$ 519,798</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.



PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT 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, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A 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.

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.

(continued)

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as previously defined.

### **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*.

We noted certain matters that we reported to management of the District in a separate report dated December 31, 2009.

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

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

December 31, 2009

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, 2009. The District's major federal programs are identified in the summary of audit 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, 2009.

**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.

(continued)

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.

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

December 31, 2009



PRINCIPALS

Kenneth W. Malloy, CPA  
Thomas M. Montague, CPA  
Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
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Victoria L. Holinka, CPA

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, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 31, 2009.

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

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

The results of our tests indicate that, for the items tested, the District complied with the material terms and conditions of applicable legal provisions.

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

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

December 31, 2009



INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2009

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

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

None.

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

None.

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

No audit findings for the year ended June 30, 2008.

INTERMEDIATE SCHOOL DISTRICT NO. 287

Uniform Financial Accounting and Reporting Standards  
Compliance Table  
June 30, 2009

		Audit	UFARS	Audit - UFARS
<b>General Fund</b>				
Total revenue		\$ 70,440,279	\$ 70,440,279	\$ -
Total expenditures		\$ 67,985,739	\$ 67,985,739	\$ -
Reserved				
403	Staff development	\$ -	\$ -	\$ -
405	Deferred maintenance	\$ -	\$ -	\$ -
406	Health and safety	\$ 1,243	\$ 1,243	\$ -
407	Capital projects levy	\$ -	\$ -	\$ -
408	Cooperative revenue	\$ -	\$ -	\$ -
411	Severance pay	\$ -	\$ -	\$ -
414	Operating debt	\$ -	\$ -	\$ -
416	Levy reduction	\$ -	\$ -	\$ -
417	Taconite building maintenance	\$ -	\$ -	\$ -
419	Encumbrances	\$ -	\$ -	\$ -
423	Certain teacher programs	\$ -	\$ -	\$ -
424	Operating capital	\$ -	\$ -	\$ -
426	\$25 taconite	\$ -	\$ -	\$ -
427	Disabled accessibility	\$ -	\$ -	\$ -
428	Learning and development	\$ -	\$ -	\$ -
434	Area learning center	\$ -	\$ -	\$ -
435	Contracted alternative programs	\$ -	\$ -	\$ -
436	State approved alternative program	\$ -	\$ -	\$ -
438	Gifted and talented	\$ -	\$ -	\$ -
441	Basic skills programs	\$ -	\$ -	\$ -
445	Career and technical programs	\$ -	\$ -	\$ -
446	First grade preparedness	\$ -	\$ -	\$ -
449	Safe school crime	\$ 115,044	\$ 115,044	\$ -
450	Pre-kindergarten	\$ -	\$ -	\$ -
451	QZAB payments	\$ -	\$ -	\$ -
452	OPEB liability not in trust	\$ -	\$ -	\$ -
453	Unfunded severance and retirement levy	\$ -	\$ -	\$ -
Unreserved				
418	Severance - insurance premiums	\$ 2,123,524	\$ 2,123,524	\$ -
422	Unreserved - undesignated	\$ 5,549,552	\$ 5,549,552	\$ -
<b>Food Service</b>				
Total revenue		\$ 129,906	\$ 129,906	\$ -
Total expenditures		\$ 302,050	\$ 302,050	\$ -
Reserved				
411	Severance pay	\$ -	\$ -	\$ -
419	Encumbrances	\$ -	\$ -	\$ -
452	OPEB liability not in trust	\$ -	\$ -	\$ -
Unreserved				
418	Severance - insurance premiums	\$ -	\$ -	\$ -
422	Unreserved - undesignated	\$ -	\$ -	\$ -
<b>Community Service</b>				
Total revenue		\$ 266,239	\$ 266,239	\$ -
Total expenditures		\$ 289,448	\$ 289,448	\$ -
Reserved				
411	Severance	\$ -	\$ -	\$ -
419	Encumbrances	\$ -	\$ -	\$ -
426	\$25 taconite	\$ -	\$ -	\$ -
431	Community education	\$ -	\$ -	\$ -
432	ECPFE	\$ -	\$ -	\$ -
444	School readiness	\$ -	\$ -	\$ -
447	Adult basic education	\$ -	\$ -	\$ -
452	OPEB liability not in trust	\$ -	\$ -	\$ -
Unreserved				
418	Severance - insurance premiums	\$ -	\$ -	\$ -
422	Unreserved - undesignated	\$ (20,067)	\$ (20,067)	\$ -
<b>Building Construction</b>				
Total revenue		\$ -	\$ -	\$ -
Total expenditures		\$ -	\$ -	\$ -
Reserved				
407	Capital projects levy	\$ -	\$ -	\$ -
409	Alternative facility program	\$ -	\$ -	\$ -
413	Project funded by COP	\$ -	\$ -	\$ -
419	Encumbrances	\$ -	\$ -	\$ -
Unreserved				
422	Unreserved - undesignated	\$ -	\$ -	\$ -

INTERMEDIATE SCHOOL DISTRICT NO. 287

Uniform Financial Accounting and Reporting Standards  
Compliance Table (continued)  
June 30, 2009

	Audit	UFARS	Audit - UFARS
<b>Debt Service</b>			
Total revenue	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
Reserved			
425 Bond refundings	\$ -	\$ -	\$ -
451 QZAB payments	\$ -	\$ -	\$ -
Unreserved			
422 Unreserved - undesignated	\$ -	\$ -	\$ -
<b>Trust</b>			
Total revenue	\$ 345,078	\$ 345,078	\$ -
Total expenditures	\$ 341,688	\$ 341,688	\$ -
Reserved			
419 Encumbrances	\$ -	\$ -	\$ -
Unreserved			
422 Unreserved - undesignated	\$ 11,148	\$ 11,148	\$ -
<b>Agency</b>			
Unreserved			
422 Unreserved - undesignated	\$ -	\$ -	\$ -
<b>Internal Service</b>			
Total revenue	\$ 455,153	\$ 455,153	\$ -
Total expenditures	\$ 492,266	\$ 492,266	\$ -
Reserved			
419 Encumbrances	\$ -	\$ -	\$ -
Unreserved			
422 Unreserved - undesignated	\$ 64,135	\$ 64,135	\$ -
<b>OPEB Revocable Trust</b>			
Total revenue	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
Reserved			
419 Encumbrances	\$ -	\$ -	\$ -
Unreserved			
422 Unreserved - undesignated	\$ -	\$ -	\$ -
<b>OPEB Irrevocable Trust</b>			
Total revenue	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
Reserved			
Unreserved			
422 Unreserved - undesignated	\$ -	\$ -	\$ -
<b>OPEB Debt Service</b>			
Total revenue	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
Reserved			
425 Bond refundings	\$ -	\$ -	\$ -
Unreserved			
422 Unreserved - undesignated	\$ -	\$ -	\$ -
Note 1: The District may report certain additional reserved and designated fund balances for financial reporting purposes that are reported to the Minnesota Department of Education as unreserved for purposes of this table.			
<b>Unaudited Data Reporting Elements</b>			
<b>Fiscal Year 2009 Safe School Maintenance of Effort</b>			
Total expenditures	\$ -		
FTE	-		
<b>Fiscal Year 2009 Operating Capital Transfer</b>			
Per pupil amount	\$ -		
Adjusted marginal cost pupil unit	-		
Total transfer	\$ -		

Management Report

for

Intermediate District No. 287  
Plymouth, Minnesota  
June 30, 2009



PRINCIPALS

Kenneth W. Malloy, CPA  
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Victoria L. Holinka, CPA

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

We have prepared this management report in conjunction with our audit of Intermediate District No. 287's (the District) financial statements for the year ended June 30, 2009. The purpose of this report is to communicate information relevant to the financing of public education in Minnesota and to provide comments resulting from our audit process. We have organized this report into the following sections:

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

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

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

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

December 31, 2009

## AUDIT SUMMARY

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2009. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the U.S. Office of Management and Budget Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our letter to you dated June 25, 2009. Professional standards also require that we communicate to you the following information related to our audit.

### **PLANNED SCOPE AND TIMING OF THE AUDIT**

We performed the audit according to the planned scope previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit. The issuance of the audit report was later than the original planned timing due to additional audit procedures necessary in the auditing of due from other governments for special education state aids related to the new tuition billing process and tuition billings to non-member school districts.

### **AUDIT OPINION AND FINDINGS**

Based on our audit of the District's financial statements for the year ended June 30, 2009:

- We have issued an unqualified opinion on the District's annual financial statements.
- We noted no matters involving the District's internal control over financial reporting that we consider to be significant deficiencies or material weaknesses.
- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
- We noted that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the District has complied, in all material respects, with the requirements applicable to each major federal program.
- We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses in our testing of major federal programs.
- We have reported no findings based on our testing of the District's compliance with Minnesota laws and regulations.

### **FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

As a result of our audit of the District's financial statements for the year ended June 30, 2008, we reported the following findings that were corrected by the District in the current year:

- The District did not have an adequate system in place over accounts receivable to ensure all clients are billed timely. We are pleased to report that controls were put in place to ensure that payments were made in a timely manner; this condition was corrected in the current year.
- We found the District's 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. We are pleased to report that this language has been included in the current year contracts, and this condition has been corrected.

## **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.

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions," during the year ended June 30, 2009. This statement provides new guidance on accounting and financial reporting for "other post-employment benefits" (OPEB) accounted for in the financial statements of plan sponsors or employers. This change required the District to report a change in accounting principle adjustment to beginning equity on the government-wide statements as described in Note 1 of the notes to basic financial statements.

The application of remaining policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

## **ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS**

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

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services which are computed using formulas derived by the MDE. Because of the timing of the calculations, this adjustment for fiscal 2009 is not finalized until after the District has closed its financial records for the fiscal period. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

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

The District has recorded expenses for OPEB and pension benefits. These obligations are calculated using actuarial methodologies described in GASB Statement Nos. 27 and 45. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, and employee turnover.

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

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

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

## **CORRECTED AND UNCORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. For purposes of this report, 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 the performance of our audit procedures we proposed one audit adjustment that would decrease receivables and tuition revenue by \$214,000. This audit adjustment was considered to not have a significant effect on the District's financial reporting process and thus was not recorded in the District's financial report.

## **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 31, 2009.

## FUNDING PUBLIC EDUCATION IN MINNESOTA

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

### BASIC GENERAL EDUCATION REVENUE

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

The table below presents a summary of the formula allowance for the past decade and as approved for the next two fiscal years. We have adjusted the percentage change from year to year for non-comparable changes such as referendum reduction and aids that were previously separately funded and subsequently “rolled-in” or “rolled-out” to general education revenue.

School Year	Formula Allowance	
	Amount	Percent Increase
1999–2000	\$ 3,740	4.7 % (1)
2000–2001	\$ 3,964	4.2 % (1)
2001–2002	\$ 4,068	2.6 %
2002–2003	\$ 4,601	2.6 % (1)
2003–2004	\$ 4,601	– %
2004–2005	\$ 4,601	– %
2005–2006	\$ 4,783	4.0 %
2006–2007	\$ 4,974	4.0 %
2007–2008	\$ 5,074	2.0 %
2008–2009	\$ 5,124	1.0 %
2009–2010	\$ 5,124	– %
2010–2011	\$ 5,124	– %

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

As noted in the table above, current legislation has frozen the basic formula allowance at the 2008–2009 fiscal year level for the next two fiscal years. In general, the moderate increases in the formula allowance have forced districts to continually cut expenditure budgets or increase referendum revenue in order to maintain programs.

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

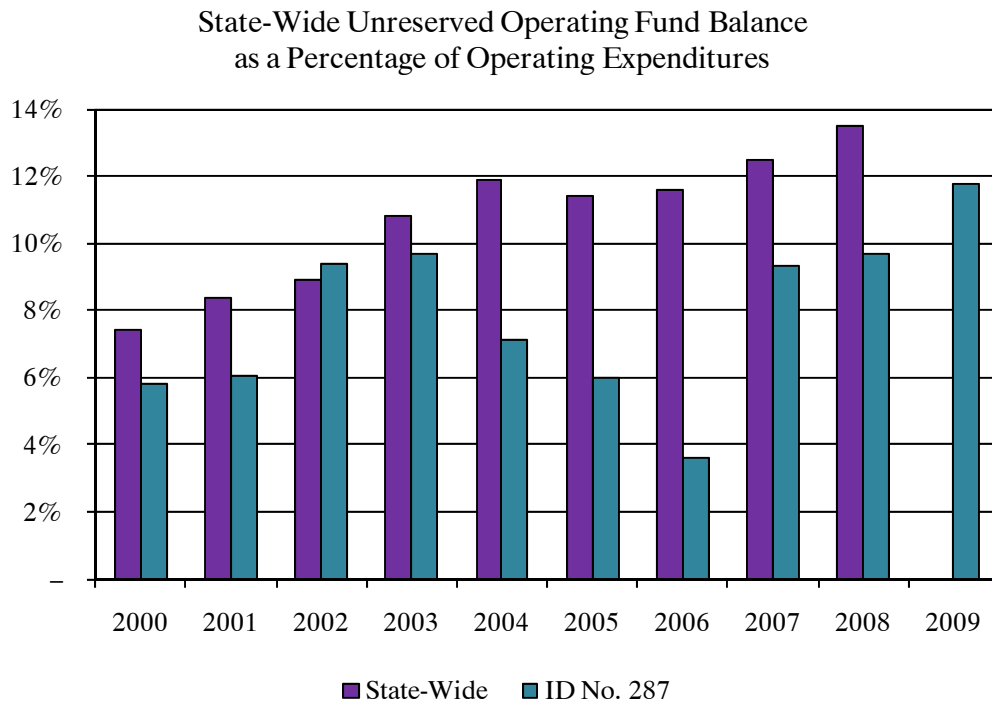
The table also does not reflect a one-time reduction to general education aid in 2009–2010 that will be offset by federal fiscal stabilization funds. The reduction, which will be allocated to school districts and charter schools based on their 2007–2008 general education revenue, amounts to approximately 8.7 percent of this revenue. The reduction will be offset dollar-for-dollar by federal stimulus funds used by the state for fiscal stabilization.

## METERING OF STATE AID PAYMENTS

In order to help reduce the state budget deficit, the Governor changed the metering of state aid payments to Minnesota school districts and charter schools beginning in 2009–2010. In recent years, districts have been paid 90 percent of their estimated state aid entitlements by June 30 each year, with the remaining 10 percent paid out in the following fiscal year. In 2009–2010, the state will pay only 73 percent of estimated state aid entitlements by year-end, with the remaining 27 percent being paid out when further legislative action is taken in the following fiscal year. This change is not expected to affect the accrual based revenue recorded by districts for the year, but will have a significant impact on their cash flow.

## STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

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



Note: State-wide information is not available for fiscal 2009.

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

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

## FINANCIAL TRENDS OF YOUR DISTRICT

### DISTRICT FINANCIAL POSITION

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

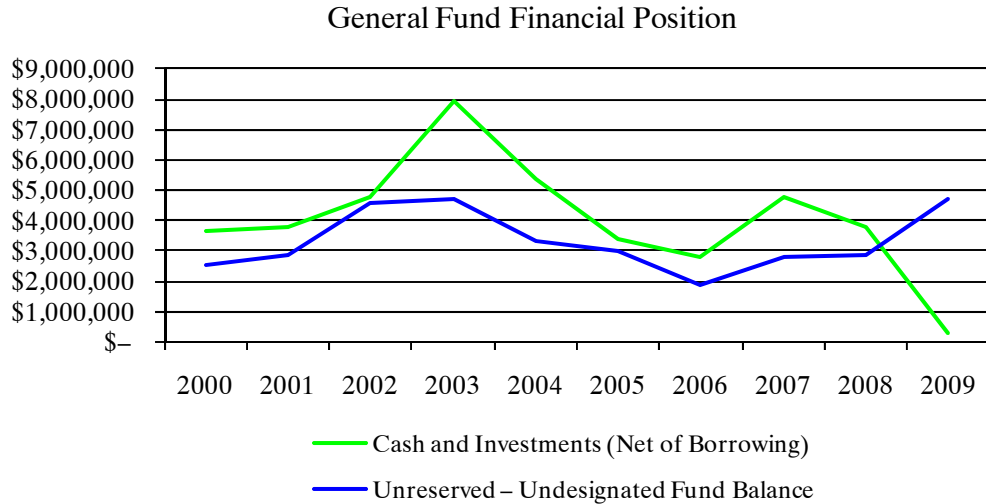
	Year Ended June 30,			
	2006	2007	2008	2009
Revenue	\$ 54,824,276	\$ 58,343,561	\$ 59,164,767	\$ 70,440,279
Expenditures (not including lease expenditures)	55,213,073	56,047,068	58,486,441	67,985,739
Excess (deficiency) of revenue over expenditures	(388,797)	2,296,493	678,326	2,454,540
Capital lease expenditures	(10,644,934)	(24,652,954)	-	-
Other financing sources (uses)	9,909,165	25,400,000	(135,499)	(155,476)
Net change in fund balance	(1,124,566)	3,043,539	542,827	2,299,064
Fund balances				
Beginning of year	3,028,499	1,903,933	4,947,472	5,490,299
End of year	<u>\$ 1,903,933</u>	<u>\$ 4,947,472</u>	<u>\$ 5,490,299</u>	<u>\$ 7,789,363</u>
Fund balances				
Reserved for health and safety	\$ -	\$ -	\$ 1,245	\$ 1,243
Reserved for safe schools levy	-	-	-	115,044
Designated for severance	328,180	1,135,989	1,635,989	2,123,524
Designated for property	976,113	976,113	922,305	814,266
Designated for student clubs	38,516	38,772	41,074	43,911
Undesignated – South Education Center	(747,046)	-	-	-
Undesignated	1,308,170	2,796,598	2,889,686	4,691,375
Total fund balances	<u>\$ 1,903,933</u>	<u>\$ 4,947,472</u>	<u>\$ 5,490,299</u>	<u>\$ 7,789,363</u>
Unreserved – undesignated General Fund balances as a percentage of expenditures	<u>2.4%</u>	<u>5.0%</u>	<u>4.9%</u>	<u>6.9%</u>
Total fund balances as a percentage of expenditures	<u>3.4%</u>	<u>8.8%</u>	<u>9.4%</u>	<u>11.5%</u>

The District completed the year with a net increase in General Fund balance of \$2,299,064. This compares to a budget which projected an increase in fund balance of \$930,687. This difference occurred for a number of reasons, but mainly was due to higher than anticipated Medicare Assistance revenue which exceeded budgeted amounts by about \$810,000.

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 6.9 percent for fiscal 2009. 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:

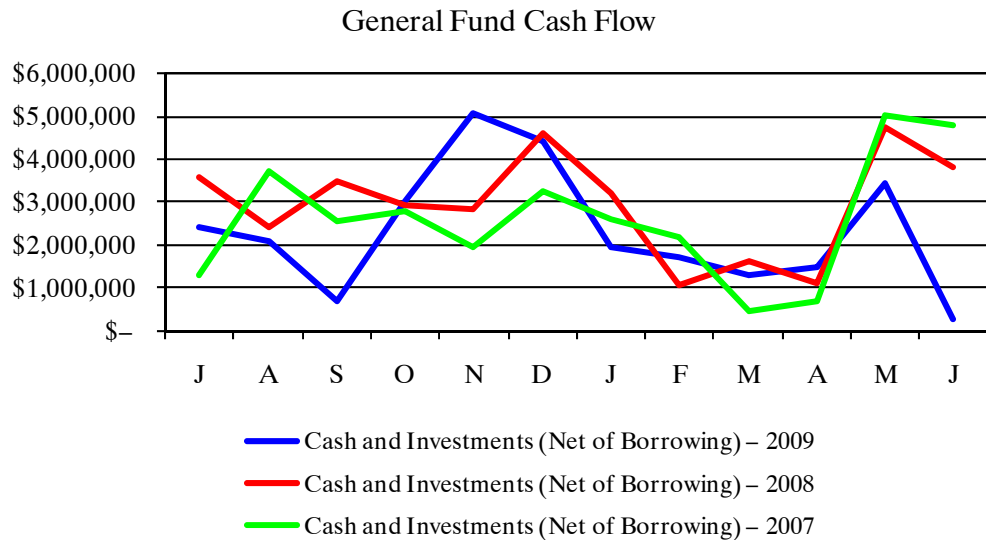


The above graph shows a significant increase in fund balance and a significant decline in cash in 2009. This is the third year the District has experienced an increase in fund balance after three straight years of fund balance decline. The graph also shows significant fluctuations in year-end cash balances. These changes are caused by changes in the tuition billing cycles of the District, as discussed below. Changes in funding structure and state aid payment schedules significantly affect the cash flow of Minnesota school districts.

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

**GENERAL FUND CASH FLOW**

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



The graph above shows significant fluctuations in cash balances from month to month. These changes relate to the change in the tuition billing system of the District. The most significant impact on cash flow this year was the implementation of the MDE Special Education Uniform Billing System.

The District now receives state special education revenue payments through the state, not through their own tuition billing system.

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

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

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

**Special Education Account**

	Year Ended June 30,			
	2006	2007	2008	2009
Revenue	\$ 39,247,127	\$ 43,280,372	\$ 44,253,319	\$ 43,835,531
Expenditures and other financing uses	39,162,546	41,920,547	43,848,645	41,446,051
Excess (deficiency)	84,581	1,359,825	404,674	2,389,480
Fund balances				
Beginning of year	896,953	981,534	2,341,359	2,746,033
End of year	\$ 981,534	\$ 2,341,359	\$ 2,746,033	\$ 5,135,513

In fiscal 2009, the Special Education Account revenues exceeded expenditures and other financing uses by \$2,389,480, while the District’s budget expected a surplus of about \$884,705. This difference relates to the change in the tuition billing process at the District. As discussed earlier, the District now receives a majority of special education tuition through the state. Most of this difference between budget and actual amounts relate to non-state of Minnesota tuition charges in this account being over budget by \$1.96 million.

Special Education Account revenue decreased about \$418,000 or about 0.9 percent. Tuition revenues decreased in 2009 about \$27 million in this account due to tuition bills at the District now being paid through the state. On the other hand, state revenues increased about \$27.3 million related to tuition bills now being paid through the state. Expenditures (excluding other financing uses) decreased about \$2.3 million. Most of the decreased costs were in purchased services, which is due to the District terminating leases as a result of the opening of the South Education Center in fiscal 2009.

## Career and Technical Education Account

	Year Ended June 30,			
	2006	2007	2008	2009
Revenue and other financing sources	\$ 4,514,978	\$ 3,793,132	\$ 2,973,031	\$ 2,082,716
Expenditures and other financing uses	4,792,533	3,690,043	3,133,998	2,006,377
Excess (deficiency)	(277,555)	103,089	(160,967)	76,339
Fund balances				
Beginning of year	592,380	314,825	417,914	256,947
End of year	\$ 314,825	\$ 417,914	\$ 256,947	\$ 333,286

In fiscal 2009, the Career and Technical Education Account fund balance increased by \$76,339, which compares to a budgeted increase of \$123,580.

Revenues in this account decreased about \$932,000 or 31.3 percent. Most of this decline is due to the District no longer being the fiscal host of the Carl Perkins federal grant causing federal revenue to decrease approximately \$828,000. Expenditures (excluding other financing uses) in this account decreased about \$1,128,000 due to cutbacks made in response to declining program revenues.

## Academic Education Account

	Year Ended June 30,			
	2006	2007	2008	2009
Revenue and other financing sources	\$ 6,935,074	\$ 7,330,762	\$ 7,576,436	\$ 7,079,992
Expenditures and other financing uses (net of capital lease activity)	6,872,090	7,305,248	7,727,055	7,291,533
Excess (deficiency)	62,984	25,514	(150,619)	(211,541)
Fund balances (deficit)				
Beginning of year	(51,173)	11,811	37,325	(113,294)
End of year	\$ 11,811	\$ 37,325	\$ (113,294)	\$ (324,835)

The Academic Education Accounts fund balance decreased by \$211,541 in fiscal 2009. This compares to a budgeted decrease in fund balance of \$595,123. These financial results were mainly the result of better than expected enrollment in the District's academic education programs and lower than expected expenditures in the related programs.

Revenue in this account decreased about \$496,444 in fiscal 2009 while expenditures and other financing uses (excluding capital lease expenditures) in this account decreased by \$502,388. Most of these declines relate to enrollment in these programs decreasing 12 percent from 2008 to 2009.

## **OTHER GOVERNMENTAL FUNDS**

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

The District's Food Service Special Revenue Fund experienced a deficiency of revenues over expenditures of \$172,144. A permanent transfer was made from the General Fund to eliminate this deficit.

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

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

The District's Community Service Special Revenue Fund experienced a decrease in fund balance of \$23,209 for the year ended June 30, 2009, which was \$24,401 more than the \$1,192 planned increase in fund balance.

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

### **Internal Service Fund**

The District maintains one internal service fund established to finance the costs of its dental self-insurance. The District's Dental Self-Insurance Internal Service Fund is used to account for dental insurance offered by the District to its employees as a self-insured plan. As of June 30, 2009, the fund had unrestricted net assets of \$64,135 a decrease of \$37,113 from the prior year.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The 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,		
	2007	2008	2009
Total fund balances – governmental funds	\$ 5,020,515	\$ 5,493,441	\$ 7,769,296
Net assets – governmental activities			
Net book value of capital assets	45,862,672	45,331,943	45,150,193
Capital lease obligations, including interest payable	(44,839,888)	(45,246,085)	(44,176,142)
Severance and compensated absences payable	(8,554,508)	(8,664,574)	(5,188,667)
Net OPEB and pension benefit obligations	–	–	(434,623)
Internal service fund net assets	–	101,248	64,135
Total net assets – governmental activities	<u>\$ (2,511,209)</u>	<u>\$ (2,984,027)</u>	<u>\$ 3,184,192</u>
Net assets			
Invested in capital assets, net of related debt	\$ 2,895,178	\$ 525,869	\$ 1,635,649
Restricted	114,867	45,460	160,198
Unrestricted	<u>(5,521,254)</u>	<u>(3,555,356)</u>	<u>1,388,345</u>
Total net assets	<u>\$ (2,511,209)</u>	<u>\$ (2,984,027)</u>	<u>\$ 3,184,192</u>

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

Total net assets increased by \$6,168,219 during fiscal 2009. This is partially due to the recording of a change in accounting principle in conjunction with the implementation of GASB Statement No. 45 as detailed in Note 1 of the District's notes to basic financial statements. This is also the result of the increased General Fund balance in fiscal 2009.

## **ACCOUNTING AND AUDITING UPDATES**

### **GASB STATEMENT NO. 51 – ACCOUNTING AND FINANCIAL REPORTING FOR INTANGIBLE ASSETS**

Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The requirements in this statement improve financial reporting by reducing inconsistencies that have developed in accounting and financial reporting for intangible assets. These inconsistencies will be reduced through the clarification that intangible assets subject to the provisions of this statement should be classified as capital assets, and through the establishment of new authoritative guidance that addresses issues specific to these intangible assets given their nature. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009.

### **GASB STATEMENT NO. 53 – ACCOUNTING AND FINANCIAL REPORTING FOR DERIVATIVE INSTRUMENTS**

The guidance in this statement improves financial reporting by requiring governments to measure derivative instruments at fair value in their economic resources measurement focus financial statements. These improvements should allow users of those financial statements to more fully understand a government's resources available to provide services. The disclosures provide a summary of the government's derivative instrument activity and the information necessary to assess the government's objectives for derivative instruments, their significant terms, and the risks associated with the derivative instruments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009.

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

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

## 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) 2009 increased by \$50 (1 percent) per adjusted marginal cost pupil unit (AMCPU) and will remain at this amount for FY 2010 and FY 2011.

**One-Time General Education Revenue Increase – FY 2009 Only** – Provided 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.

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

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

**Federal Recovery Act** – The American Recovery and Reinvestment Act (ARRA) of 2009 will provide additional federal funds to districts in the form of stabilization funds and additional grants. The ARRA mandates that there be an unprecedented amount of oversight and transparency around the spending of these funds, including specific audit and internal control requirements. In addition to increased accountability, districts will also encounter new reporting requirements for ARRA funds.

**Compensatory Revenue Payments to Cooperatives** – Directs MDE to pay compensatory revenue directly to cooperatives, and to exclude compensatory revenue from the special education tuition adjustment calculations for cooperatives.

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

**Operating Capital Reserve Account Transfers** – Allows districts to transfer up to \$51 per AMCPU from the operating capital reserved fund balance to its unreserved General Fund balance for FY 2009 and FY 2010. This is in addition to the transfer already allowed for FY 2008.

**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 \$55 per AMCPU for FY 2009. This aid entitlement is no longer available in FY 2010. The aid must be used only for the purposes authorized for operating capital revenue.

**State Aid Payment Deferral** – For FY 2010 and FY 2011 only all state aids normally paid on a 90–10 schedule will be changed to a 73–27 schedule.

**Final Payment for Districts in SOD** – Districts in SOD as of June 30th of the previous year will receive a reduced deferral amount.

**Property Tax Revenue Recognition Change** – Several changes affecting the recognition of property tax revenue were enacted in FY 2009 legislation including the following:

- Beginning in FY 2011, school districts will encounter a change in how tax revenue is recognized for the May, June, and July tax settlements compared to past practice.
- In the absence of new legislation, this change will be permanent, creating a large increase in the amount of property taxes recognized by school districts as revenue during FY 2011. For FY 2012 and later, the impact of this change will be smaller, but still significant.

**One-Time Aid Adjustment for Property Tax Revenue Recognition Change** – For FY 2011 only state aid payments during FY 2011 will be reduced by the difference in revenue recognized under the new tax revenue policy compared to the amount under the old policy.

**Truth in Taxation Hearing** – Removes the requirement that school districts hold a separate truth in taxation hearing. Instead, the district is required to discuss the levy and budget at a regularly scheduled board meeting and allow the public to speak. This section is effective for taxes payable 2010 and later.

**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.

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

**Start of School Year Before Labor Day – Cooperating Districts** – The change codifies the existing practice of allowing school districts that have entered pairing and sharing agreements to adjust their calendars to accommodate a school construction project in one of the cooperating districts.

**Wind Energy Conversion Systems** – Authorizes a school board to become a partner, member, or shareholder in a company that is formed for the sole purpose of constructing, acquiring, owning, or financing a wind energy conversion system. Prohibits a school board from selling, transmitting or distributing electrical energy at retail.

**Equalization Factors** – Directs the commissioner to adjust the equalizing factors in statute for changes enacted by the legislature to the definition of referendum market value. This would neutralize the effect of a tax base change on school district aid and levy revenues.

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

**Review and Comment** – Several changes enacted affecting review and comment, including an increase in the cap on school construction projects that are subject to review and comment by the commissioner of education from \$500,000 to \$1.4 million for all school districts except those with outstanding capital loans.

**Notification of Resident District** – Removes language in statute holding nonresident districts liable for tuition for not notifying the district of residence that they are serving a nonresident pupil.

**Pay Differential of Reserve on Active Duty** – Clarifies payment of a pay differential for school district employees who are ordered into active military service.

**Charter Schools** – Makes numerous revisions with a focus on increased accountability to state charter school laws (Minnesota Statutes, Sections 124D.10 and 124D.11), including those recommended by the Office of the Legislative Auditor in its 2008 report.

**Background Check Required** – Allows a school hiring authority to pay the costs of conducting a discretionary criminal history background check on school volunteers, independent contractors, and student employees.

**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 Bonding and Levies** – New legislation approved in 2009 impacted existing legislation in the following ways:

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

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

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

**Form of Budget Notification** – Allows districts to publish a summary of its budget information in the newspaper instead of publishing the full document. The district is required to publish the full document on its website.

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

**Regular Meeting – January 14, 2010**

**AGENDA SECTION: ADMINISTRATIVE SERVICES REPORT**

**ITEM: Approval of Fifth Amendment to Lease with  
Timberland Partners**

**PRESENTED BY: Tom Shultz, Facilities Administrator**

**1. Background Information**

Recommend approval of the *Fifth Amendment to Lease* with Timberland Partners for the Northwest Business Center located at 8601 73<sup>rd</sup> Avenue N, Brooklyn Park, MN 55428. This is a two-year lease renewal term from 8/1/10 to 7/31/12 for approximately 5,448 sq. ft. of space at a rate of \$5.62 per sq. ft. base rent (\$30,600 annually), plus \$3.50 per sq. ft. for operating expense (\$19,068 annually).

Total expense for rent and operating costs for FY10-11	\$49,668
Total expense for rent and operating costs for FY11-12*	\$49,668
<b>TOTAL</b>	<b><u>\$99,336</u></b>

\* Note that operating expenses may increase FY11-12, but base rent will remain the same.

This site currently houses the VET North program.

**2. Fiscal Impact/Funding Source: No fiscal impact.**

**3. RECOMMENDED ACTION: Board approval of *Fifth Amendment to Lease* (two-year lease renewal) with Timberland Partners for the Northwest Business Center located at 8601 73<sup>rd</sup> Ave N, Brooklyn Park, MN 55428, as presented.**

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

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

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

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

January 2010  
vol 7 • no 4

## AMSD Calendar

**January 8, 2010**

**Legislative Preview**  
8:00 AM—10:00 AM  
Grand Hall, TIES Building,  
St. Paul

**January 26, 2010**

**8:00 AM—2:30 PM**  
**2010 AMSD Winter**  
**Conference**  
**Online Learning-**  
**Fad or Future?**  
Grand Hall, TIES Building,  
St. Paul

**January 29, 2010**

**Executive/Legislative**  
**Committee Meeting,**  
7:30 a.m., TIES Building,  
St. Paul

**February 5, 2010**

**Board of Directors**  
7:00 AM—9:00 AM  
3rd Floor Cafeteria,  
TIES Building, St. Paul

## AMSD's Mission

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



**Association of  
Metropolitan School Districts**

## Learning in the Digital Age

### Teachers using interactive whiteboards to keep students engaged

**T**eachers in the North St. Paul-Maplewood-Oakdale School District are using technology to create more “WOW” moments for students. Through the use of interactive whiteboards, teachers are finding more and more ways to connect with students – and students are becoming more engaged learners in the process.

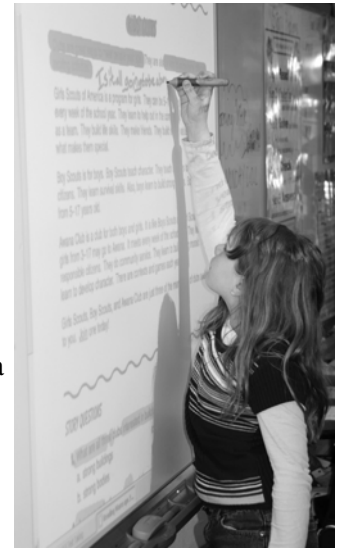
A few years ago Cowern Elementary School in North St. Paul purchased and started using its first interactive whiteboards, also known as “SMART Boards.” Interactive whiteboards combine the simplicity of a whiteboard with the capabilities of a computer, all using touch-screen technology. In essence, they are digital chalkboards with the ability to manipulate information on the screen using the touch of a finger, instead of the click of a mouse.

Jim Miklausich was one of the first teachers at Cowern to get one of the interactive whiteboards, and this year every classroom in the building has its own SMART Board, including the special education and specialist rooms.

The ability to purchase and install so many of these innovative new teaching tools comes from a unique partnership between the North St. Paul-Maplewood-Oakdale’s technology department and parent-teacher groups at district schools.

Two years ago, the district received about \$500,000 in dedicated technology funds from the State of Minnesota, which was used to replace the computers in elementary and middle

*continued on page 2*



## From the Chair:

**T**he world of education is changing so rapidly it almost makes your head spin. Technology is changing the way students and educators learn and what they need to learn. Can we use these new technologies to customize student learning and close achievement gaps? How can professional development opportunities for teachers be expanded and enhanced? What is the appropriate role of online learning in our classrooms? State and national experts will explore these questions and more at AMSD’s annual winter conference later this month.

I encourage AMSD board members, district staff and state policymakers to attend this exciting and informative conference on January 26 at the TIES Conference Center. Details about the conference and registration information is available at <http://www.amsd.org>

*Jon Tynjala, school board member from Mounds View, is chair of AMSD.*

**"It's the most powerful instructional tool I've ever been able to use."  
-North St. Paul-Maplewood-Oakdale teacher Jim Miklausich**

*continued from page 1*

school labs. Last year the district received \$700,000 in dedicated technology funds from state. Before spending those dollars, input was received from the district's Tech Committee, the teaching and learning department, the principals, and technology staff to determine how to best put those dollars to use and make an impact on student learning. All of the different groups felt strongly about improving technology integration in the classroom and decided to use the bulk of the money to wire and install LCD projectors in the classrooms so the schools could then easily add the interactive whiteboards. With the most expensive part paid for by the district, schools could then purchase and install the SMART Boards for about \$1,500 a piece.

Through the generosity of their parent groups which offered to fund the purchase of the SMART Boards, many district schools have taken advantage of the deal, with about 200 SMART Boards added this year, nearly tripling what the district had previously. In fact, there are about 300 interactive whiteboards now in use throughout the district.

Besides Cowern, elementary schools including Weaver, Webster, Richardson, Skyview and Eagle Point, all have SMART Boards in nearly every classroom. Most other district schools have added a large number of these innovative teaching tools. At the high school level, every math class has a 3M digital media system (interactive whiteboard) courtesy of a 3M grant.

When Cowern began purchasing and installing the SMART Boards several years ago, they started with just four and put them in their fourth and fifth grade classrooms.

"We wanted every child to have the experience of learning with the SMART Boards before they went on to middle school," said Cowern Principal Sonya Czerepak.

The following year, the school's parent-teacher group was able to purchase another five by using the money they raised at the school's carnival. In addition, a parent at the school got a matching grant from Wells Fargo and bought an additional SMART Board for the school – bringing their total up to 10.

"The teachers were thrilled to get them and the SMART Boards have changed the way they teach," Czerepak said.



To find evidence of that, just visit Emily Wollin's third grade classroom.

"It's completely changed the way I teach," Wollin said of her SMART Board. Whether it's having students come up to the board and use their finger to highlight the key parts of a paragraph or use the pen tools to summarize the main idea, Wollin is not only keeping her students interested, but she's getting them involved. In fact, when Wollin asks for student participation in a lesson, nearly every hand in the room goes up.

Teachers can now design interactive lessons on their computers and then bring them up on their SMART Boards. Wollin uses the teaching tool for all of the subject areas she teaches.

Besides using the touch-screen to draw, highlight or write, the SMART Board also provides digital math tools such as rulers, compasses and dice. It can be used to display multi-media, such as Web sites and videos, or it can be used to organize simple tasks, such as tracking who is getting a hot lunch by having the students drag their names into a designated box.

Before getting their individual SMART Boards the teachers all receive training on how to use the tool. They can also access a nation-wide community of educators who are using these tools, making it that much easier to collaborate with other teachers. Online Web sites allow educators to share lesson plans and ideas for utilizing the SMART Boards.

"It's the most powerful instructional tool I've ever been able to use," Miklausich said. "It allows you to present information the way kids learn."

*This month's member spotlight was submitted Jennifer McNeil, Communications Specialist, North St. Paul-Maplewood-Oakdale School District.*

## Property Tax Report Released

The Minnesota Department of Revenue recently released a report entitled: “*Residential Homestead Property Tax Burden Report, Taxes Payable 2007.*” The report is based on data collected by the Department of Revenue and compiled in a property tax/income tax database known as the “Voss database.” The “Voss database” is named after former Rep. Gordon Voss who sponsored legislation enabling the collection of this linked data in 1987. The report examines property tax (payable in 2007) and income (earned in 2006) data in 20 regions in Minnesota. The regions approximate the state’s economic development regions. The full report is available at:

[http://www.taxes.state.mn.us/property\\_tax\\_administrators/other\\_supporting\\_content/Voss\\_Report.pdf](http://www.taxes.state.mn.us/property_tax_administrators/other_supporting_content/Voss_Report.pdf)

The report includes extensive information about housing costs, income levels, and property tax burdens broken down by region. The report reveals substantial differences across regions with taxpayers in the metropolitan area having a significantly higher property tax burden than their rural counterparts. The higher property tax burden for metro taxpayers is consistent across incomes. A summary of the significant findings in the report is below.

### Housing

As of January of 2006, the median estimated market value for a homestead located in the metro region was \$236,000 compared to \$140,000 in rural Minnesota – a differential of almost 70 percent.

### Homestead Income

The median income in the metropolitan region in 2006 was 35 percent higher than in the rural regions of the state - \$72,779 compared to \$54,027. Clearly, the cost of labor is significantly higher in the metro area.

### Net Property Tax

For property taxes payable in 2007, the median net residential homestead property tax for the metro region was \$2,279 compared to \$1,210 in rural regions – a 90 percent differential

### Property Tax Burden after Property Tax Refund

The property tax burden is the share of the homestead property taxpayer’s income that goes to pay property taxes. As the chart below shows, metro taxpayers pay nearly 50 percent more of their household income toward property taxes than do rural residents. Furthermore, almost four times as many metro taxpayers pay more than 5% of their household income in property taxes than do rural residents.

<b>Property Tax Burden After Property Tax Refunds</b>			
<b>Area</b>	<b>Income Range</b>	<b>Median Burden as % of Income</b>	<b>% of Taxpayers with &gt;5% Burden</b>
<b>Metro</b>	\$45,000 - \$65,000	3.4%	11.9%
	\$65,000 - \$90,000	3.1%	6.6%
<b>Greater Minnesota</b>	\$45,000 - \$65,000	2.3%	2.8%
	\$65,000 - \$90,000	2.1%	1.3%
<b>Statewide</b>	\$45,000 - \$65,000	3.0%	7.5%
	\$65,000 - \$90,000	2.7%	4.3%

*continued on page 4*

**Research shows higher property tax burden for metro taxpayers**

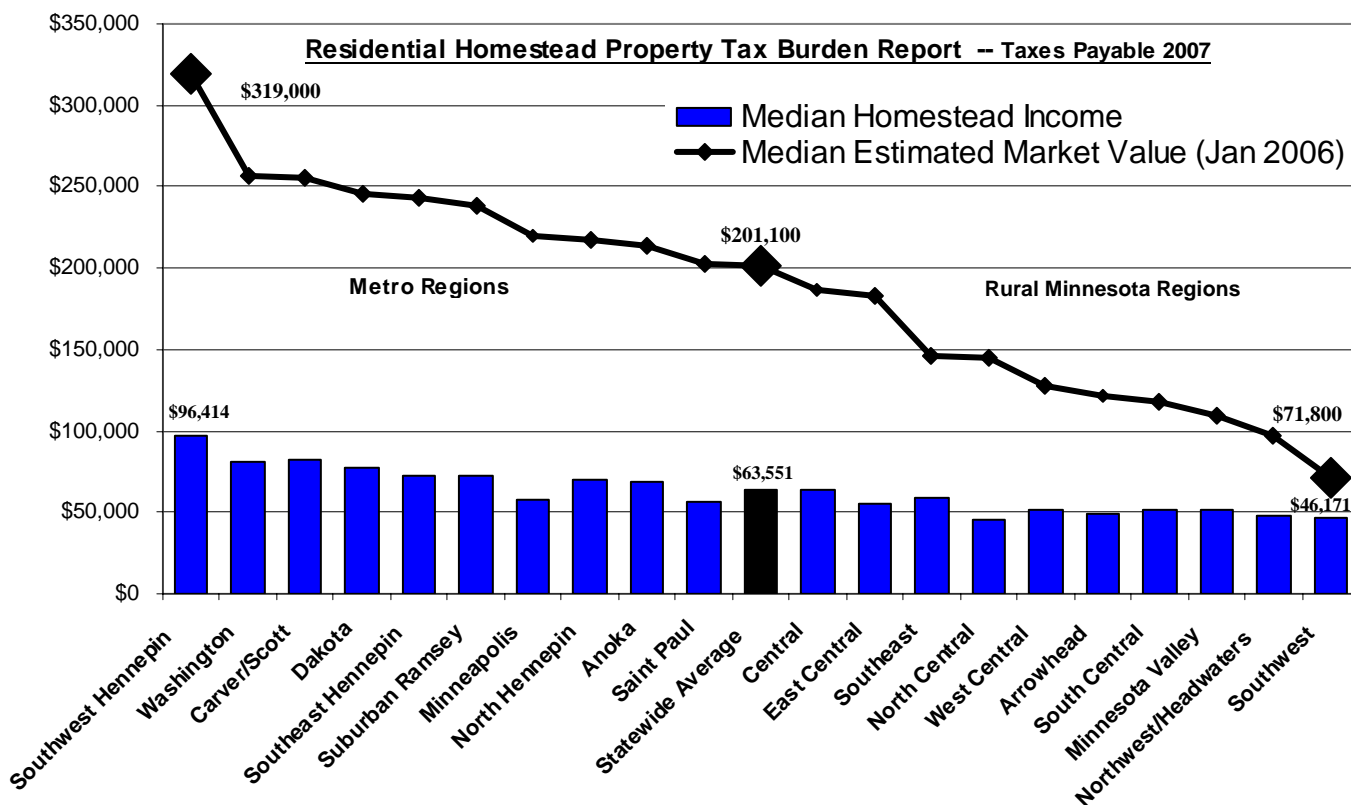
*continued from page 3*

The data in the report confirm previous research conducted by the Association of Metropolitan School Districts:

- Median housing values in the metro region are 68 percent higher than in greater Minnesota.
- The median income level in the metro region is 34.7% higher than the median income in the rural regions.
- The net property tax in the metro region is nearly double that in the rural regions.
- Metro property taxpayers pay a substantially higher share of their income toward property taxes. The higher property tax burden for metro residents is consistent across income levels.

These statistics highlight a couple of issues confronting metro area school districts. It is more expensive to staff schools in the metropolitan region due to the higher cost of labor. The failure of the education funding formula to recognize these higher labor costs causes metropolitan school districts to rely on passing operating referendums to meet the basic educational needs of their students. The heavier reliance on the operating referendum contributes to the heavier property tax burden experienced by metro residents.

An important component of the New Minnesota Miracle funding reform proposal, the Location Equity Index, is designed to address this disparity. The recently released property tax report offers compelling evidence for the need to move forward with this important reform legislation.



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

## School Board Planning Calendar 2009

1 <sup>st</sup> Meeting of the Month	2 <sup>nd</sup> Meeting of the Month
<i>Only one Board meeting this month!</i>	<b>JULY 23, 2009</b> Financial Report June Legislative Session Review & Implications for District Operations C-Train Update
<i>Only one Board meeting this month!</i>	<b>AUGUST 27, 2009</b> Financial Report July EBD Presentation (Laura Keller-Gautsch – 15 minutes) Report on Crisis Planning (Michelle Axell – 10 minutes) Approval of Cash Flow Borrowing Resolution School Start Up Program Report “Top 5 Things Board Members Should Know About the Start of School”. (Colleen, Laura, and Jane)
<b>SEPTEMBER 10, 2009</b> Superintendent Goals Closed Session on Negotiation	<b>SEPTEMBER 24, 2009</b> Financial Report August PLC’s Instructional Report - Student Achievement & Measurement of Progress (will include AYP). (Jane & Laura) Resolution Authorizing 287 to purchase Edgewood (Don Lifto may come to Board Meeting)
<b>OCTOBER 8, 2009</b> Prior Year Agenda Review Strategic Plan – Role of the School Board (Steven Barone)	<b>OCTOBER 22, 2009</b> Financial Report September Strategic Plan Update MSTA – Instructional Report
<b>NOVEMBER 12, 2009</b> <i>(Only one Board meeting this month!)</i>	
Financial Report October Facilities Management Update C-Train Report (Written Report) Parameters Resolution authorizing the certificate sale and the conditions of the award for financing the Edgewood Purchase.	Prior Year Unaudited Fund Balance Report OPEB Reporting & Funding Edgewood Purchase Agreement Approval
<b>DECEMBER 10, 2009</b> <i>(Only one Board meeting this month!)</i>	
Financial Report November Facilities Management Update - Energy Audit Restraints and Seclusion – Instructional Report Legislative Initiatives & White Paper Review Consideration and award of the certifications for Edgewood purchase.	Prior Year Audit Review North Education Center Decision Digital Copy Certificate (Written Report) Teacher Contract Renewal

# School Board Planning Calendar 2010

**\*\*Proposed Dates\*\***

1 <sup>st</sup> Meeting of the Month	2 <sup>nd</sup> Meeting of the Month
<p><b>JANUARY 14, 2010</b>  <i>Organizational Meeting</i>                      ○ Oath of Office                      ○ Election of Board Officers                      ○ Board’s Adoption of the current definition of directory info under the Family Educ. Rights &amp; Privacy Act  <i>Regular Meeting</i>                      Prior Year Audit Review</p>	<p><b>JANUARY 28, 2010</b>                      Finalize Legislative Annual Report Platform                      Strategic Plan Review &amp; Measurement Report                      Financial Report December                      Pay Equity Implementation Report (every other year)                      Community use of Facilities Bucket                      Health and Medical Bucket                      Decision Resource Report to the Board</p>
<p><b>FEBRUARY 11, 2010</b>                      FY10 Budget Revision                      FY11 Budget Assumptions                      Technology Use Policy Explanation                      Online Learning – Mike Smart &amp; Jon Voss (Instructional)</p>	<p><b>FEBRUARY 25, 2010</b>                      Financial Report February                      Program Withdrawal Report                      Staff Reduction ULA Resolution Changes for following Year                      Facilities Management Update                      Itinerate Services – Instructional Report (Laura Keller-Gautsch)</p>
<p><b>MARCH 11, 2010</b>                      Federal Stimulus                      Efficiency Efforts Status Report                      Program Planning Projections FY11                      Financial Report January                      Capital Improvement Recommendations                      HR–Past and Proposed Board Actions                      Tenured Permanent Staff Reduction ULA</p>	<p><b>MARCH 25, 2010</b>                      Reorganization &amp; Reductions                      Financial Report February                      Long-Term Facility Recommendation                      Program Reduction Resolution                      Professional Development Update                      Open Track – Instructional Report</p>
<p><b>APRIL 22, 2010</b>  <i>(Only one Board meeting this month!)</i></p>	
<p>Spotlight DVD Presentation                      Financial Report March                      Superintendent &amp; Board Evaluation Update</p>	<p>Minnesota Math and Science Teacher Academy                      Long Range Facilities Planning Presentation                      Proposed District 287 School Calendar 2010-2011</p>
<p><b>MAY 13, 2010</b>                      Food Service Report</p>	<p><b>MAY 27, 2010</b>                      Financial Report April                      Audit Open Items &amp; Requirements changes                      Staff Reduction ULA Resolution                      FY 10 Budget Revision                      Non- Tenured Non-Renewals &amp; Probationary Non-Licensed Clerical Layoffs</p>
<p><b>JUNE 10, 2010</b>                      Student Achievement in the Area of Reading                      2010-11 Budget                      Final ULA Resolution for Licensed Staff                      Board Evaluation                      MDE Monitoring in Special Education</p>	<p><b>JUNE 24, 2010</b>                      Financial Report May                      Employment Guides for Unaffiliated and Admin.                      Superintendents Evaluation Summary                      Closed Session on Negotiations using Superintendent &amp; School Board Evaluation to plan for Board Retreat outcomes.</p>

**INFORMATIONAL ITEMS TO REMEMBER:**

Update on Wells Fargo/Richfield Addendum  
 City of Richfield Addendum to Master Plan

**INTERMEDIATE DISTRICT 287  
January 14, 2010  
SCHOOL BOARD CALENDAR**

**PROPOSED  
DATES**

## January 2010

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

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## February 2010

<del>04</del>	<del>Thursday</del>	<del>SEC Alternative Graduation</del>	<del>5:00PM</del>	<del>SEC Gym</del>
09	Tuesday	<b>Local 2209 &amp; Board Breakfast</b>	<b>7:00AM</b>	<b>Dover's Restaurant</b>
11	Thursday	General Board Meeting	6:30PM	Board Rm
23	Tuesday	<b>Get on the Bus (DSC Tour &amp; Itinerant Services)</b>	<b>9:00AM</b>	<b>DSC Reception Area</b>
25	Thursday	General Board Meeting	6:30PM	Board Rm

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## March 2010

11	Thursday	General Board Meeting	6:30PM	Board Rm
18	Thursday	<b>Get on the Bus (Hosterman)</b> <b>[Bus leaves 287 DSC @ 8:30 AM]</b>	<b>9:00AM</b>	<b>DSC Reception Area</b>
23	Tuesday	<b>Local 2209 &amp; Board Breakfast</b>	<b>7:00AM</b>	<b>Dover's Restaurant</b>
27	Thursday	General Board Meeting	6:30PM	Board Rm

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## April 2010

20	Tuesday	<b>Hosterman Appreciation Night</b> <b>Parent/Guardian/Caregiver</b>	6:30PM – 8:00PM	<b>Hosterman</b>
22	Thursday	General Board Meeting	6:30PM	Board Rm

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## May 2010

13	Thursday	General Board Meeting	6:30PM	Board Rm
26	Wednesday	<b>North Vista Graduation</b>	6:00PM	<b>North Vista Ed Ctr</b>
27	Thursday	General Board Meeting	6:30PM	Board Rm

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## June 2010

03	Thursday	<b>City West Academy Graduation</b>	10:30AM	<b>City West Academy @ Shady Oak</b>
03	Thursday	<b>South Education Center Alternative Graduation</b>	5:00PM	<b>SEC Gym</b>
04	Friday	<b>Prairie Center Alternative Graduation</b>	10:00AM	<b>Eden Prairie Community Center</b>
04	Friday	<b>VECTOR/InVEST Transition North Graduation</b>	12:30PM	<b>HTC, North Campus</b>
09	Wednesday	<b>Edgewood Graduation</b>	6:30PM	<b>HTC, North Campus</b>
10	Thursday	General Board Meeting	6:30PM	Board Rm
24	Thursday	General Board Meeting	6:30PM	Board Rm

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# Local 2209

# Unifier

Jan • Feb 2010



## *Speak your Mind*

*Join* the next General Membership Meeting .

*Hear* your 2209 negotiators give updates on contract negotiations.

*Ask* your questions.

## **General Membership Meeting \* February 17th**

**Minnetonka Community Center  
14600 Minnetonka Blvd.  
4:30 - 6:30 pm**

### **Agenda:**

- 1. Closing of nominations for Executive Officers:  
President, Membership Secretary, and Executive Officer A.  
(See back for details of positions and nomination process.)**
- 2. Election of delegates to the NEA Representative Assembly in New Orleans during first week of July.**
- 3. Contract Negotiations update if needed. We may not have ratified and settled the contract by then. \*\*\*Questions and Answers\*\*\***
- 4. Education Minnesota Governing Board Report.**

**3 LOCAL 2209 EXECUTIVE COUNCIL POSITIONS  
OPEN FOR NOMINATIONS...**

EACH 2-YR TERM of OFFICE is from 7/1/10 to 6/30/12.

If there is more than one candidate for any position, an election for that office will be held in April 2010.

***What positions are open for nominations?***

President, Membership Secretary, and Executive Officer A

***How do I nominate someone for open positions?***

In writing no later than 4 pm Feb. 16th by Gail Morris,  
Local 2209 Election Judge, at the District Service Center.

OR

Verbally at the General Membership Meeting on Feb 17th (see front page.)

***What are the details of the open positions?***

See the sheet attached for more information....  
duties, stipends and release time.

**April 21, 2010 General Membership Meeting Agenda:**

1. Approval of Local 2209 budget for next fiscal year
2. Ed MN Representative Convention Report
3. Ed MN Governing Board Report



**WANNA GO GREEN ?**

**Prefer receiving the Uniflier via email?**

Simply complete this form, and send it to:  
Laura Lazowski, Audiology Dept. @ DSC.

PLEASE PRINT. THANKS!

"I hereby request Local 2209 to send all Local publications  
electronically to my personal email."

Name: \_\_\_\_\_

Date: \_\_\_\_\_

PERSONAL Email address: \_\_\_\_\_

Signature: \_\_\_\_\_

**Local 2209 Executive Council  
Members**

**Bruce Mulder, President**

**763-550-3120**

**Bob Bathke, Vice President**

**612-355-5856**

**Mary Neiman, Executive Officer A**

**952-653-1660**

**Bob Lauman, Executive Officer B**

**763-550-7361**

**Mark Hoffer, Treasurer**

**763-550-3174**

**Lois Lillie, Membership Secretary**

**763-550-7171**

**Communications Coordinator:**

**Laura Lazowski**

**763-550-7170 ext.2**

**lelazowski@district287.org**

## **DETAILS OF 2209 POSITIONS OPEN FOR NOMINATIONS**

*(from Chapter V of the Local 2209 By-Laws)*

### **President :**

It shall be the duty of the President to preside at membership meetings, to appoint all committee chairpersons unless otherwise provided, to serve as chairperson of the Executive Council, to be automatically a delegate to other affiliated bodies, to be a member ex-officio on all committees and delegations except the Nominating and Audit Committees, to perform duties set forth in this Constitution and by-Laws, to sign necessary papers and documents, to transact such other business as normally pertains to this office. The President shall be the ranking delegate to the AFT, NEA, and Education Minnesota Conventions without having to be on the delegate ballot. When necessary, the President shall be responsible for polling the Executive Council.

Yearly stipend: \$3967

Release time: .3 FTE for Local 2209 work.

### **Membership Secretary :**

The duties of the Membership Secretary are:

- a. Keeping permanent records of all meetings.
- b. Reading the general membership minutes and furnishing copies upon request by members.
- c. Keeping accurate attendance records for all General Membership meetings.
- d. Keeping updated membership lists.
- e. Contacting District regarding new hires and drops.
- f. Retaining ballots from all elections until succeeding election is held.
- g. Maintaining accurate computer records as needed.
- h. Maintaining the Local 2209 Web Site.

Yearly stipend: \$3260

Release time: .2 FTE for Local 2209 work.

### **Executive Officer (A) :**

The duties of the Executive Officers are to attend all Executive Council, Meet and Confer and General Membership Meetings; involvement with grievances; and, other duties as assigned. The elected Executive Officers shall also recruit, coordinate and develop site representatives and insure that the site representatives perform the following functions:

- a. Welcome new staff.
- b. Recruit new members.
- c. Distribute union literature.
- d. Maintain site/program seniority lists.
- e. Attend four (4) regular membership and any special membership meetings, and disseminate information to members.
- f. Arrange and host site/program membership meetings. g. Serve as liaison between site members and Executive Council.

The failure of an elected officer to attend two (2) Executive Council or two (2) general membership meetings per fiscal year or failure to perform his or her constitutional duties shall make that officer vulnerable to recall.

Yearly Stipend: \$2661

Release time: None

# RISE REPORTER

December 2009  
Vol. 33, No. 3

Published for the associates of Rise, Inc., a nonprofit agency serving people who have disabilities and other barriers to housing and employment in the Twin Cities and Greater Minnesota areas



*Lindsey Wadsen, a participant in Rise's Milestones school-to-work transition program, assembles cold controls for Electrolux. See story on page 11.*

## Young adults with hearing disabilities benefit from specialized services offered in the VECTOR program

As typical with most young adults, the students in the VECTOR program in School District #287 are looking ahead to completing their schooling and eager to make their mark in the world. They're busy making plans for college, training, and work.

With a \$100,000 grant from the Minnesota Department of Employment and Economic Development (DEED), the Minnesota Employment Center (MEC) for People Who are Deaf and Hard of Hearing has joined with the VECTOR program to address their specific needs. The 18-month project started July 1.

The MEC / VECTOR program offers a wide range of customized vocational services to help students prepare for competitive employment that matches their interests, skills and potential, thus helping to ensure success on the job.

The program will serve 30 students, ages 18-25, who have employment-related goals written in their school IEP (Individual Education Plan). In addition, former VECTOR students who need help with career planning and job placement are also eligible for customized program services.

Mohamed-Ridwan Mohamed Abdi, who is deaf, immigrated to the U.S. with his family in 1992. After graduating from Eden Prairie High School in 2002, he worked assembling furniture and cabinets. Mohamed Abdi attended Hennepin Technical College and received certification in culinary arts. He also took courses in press/print operations.



*Christine Adams and Mohamed-Ridwan Mohamed Abdi discuss his new job at Costco in Eden Prairie.*

Still challenged to find a good job, Mohamed Abdi, 25, contacted the VECTOR program and began working with Occupational Communication /Transition Specialist Christine Adams. Together they determined what kinds of jobs to pursue, wrote a resume, applied for jobs online and in person, and practiced interviewing.

Despite the tight job market, Mohamed Abdi was excited to start working part-time at Costco in Eden Prairie, stocking and customer service in mid-November. Adams will assist him in developing effective communications with his Costco co-workers.

Through American Sign Language (ASL), Mohamed Abdi said that this job is a great opportunity and will give him good experience. He added that he plans to work hard and hopefully will work at Costco full-time. Someday, he would like to return to school to be a medical lab technician.

Other program services offered are:

- \* Vocational assessment
- \* Person-centered career planning
- \* On-the-job training opportunities
- \* Work-based internships
- \* Job-seeking skills
- \* Communication assistance
- \* Job placement
- \* Job follow-up support
- \* Support at post-secondary schools
- \* Supported employment

The MEC / VECTOR program is offered in partnership with Lifetrack Resources, MEC, ISD #287, DEED / Vocational Rehabilitation Services, and the University of Minnesota's Institute on Community Integration.

For more information, call MEC Program Coordinator Jennifer Anderson at TTY: 651.298.0181. Visit MEC's website at: [www.mnemploymentcenter.org](http://www.mnemploymentcenter.org) or ISD #287's website at [www.int287.k12.mn.us](http://www.int287.k12.mn.us).