

Intermediate District 287

Responsive. Innovative. Solutions.



Intermediate District 287

Regular Meeting

Thursday, January 24, 2013 6:45 PM

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS

GENERAL MEETING OF THE BOARD

Thursday, January 24, 2013

6:45 PM @ District Service Center Board Room

AGENDA

	<u>Page #</u>
1. CALL TO ORDER (Action)	
2. APPROVAL OF GENERAL MEETING AGENDA (Action)	
3. OPEN FORUM (Information)	
4. APPROVAL OF CONSENT AGENDA (Action)	
4. 1. General Board Meeting Minutes from December 13, 2012	4
4. 2. Routine Human Resource Activities for January 24, 2013	7
5. SHARE THE SUCCESS & RECOGNITION (Information)	
5. 1. MCA Choice Award	10
North Education Center (NEC) wins coveted "Choice" award. The Board will be provided details of the award event, which was attended, by Chair Ann Bremer, Vice Chair Carol Bomben, and Board member Michèle Kunz.	
6. SUPERINTENDENT'S REPORT - (15 minutes) (Information)	
6. 1. Superintendent Uber Goal #2: High Performing, Accountable & Innovative Workforce for the Future	11
Dr. Colleen Baumtrog, Executive Director of Administrative Services, Dr. Jane Holmberg, Executive Director of Teaching and Learning, and Anne Becker, General Counsel/Human Resource Director will share progress toward this goal.	
6. 2. Intermediate Legislative Platform (White Paper) (Action)	13
7. INSTRUCTIONAL REPORT - (30 minutes) (Information)	
7. 1. What Board Members Should Know About Monitoring Process with Minnesota Department of Education (MDE)	21
7. 2. Redesigning the Continuum of Programs for Area Learning Center & Care Treatment in the Western Area	
In 2013-2014, we will offer a newly designed ALC program that also will provide the educational program for Care and Treatment students. We will offer the program at West Education Center and no longer lease the Shady Oak site. A video will be shown about this exciting new program that will model best practice in personalized learning.	
8. ADMINISTRATIVE SERVICES REPORT - (30 minutes)	
8. 1. Financial Report	
8. 1. 1. Approval of Routine Monthly Finance Report (Action)	
Mae Hawkins, Director of Finance will provide an overview of the November 2012 and December 2012 monthly finance reports and the Board will be asked to approve them.	
8. 1. 1. 1. November 2012 Routine Monthly Finance Report	22
8. 1. 1. 2. December 2012 Routine Monthly Finance Report	33
8. 1. 2. FY12 Audit Report (Action)	44
Jim Eichten, Malloy, Montague, Karnowski, Radosevich & Co., will present a summary of the FY12 Audit and the Board will be asked to accept it.	
8. 2. Facilities Report	
8. 2. 1. Best Value Certification Training (Information)	
Tom Shultz, Director of Facilities, will share information about the Arizona State	

University Best Value training through the 287 Prep Center.

8. 3. Human Resource Report - None

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

9. 1. Policy Review & Revision

9. 1. 1. Data Privacy & Records Policy Bucket and Wellness Policy 159
Data Privacy & Records Policy Bucket and Wellness Policy are presented as a
First Read. Anne Becker, General Counsel/Human Resource Director will be
available for questions.

9. 2. District News

9. 2. 1. School Board Planning Calendar 176

9. 2. 2. January 24, 2013 Calendar 178

9. 3. Board Reports

9. 3. 1. Chair Report

9. 3. 2. AMSD Report (Ann Bremer)

9. 3. 2. 1. AMSD Connections January 2013 Newsletter 179

9. 3. 3. **Closed Session**

The School Board may hold a closed meeting pursuant to Minn. Stat. §13D.5,
subd. 3(c) to develop a plan for evaluation of the district's real and personal
property.

9. 4. Once Around the Table

10. **ADJOURNMENT**

DISTRICT 287 REGULAR BOARD MEETING
Intermediate District 287
December 13, 2012
MINUTES

1. CALL TO ORDER

Chair Ann Bremer called the regular meeting to order at 6:30 PM at the District Service Center Boardroom. A quorum was declared with the following members in attendance:

286	Brooklyn Center	Greg Thielsen
272	Eden Prairie	Carol Bomben
273	Edina	(appointment pending)
270	Hopkins	Laura Ronbeck
276	Minnetonka	Bob Quam
278	Orono	Michèle Kunz
279	Osseo	Dean Henke
280	Richfield	Nancy Rowley
281	Robbinsdale	Sherry Tyrrell
283	St. Louis Park	Nancy Gores
284	Wayzata	Carter Peterson
277	Westonka	Ann Bremer

Absent:

Guests:

287 Administration: Sandra Lewandowski, Colleen Baumtrog, Anne Becker, Mae Hawkins, Jane Holmberg, Dolly Lastine, Chad Maxa, , Tom Shultz, and Wauneen Mgeni

287 Staff Members: Sandy Gaulke, Gloria Wilder, Kim Helgeson, Bruce Mulder, and Greg Krohn

2. APPROVAL OF GENERAL MEETING AGENDA

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

3. OPEN FORUM FOR COMMUNITY COMMENTS - None

4. APPROVAL OF CONSENT AGENDA

The Consent Agenda was presented for approval. The Consent Agenda included the general meeting minutes from November 8, 2012, revised general meeting minutes from October 25, 2012, Hennepin County – West Education Center Lease, North Education Center Change Order, and Routine Human Resource Activities for December 13, 2012. *Motion by Ann Bremer, seconded by Michèle Kunz, to approve the Consent Agenda as presented. All in favor. Motion carried unanimously.*

5. SHARE THE SUCCESS & RECOGNITIONS

Superintendent Lewandowski introduced Ms. Anne Runck, Work Coordinator at South Education Center. Anne has been named the November 2012 “Above and Beyond” employee representing the Teaching and Learning Division.

Sandy and the Board recognized staff member Ms. Karen Bendtsen, Developmental Cognitive Disabilities Instructor, was named the ARC Minnesota Teacher of the Year.

Sandy and the Board recognized staff members Mr. Scott Swanson, Innovation Coach/Emotional Behavioral Disorders Instructor and Mr. Jason Backes, Autism Instructor, received the 2012 TIES Exceptional Teachers awards at the TIES Annual Conference.

6. SUPERINTENDENT’S REPORT

Superintendent Lewandowski presented to the Board a document “*What the Board Members Should Know about Substance Abuse and Mental Health Services Administration (SAMHSA)/MacArthur Grant.*” Sandy reported to the Board that Dr. Char Myklebust, Executive Director of Mental Health and Partnerships, traveled to Washington D.C. in early December to present Minnesota’s project to the national Models for Change conference where the group learned that there is national concern about the overrepresentation of youth with mental and chemical health issues in the juvenile justice system.

Mr. Chad Maxa, Director of Information and Technology Services presented to the Board a document “*What the Board Members Should Know about District Technology,*” highlighting many of the recent district technology initiatives.

Sandy introduced members of the Strategy One Steering Team, Mr. Chad Maxa, Director of Information and Technology Services, Ms. Kim Helgeson, Information Technology Project Manager, Ms. Sandy Gaulke, Student Information Services Manager, Ms. Gloria Wilder Assistant Director of Finance Services, and Dr. Jane Holmberg, Executive Director of Teaching and Learning. They briefly presented to the Board the new member district web portals. The portals will be launched the week of December 17; the portals are a major activity to address the strategy, which states: *We will design and implement communication systems to include accurate and trusted data that guide individual and collective decision-making and clarify perceptions.*

7. INSTRUCTIONAL REPORT - None

8. ADMINISTRATIVE SERVICE REPORTS

Financial Report

Mrs. Mae Hawkins, Director of Finance Services, presented the monthly financial report for November 2012. *Motion by Ann Bremer, seconded by Greg Thielsen, to approve the monthly financial reports as presented. All in favor. Motion carried unanimously.*

Mae presented and recommended approval of the unaudited fund balance for FY12. The overall fund balance at June 30, 2012 was \$6,187,960 or (8.54%). *Motion by Ann Bremer, seconded by Michèle Kunz, to approve the unaudited fund balance for FY12 as presented. All in favor. Motion carried unanimously.*

Mae briefly updated the Board on the possible implications of Sequestration (“The Fiscal Cliff”).

Facilities Report

Mr. Tom Shultz, Director of Facilities, presented an overview of the November 20, 2012 Board Facilities Committee meeting.

Tom presented and recommended approval of the North Education Center Change Order. *Motion by Ann Bremer, seconded by Carol Bomben, to approve the North Education Center Change Order as presented. All in favor. Motion carried unanimously.*

Superintendent Lewandowski announced to the Board, she has been in communication with the Eden Prairie district about Shady Oak Crossings lease and will present more information at a subsequent meeting.

Human Resources Report – None

9. BOARD BUSINESS

Policy Review & Revision - None

Chair Report

At the recommendation of Board Chair Bremer, *a motion was made by Ann Bremer, seconded by Laura Ronbeck, to approve the discontinuation of the current Superintendent contract effective June 30, 2013 as presented. No discussion. All in favor. Board member Peterson votes no. Motion carried.*

At the recommendation of Board Chair Bremer, *a motion was made by Ann Bremer, seconded by Michèle Kunz, to approve the new Superintendent contract effective July 2, 2013 to June 30, 2016 as presented. Discussion. All in favor. Board member Peterson votes no. Motion carried.*

At the recommendation of Board Chair Bremer, *a motion was made by Ann Bremer, seconded by Michèle Kunz, to approve the new nominating committee as presented. No discussion. All in favor. Motion carried unanimously.*

Board Chair Bremer presented a sample of the January 24, 2013 Organizational meeting agenda.

Board Chair Bremer and attending Board members updated the Board on the December 4, successful “Get on the Bus” event, which focused on escalating mental health needs. Board members recommended that District 287 should invite legislators to all of the Get on the Bus events. They recognized 287 staff for their commitment to District 287 students.

Board Chair Bremer updated the Board on the November 27 “Bridging Children’s Mental Health and K-12 Education” Conference.

Board Chair Bremer and Board member Kunz updated the Board on the December 2 Delegate Assemble.

Board Chair Bremer reminded and recommended the Board to sign-up for the upcoming MSBA Leadership Conference and the NSBA 73rd Annual Conference.

**AMSD Report – None
Once Around the Table**

10. ADJOURNMENT

Motion was heard and seconded to adjourn the meeting. Meeting adjourned at 8:38 PM.

The next general meeting will be held on January 24, 2013, at 6:30 PM in the District Service Center.

Submitted by
Wauneen Mgeni
Secretary to the Board

Signed: Chair _____ Clerk _____

Date _____ Date _____

**ROUTINE HUMAN RESOURCES ACTIVITIES FOR THE INTERMEDIATE DISTRICT 287
SCHOOL BOARD – January 24, 2013**

LICENSED STAFF

1. New Hires:

A. Regular

- ALISON E. JONES, ELL Instructor at Epsilon, Shady Oak, Headway, and West Education Center, **refill for R. Espinosa**, effective January 14, 2013, Step 10 - .3 FTE.
- GLENDA G. KIBAT, School Nurse at South Education Center, **refill for G. KIBAT**, effective January 2, 2013, Step 8 – 1.0 FTE.

B. Reinstatement of Licensure Waivers

C. Temporary

- KATHY CARRUTH, VOS Work Coordinator at the District Service Center, effective November 1, 2012 through October 31, 2013.
- SUSAN COMER-BERGEN, VOS Work Coordinator at the District Service Center, effective January 2, 2013 through August 31, 2013.
- MYRA HACKFORT ROUFS, VOS Work Coordinator at the District Service Center, effective January 1, 2013 through August 31, 2013.
- BRUCE MULDER, VOS Work Coordinator at the District Service Center, effective January 1, 2013 through August 31, 2013.
- CHAR MYKLEBUST, Online Relicensure Instructor, effective July 1, 2012 through June 30, 2013.
- JUDI MARIE RINGE, Itinerant Services Consultant at the District Service Center, effective October 1, 2012 through June 6, 2013.
- ANN VERDEGAN, VOS Work Coordinator at the District Service Center, effective January 3, 2013 through August 31, 2013.

2. Extended Leaves of Absence:

A. Unpaid

-

3. Separations:

A. Dismissal

-

B. Resignation

- ALLISON R. WITHAM, English Instructor at North Education Center, effective January 4, 2013.

C. Retirement (Regular/Disability)

- KATHY LORENZ, Science Instructor at Shady Oak, effective June 7, 2013.

4. Other:

NON-LICENSED STAFF:

1. New Hires:

A. Regular

- NICOLE NELSON, Education Assistant at Northwest Tech Center, **additional position due to increased enrollment**, effective December 7, 2012 Step 11 Lane 3 +30 credits - .875 FTE.
- HEATHER HENNING, Education Assistant at North Education Center, **additional position due to increased enrollment**, effective December 12, 2012 Step 6 Lane 4 +90 credits (ParaPro) – .875 FTE.
- JEANNA BURNS, Education Assistant at North Education Center, **additional position due to increased enrollment**, effective December 17, 2012 Step 11 Lane 3 +30 credits – .875 FTE.
- DINA HELTZER, Education Assistant at Northwest Tech Center, **additional position due to increased enrollment**, effective December 17, 2012 Step 11 Lane 4 +90 credits - .875 FTE.
- TINA MCKENZIE, Education Assistant at North Education Center, **additional position due to increased enrollment**, effective January 2, 2013 Step 4 Lane 1 - .875 FTE.
- SONJA CLEARLY, Education Assistant at North Education Center, **additional position due to increased enrollment**, effective January 2, 2013 Step 7 Lane 5 +BA - .875 FTE.
- JACOB PLAUNT, Education Assistant at North Education Center, **additional position due to increased enrollment**, effective January 2, 2013 Step 4 Lane 5 +BA - .875 FTE.
- ROBIN DURAND, Clerical – Brailist at the District Service Center, **additional position**, effective January 3, 2013 Grade IV Step 2 – 10 month .3 FTE.
- ERIC RIOS, Education Assistant at West Education Center, **additional position due to increased enrollment**, effective January 7, 2013 Step 7 Lane 3 +30 credits - .875 FTE.
- GRANT HALEY, Education Assistant at West Education Center, **additional position due to increased enrollment**, effective January 2, 2013 Step 8 Lane 3 +30 credits- .875 FTE.

- DENEEDRA HOWELL, Education Assistant at North Education Center, **additional position due to increased enrollment**, effective January 2, 2013 Step 6 Lane 2 +15 credits- .875 FTE.
- VONETTA MCNEAL, Education Assistant at North Education Center, **additional position due to increased enrollment**, effective January 22, 2013 Step 10 Lane 3 +30 credits- .875 FTE.
- RISHEKA REMUS, Clerical at Edgewood Education Center, **refill for M. Zene**, effective January 14, 2013 Grade III Step 3 – 10 month .5 FTE.

B. Temporary

- BEVERLY KRUEGER, Education Assistant at Northwest Tech Education Center, effective January 7, 2013 through March 11, 2013.

C. Substitutes

- Susi Forsans

2. Extended Leaves of Absence:

A. Unpaid

- CASSANDRA WELK, Education Assistant at Northwest Tech Center, effective January 10, 2013 through March 8, 2013.

3. Separations:

A. Dismissal

-

B. Resignation

- TYLER HENDRICKSON, Education Assistant at North Education Center, effective January 18, 2013.
- GAIL STEFANICK, Clerical/Braillist at the District Service Center, effective January 4, 2013.

D. Retirement (Regular/Disability)

- MARIKAY WOLF, Education Assistant at South Education Center, effective June 7, 2013.

4. Other:

- A.** RECOMMEND the Board's approval to credit, Michaela Newago, Education Assistant at North Education Center, with two (2) days of additional sick leave. These days have been donated by the staff members listed below who have authorized the District to reduce their individual sick leave balance by one (1) day.

DiAnn Knafla

Philistin Pierre



mca

MCA Choice Award

North Education Center

JE DUNN CONSTRUCTION

January 23, 2013

Thomas
Thomas Smith
Thomas Smith
Thomas Smith

Superintendent Innovative Workforce Goal 2012-2013: Proposed Board Report Schedule

Create systems, practices and cultures that facilitate the recruitment and retention of a high performing, accountable, and innovative workforce for the future. A primary method of measurement will be through member district conditions of satisfaction as articulated in our strategic plan. In addition, specific measurement of staff engagement and productivity will be developed in the following six areas:

Date	Goal Area	Results
January 24th	Teacher and Principal Evaluation	1. Design and develop implementation plans for new evaluation systems for principals and teachers
		2. Convene Joint Union-District Task Force for Teacher Evaluation Process Review
March 14	Process Communication Model	Offer an array of training and coaching supports in order to effectively use the Process Communication Model as a major element in our ability to meet the demands of the strategic plan.
	Professional Development	Maintain a coherent framework for professional development that offers an array of training to increase individual efficacy and organizational capacity.
April 11	Employee Workspace	The first floor of the DSC will be redesigned so as to increase security, improve efficiencies, utilize technology tools and facilitate collaboration.
	Results Only Work Environment (ROWE), Customer Service & Employee Satisfaction	Pilot a Results Only Work Environment (ROWE) with a workgroup in each of the divisions in order to assess the extent to which ROWE enables increased productivity, customer service and employee satisfaction.
May 9	Recruitment, Hiring, and Retention	1. Create a more rigorous screening and interview process for licensed instructional staff
		2. Provide more robust candidate pools, with special emphasis on hard-to-fill positions
		3. Facilitated Discussions for Workplace Issues/Conflicts
		4. Continued emphasis on improving employee performance

Intermediate District 287 Proposed Overall Timeline and Structure to Accommodate New Principal and Teacher Evaluations Requirements in Law

	2012-2013		2013-2014			2014-2015		
	All Admin <i>(new this year)</i>	Teachers	Principals <i>(new this year)</i>	Admin Except Principals	Teachers	Principals	Admin Except Principals	Teachers <i>(new this year)</i>
General Evaluation	Checklist of fundamental competencies	Current rubric process	1. Rubrics: instead of former managerial competencies, now items on instructional leadership (65%)	Same as previous year	Same as previous year	Same as previous year	Same as previous year	1. Rubrics already in system or some refinement of them (65%)
			2. Student achievement: measured as part of instructional goal. Evidence of meeting goal is assessed on the same five point scale as the instructional leadership rubric. (35%)					2. Student achievement: measured as part of instructional goal, assessed on the same five point scale as the teaching rubric and done in the same way at the principals and instructional leaders. Teachers identify student achievement goal, perhaps from a menu that includes the PLC goal, and then provide evidence. (35%)
Variable Pay	Goals: 4 goal areas, with the instructional goal encompassing a measure of student achievement for instructional administrators. This foreshadows principal expectations next year. Goals will be assessed on a five point rubric.	N/A	Goals: goals not measured as part of general evaluation are tied to variable pay.	Same as previous year	N/A	Same as previous year	Same as previous year	N/A

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

Regular Meeting – January 24, 2013

AGENDA SECTION: SUPERINTENDENT’S REPORT

ITEM: Intermediate Legislative Platform (White Paper)

PRESENTED BY: Superintendent Lewandowski

1. Background Information

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

With continued support from the Legislature, the Intermediate School Districts can continue to provide quality programs and services in special education, career and technical education, and a variety of other specialty areas for our member districts and other customers.

Responding to our legislative needs will also enhance our ability to serve as a model for the regional delivery of many of the programs and services needed by students and K-12 school districts.

The Intermediate School Districts understand the many challenges faced by state policy makers and will work collaboratively with policymakers and other education organizations sharing the goals of supporting a strong public education system.

2. Fiscal Impact/Funding Source:

3. RECOMMENDED ACTION: The Board accepts the Intermediate Legislative Platform 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 School Districts

Innovation through Collaboration



2013 Legislative Platform

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

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

THE ROLE OF INTERMEDIATE SCHOOL DISTRICTS

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

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

2013 LEGISLATIVE PLATFORM

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

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

The Intermediate School Districts understand the many challenges faced by state policy makers and will work collaboratively with policymakers and other education organizations sharing the goals of supporting a strong public education system. Here are the key initiatives supported by the Intermediate School Districts for the 2013 legislative session.

Support school districts in addressing the need for children's mental health services. School districts must increasingly address students' mental health needs because these services are either very limited or difficult to access for families and communities. The increase and severity of students' needs is driving costs in a dramatic way, impacting our ability to provide an adequate education for the students to be successful in school. Therefore we recommend the following:

- Investments in school-linked mental health grants.
- Increase the safe schools levy
- Provide funding so school districts can implement and sustain programs like Positive and Behavioral Interventions and Supports (PBIS) systems.

- Support the MN Department Education’s statewide plan to reduce the use of restrictive procedures and prone restraint.
- Provide alternative funding mechanisms for the most high-need special education students.

Education finance reform must recognize the role of the Intermediates. School Districts serve a set of learners with highly complex and specialized individual learning needs and the teacher skills needed are not the same as those needed for serving students in a more mainstream K-12 environment. There are differences in how Intermediates work with their member school districts and any education reform should allow for the continued role of the Intermediates.

Support alternative learning programs. Alternative high school students are often significantly behind and need more time if they are going to graduate on time. Prior to 2002, students in area learning centers were weighted at 1.5 in the state education funding formulas to allow for extended time instruction. In a cost-saving measure, the Legislature and the Governor reduced the weighting 1.2. The Intermediate School Districts propose to restore the weighting back to 1.5 and to allow intermediates to maintain successful extended time programming. In addition, we support proposals to help sober schools support students as they transition from treatment back to K-12.

Allow the Intermediate School Districts, in certain circumstances, the authority to use bonding for health and safety projects. The Intermediate School Districts have access to Health and Safety Revenue to promote facilities that meet the health and safety needs of the students served. This revenue allows Intermediate member districts to utilize the “pay as you go” health and safety levy for qualifying projects. Under state law, health and safety projects with an estimated cost of \$500,000 or more per site have restrictions regarding health and safety revenue. Districts are required to use alternative facilities bonding revenue for projects over \$500,000. Unfortunately, the intermediate school districts do not qualify for alternative facilities funding. Additionally, a large health and safety project would be burdensome for the member districts who levy the health and safety revenues on behalf of the intermediates to fund via the “pay as you go” health and safety levy. Authority to bond for projects totaling \$500,000 or more would provide an opportunity to pay for the cost over a longer period of time, thus reducing the annual burden on the member districts as well.

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



TODAY'S STUDENTS = TOMORROW'S WORKFORCE

2013 LEGISLATIVE PLATFORM

The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state. (Minnesota Constitution, Article XIII, Section 1)



Association of Metropolitan School Districts

STRENGTHEN MINNESOTA'S EDUCATION FUNDING SYSTEM

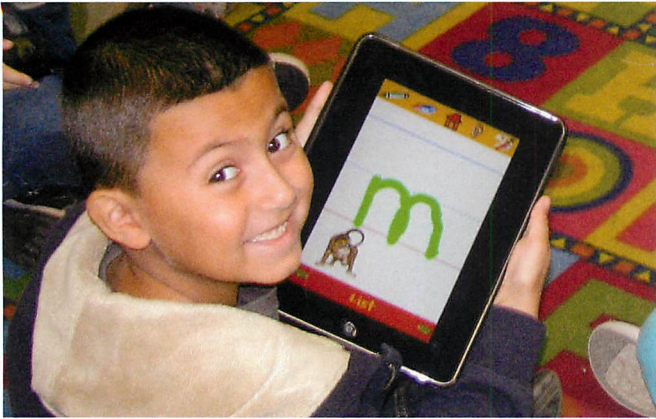
The Governor and Legislature should reform Minnesota's education funding system to ensure that it consistently provides the resources necessary to allow each student to meet state performance expectations and reduces the reliance on voter-approved operating referenda. In addition, it is critical that every school district has the ability to invest in the technologies that will provide students with the skills they need to succeed in today's knowledge-based, global economy. Specifically, the new funding system should:

- Make new investments in education a priority while paying back the education shifts over time using the mechanisms in current law
- Link the basic formula to inflation
- Allow school boards to renew an existing operating referendum by a majority vote of the elected school board
- Reduce the reliance on voter-approved referenda by accounting for regional labor cost differentials in the funding formula
- Provide a stable source of funding to allow school districts to invest in technology to improve student learning through personalized instruction

CLOSE THE READINESS GAP WITH INVESTMENTS IN EARLY LEARNING

The evidence is overwhelming that investments in early childhood education yield enormous dividends to individuals and to society. Investments in quality early childhood education programming lead to improved educational outcomes for all students, a reduction in the achievement gap, lower crime rates and fewer people in need of economic assistance. The Governor and Legislature should:

- Ensure all 3 and 4-year-old children have access to quality early childhood education and school readiness programs that are designed to align with district and state K-12 standards
- Fully fund voluntary, full-day kindergarten for all students
- Increase the lease levy authority to ensure that every school district has the classroom capacity necessary to offer full-day kindergarten to all students



As the State Constitution reflects, Minnesotans have long understood that our ability to compete and succeed as a state is directly tied to having a highly educated and skilled workforce. Not long ago, Minnesota was viewed as the brainpower state. We were committed to providing our students with a world-class education and we did it with purpose and vision. Over the past few decades, however, that commitment has waned. The unfortunate reality is that our current education funding system falls woefully short of meeting the constitutional mandate.

Minnesota is at a crossroads. Federal and state policymakers have established the unprecedented expectation for our public schools that EVERY student will graduate and be prepared to enter post-secondary education. Rapidly changing demographics combined with the competitive, knowledge-based, global economy demand that we strive to attain this goal. Accomplishing this will require new investments. It will also require that state policymakers and educators think creatively and demonstrate the type of vision and bold leadership that was once a Minnesota hallmark.

The AMSD Board of Directors has identified the following key elements that must be addressed if we are to reclaim our place as a national leader and meet our goal of preparing every student to succeed in a post-secondary program.



INCREASE STUDENT ACHIEVEMENT BY FIXING SPECIAL EDUCATION FUNDING

The failure of the state to adequately fund special education programming has created perennial budget challenges for Minnesota's school districts. The Minnesota Department of Education projects that Minnesota school districts will have to re-direct over \$600 million in funds meant for general education programs to meet state special education mandates in the current school year.

In addition, a growing number of students come to school with mental health needs that are not being met. State budget cuts have reduced programming previously provided by the state and communities, placing a greater burden on our schools to fund these unmet needs.

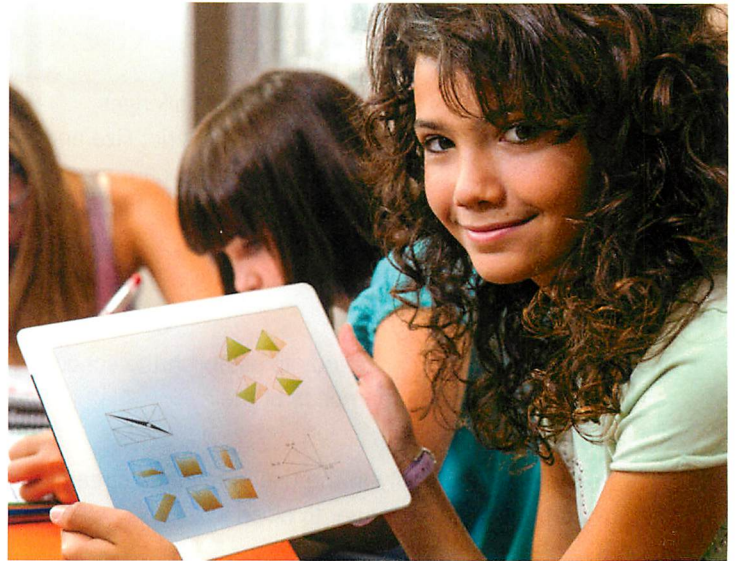
To help all students reach their full potential, the Governor and Legislature should:

- Reform and fully fund the state special education funding formula
- Expand and provide ongoing funding for school-linked mental health grants
- Increase the Safe Schools Levy authority to provide the resources school districts need to ensure a safe, supportive learning environment for all students and staff

CREATE INTEGRATED AND EQUITABLE LEARNING ENVIRONMENTS

Research shows that students in integrated settings have a greater chance for success than students in segregated schools and classrooms. To ensure integrated and equitable learning opportunities and to increase achievement for all students, the Governor and Legislature should follow the recommendations of the Integration Revenue Replacement Task Force. Specifically, the Governor and Legislature should:

- Require a revised desegregation rule that continues to prohibit intentional segregation and provides incentives to create integrated and equitable learning environments for students
- Allow school districts to develop plans and partnerships that address the unique needs of their students and their local communities
- Focus integration funding on programs that have a proven ability to close the achievement gap such as the Advancement Via Individual Determination (AVID), Young Scholars Program (YSP) and Jobs for America's Graduates (JAG)



PROTECT TAXPAYER INVESTMENTS BY MAINTAINING FACILITIES

All school districts should have the ability to protect taxpayer investments in facilities and keep learning environments safe for students and staff. Specifically, the Governor and Legislature should:

- Broaden eligibility for the Alternative Facilities Bonding and Levy Program
- Increase Deferred Maintenance Aid

ATTRACT AND RETAIN EFFECTIVE TEACHERS AND PRINCIPALS

The research is clear that the most important in-school factor for student achievement is the quality of the classroom teacher. Likewise, strong administrative leadership is an integral component to a high-quality school. To help ensure that our schools can attract and maintain highly-effective teachers and principals, the Governor and Legislature should:

- Amend the continuing contract/teacher tenure law to give school boards and administrators greater flexibility to retain highly effective teachers to maintain and enhance learning opportunities for students
- Provide a path for non-native English speaking teachers to acquire and maintain licensure to ensure the continued development and growth of immersion and world language programs whose success relies heavily on such teachers
- Clarify that local teacher evaluation plans should be developed through the meet and confer process and provide the necessary funding to effectively implement the teacher and principal evaluation systems

ENHANCE LOCAL CONTROL AND ELIMINATE UNFUNDED MANDATES

Every school district faces unique needs and challenges related to student demographics, geography, district size and community expectations. Locally-elected school boards—working with their administrators, staff, parents, students and communities—are in the best position to identify and respond to these local needs and challenges. Accordingly, the Governor and Legislature should:

- Allow locally elected school boards to establish the school calendar that best meets the needs of their students and community
- Allow greater local authority in the use of revenue streams, such as compensatory revenue, to close student achievement gaps
- Refrain from enacting any new, unfunded mandates and work to fund existing unfunded mandates
- Allow appropriately trained staff to use approved restraint procedures to ensure student and staff safety

REFORM THE ASSESSMENT AND ACCOUNTABILITY SYSTEM

The state accountability system should be focused at the school and system level with a student's eligibility to earn a diploma based on multiple measures of learning rather than a single test. However, the accountability system must also support the goal of preparing every student for post-secondary education and/or training. Toward that end, the Governor and Legislature should:

- Replace the Graduation Required Assessment for Diploma (GRAD) with a system of multiple measures of student achievement
- Explore requiring a suite of exams with diagnostic capabilities across grade levels, including pre-K to 2nd grade, to monitor student progress and provide career and educational planning for students
- Require assessments to be aligned from pre-K through high school and consistent with Minnesota standards
- Require assessment results to be timely to support instructional and curricular alignment and changes



The Association of Metropolitan School Districts represents 37 K-12 school districts, 3 intermediate school districts and 3 integration school districts. AMSD member school districts enroll nearly one-half of the public school students in Minnesota.

AMSD's mission is to advocate for state education policy that enables metropolitan school districts to improve student learning. AMSD stands ready to assist state policymakers by providing current research and data to help them make informed decisions.



For more information contact:

Scott Croonquist, Executive Director
Association of Metropolitan School Districts
1667 Snelling Avenue North, St. Paul, MN 55108
651-999-7325 fax 651-999-7328 www.amsd.org
scroonquist@amsd.org

AMSD MEMBERS: Anoka-Hennepin • Bloomington • Brooklyn Center • Burnsville-Eagan-Savage • Columbia Heights • East Metro Integration District • Eastern Carver County • Eden Prairie • Edina • Elk River Area • Farmington Area • Fridley • Hopkins • Intermediate School District #287 • Inver Grove Heights • Lakeville Area • Mahtomedi • Minneapolis • Minnetonka • Mounds View • North St. Paul-Maplewood-Oakdale • Orono • Osseo Area • Richfield • Robbinsdale Area • Rosemount-Apple Valley-Eagan • Roseville Area • St. Anthony-New Brighton • St. Cloud Area • St. Louis Park • St. Paul • Shakopee • South St. Paul • South Washington County • Spring Lake Park • Stillwater Area • Wayzata • West Metro Education Program • West St. Paul-Mendota Heights-Eagan Area • White Bear Lake Area **ASSOCIATE MEMBERS:** Intermediate School District #917 • Northeast Metro Intermediate School District #916 • Northwest Suburban Integration District • TIES



Association of Metropolitan School Districts

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Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

M E M O R A N D U M

TO: Sandra Lewandowski, Superintendent
FROM: Dolly Lastine, Executive Director of Special Education
DATE: January 8, 2013
Re: **What Board Members Should Know About Monitoring Process with MDE**

Overview:

Minnesota Department of Education (MDE), Division of Compliance and Monitoring officially notified the district May 15, 2012 of their requirement to complete electronic student record reviews in all of our special education programs and two of the six care and treatment programs. MDE notified the District October 19, 2012 that the student list for reviewing records was available through the MNCIMP:SR process. MDE also required the District to complete Stakeholder Surveys for families, General Education providers, Special Education providers, and Special Education Paraprofessionals by April 1, 2013.

MDE Training:

On October 9, 10, and 11, two of the Due Process Committee members and the Director of Special Education attended three days of training at MDE in Roseville. The purpose of the training was to learn the process of completing a student record review using the MDE Record Review checklists, completing electronic submission of records, and implementing due process training with staff. Three student records were completed on site with MDE's compliance oversight.

Correction Process:

Due Process Committee members were assigned to work with IEP managers at each site to complete the record review checklist and eligibility checklist(s) for each student. The district was given 36 student records to complete by January 1, 2013. Out of a possible 1224 citations for 36 students, the district received 52 initial citations. Twenty-five of the 52 citations were released by MDE as of 1/3/2013 due to the non-compliant issue occurring in another district. The Due Process Committee members are working with IEP managers to correct the remaining 27 citations by February 28, 2013. When all citations have been corrected by February 28, 2013, the district will be in 100% due process compliance with MDE. If there is a citation that cannot be corrected by that deadline, the district is given until February 28, 2014 to submit any remaining corrections and corrective action plans that correspond with the citation.

Stakeholder Surveys

All families identified through the record review process will complete a stakeholder survey along with general education teachers, special education licensed staff, and special education paraprofessionals. District 287 staff will participate in the online survey on Friday, January 25.

Site Visit

The site visit from MDE is scheduled for 2014-15.

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

Regular Meeting – January 24, 2013

AGENDA SECTION: ADMINISTRATIVE SERVICES REPORTS

ITEM: Approval of Routine Monthly Finance Report

PRESENTED BY: Mae L. Hawkins, Director of Finance

1. Background Information

The November Budget vs. Actual Reports are presented for Board information and review. These reports indicate that year-to-date revenue in all funds excluding Fund 06, Building Construction, total \$34,349,263, or 42.1% of the Original Revenue Budget of \$81,503,213. The District’s monthly revenue will continue to be based upon the cash payments we receive from MDE Special Education Uniform Tuition system and other state aids. Thru November 2012, we received FY13 cash payments at 64.3% of the entitlement. That compares to 90% in FY09, 73% in FY10, 70% in FY11, and 64.3% in FY12. Revenue will be made whole at the end of each fiscal year as we calculate all of our receivables and recognize the revenue receivable as part of the audit.

Year-to-date expenditures in all funds excluding Fund 06, Building Construction, total \$26,321,044, or 32.1% of the Original Expenditure Budget of \$82,045,055.

The numbers as of the end of the prior fiscal year at June 30th are preliminary at this point. They reflect the normal month end which is basically on a cash basis without accrual entries. Numerous receivables and payables are calculated after year-end, and the numbers will continue to change until the audit is finalized.

DDA

Attachments

2. Fiscal Impact/Funding Source: None

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

Motion by: _____ Yes ____ Passed ____

Second by: _____ Yes ____ Failed ____

Abstentions: _____

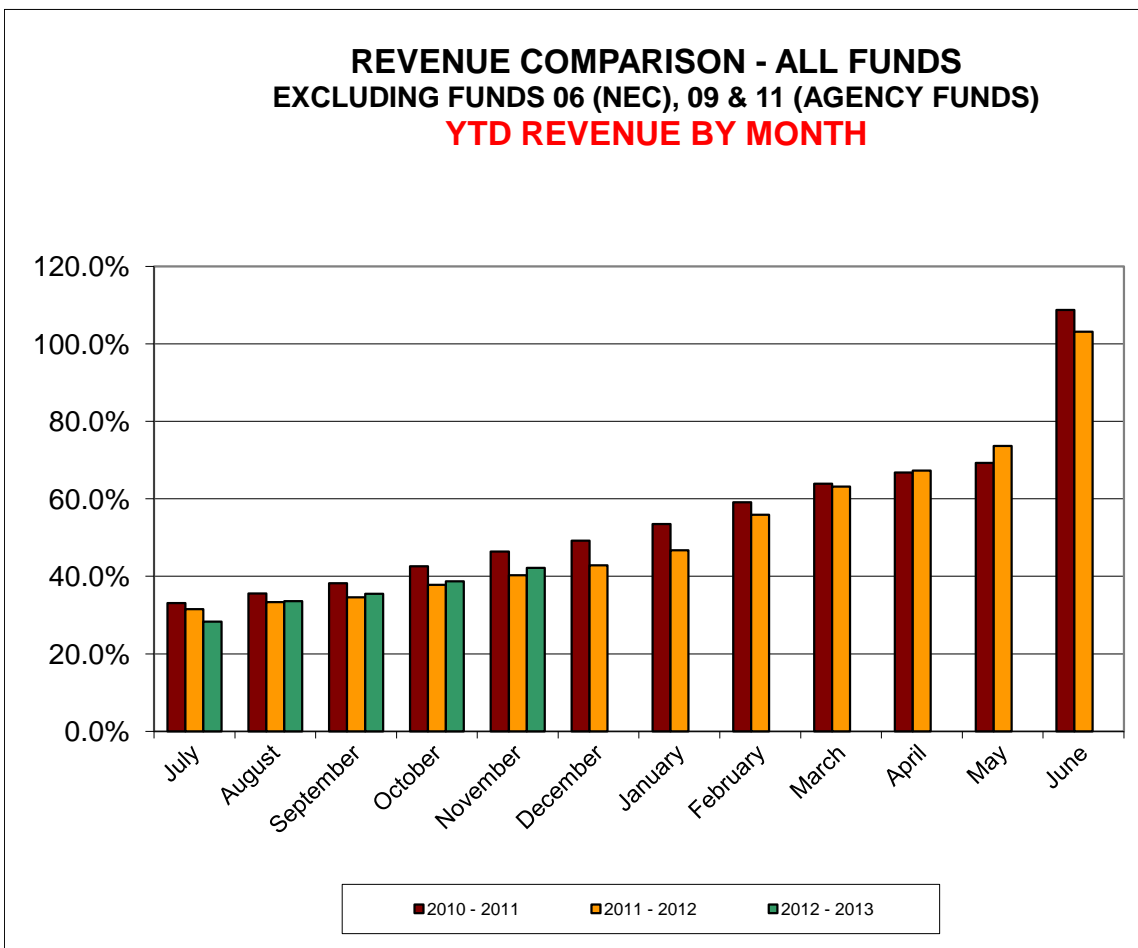
The mission of Intermediate District 287 is to be the premier provider of innovative specialized services to ensure that each member district can meet the unique learning needs of its students.

DISTRICT 287

REVENUE COMPARISON

- EXCLUDING Fund 06 (NEC Construction), 09 (Agency) and 11 (SEC Construction FY10-11)

Month	2010 - 2011		2011 - 2012		2012 - 2013	
	\$	%	\$	%	\$	%
Month	Amount	of Budget	Amount	of Budget	Amount	of Budget
July	24,850,317	33.1%	25,873,696	31.5%	23,083,337	28.3%
August	1,917,864	35.6%	1,547,432	33.4%	4,277,483	33.6%
September	1,976,441	38.2%	1,014,685	34.6%	1,595,333	35.5%
October	3,267,074	42.6%	2,606,586	37.8%	2,620,908	38.7%
November	2,880,502	46.4%	2,065,709	40.3%	2,772,203	42.1%
December	2,114,810	49.2%	2,114,041	42.9%		
January	3,197,405	53.5%	3,139,401	46.7%		
February	4,262,556	59.1%	7,524,683	55.9%		
March	3,559,420	63.9%	5,978,317	63.1%		
April	2,208,715	66.8%	3,434,961	67.3%		
May	1,840,429	69.3%	5,160,949	73.6%		
June	29,664,054	108.7%	24,252,122	103.1%		
TOTAL	81,739,588	108.7%	84,712,583	103.1%	34,349,263	42.1%
BUDGET	75,178,488		82,141,328		81,503,213	



REPORT: EXPREV 006 REVENUE SUMMARY BY FUND - Board Report
 STATEMENT OF REVENUE
 DIST 0287 Intermediate District 287 ACCOUNTING PERIOD 11/01/12 TO 11/30/12

RUN: THU 011713 08:36 PAGE 1

ACCT STATUS: All Account Statuses ACCOUNT RANGES: 01 TO 99-999
 ZERO BALANCES: Suppress Zero Balances INCLUDE/EXCLUDES: EXL FD 09 09 EXL FD 11 11
 SORTED BY: ACCOUNT FD
 SUBTOTALLED BY: ACCOUNT FD
 SERIES TOTALS: <None Selected>
 PAGE BREAK ON: <None Selected>

FD 01	PRIOR YEAR ACTUAL	< - - - - - REVISED BUDGET	FISCAL YEAR 201207		- - - - ->	
			11/01/12 11/30/12	RECEIVED THRU 11/30/12	REMAINING ON 11/30/12	PERCENT REMAINING
01 GENERAL FUND	18,549,637.64	17,482,477	31,034.36	7,595,633.18	9,886,843.82	56.55 %
02 FOOD SERVICE FUND	364,196.44	504,261	71,678.59	80,557.87	423,703.13	84.02 %
04 COMMUNITY SERVICE FUND	236,201.05	220,705	7,282.61	52,217.33	168,487.67	76.34 %
06 BUILDING CONSTRUCTION FUND	43,176.26	0	43.66	173.87	173.87-	0.00 %
07 DEBT SERVICE FUND	5,666,623.62	5,163,238	21,512.93	841,033.93	4,322,204.07	83.71 %
08 TRUST FUND	543,411.13	0	48,075.17	168,228.52	168,228.52-	0.00 %
10 SCHOLARSHIP FUND	52,597.25	0	0.00	0.00	0.00	0.00 %
12 ALC-ACADEMIC	9,728,396.17	9,322,543	166,521.51	5,450,509.88	3,872,033.12	41.53 %
13 CAREER & TECH	1,701,733.42	1,822,332	654.00	1,017,456.55	804,875.45	44.16 %
14 SPECIAL EDUCATION	47,301,531.63	46,960,457	2,424,086.17	19,120,241.06	27,840,215.94	59.28 %
20 INTERNAL SERVICE FUND	539,254.78	0	0.00	17,051.90	17,051.90-	0.00 %
41 DONATIONS	704.62	0	105.00	285.00	285.00-	0.00 %
51 STUDENT CLUBS	28,294.67	27,200	1,252.54	6,048.10	21,151.90	77.76 %
*** REPORT TOTALS:	84,755,758.68	81,503,213	2,772,246.54	34,349,437.19	47,153,775.81	57.85 %

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DISTRICT 287

EXPENDITURE COMPARISON

- EXCLUDING Fund 06 (NEC Construction), 09 (Agency) and 11 (SEC Construction FY10-11)

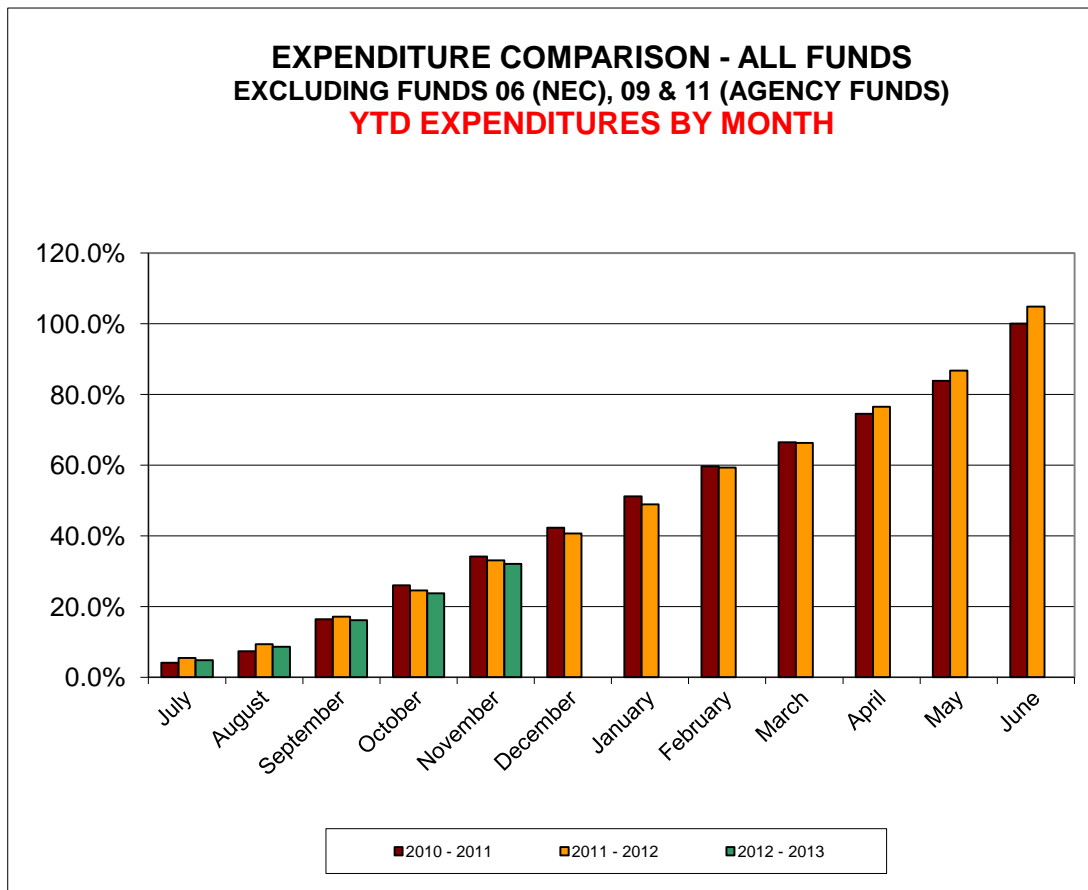
Month	2010 - 2011		2011 - 2012		2012 - 2013	
	\$ Amount	% of Budget	\$ Amount	% of Budget	\$ Amount	% of Budget
July	2,997,044	4.0%	4,426,791	5.4%	3,922,779	4.8%
August	2,470,164	7.4%	3,242,009	9.4%	3,118,331	8.6%
September	6,695,052	16.4% ¹	6,314,818	17.1%	6,204,141	16.1%
October	7,071,964	26.0%	6,114,673	24.6%	6,207,454	23.7%
November	6,026,323	34.1%	6,924,324	33.0%	6,868,339	32.1%
December	6,049,172	42.3%	6,234,872	40.7%		
January	6,554,858	51.2%	6,740,058	48.9%		
February	6,315,161	59.7%	8,521,079	59.3%		
March	5,037,604	66.5%	5,671,596	66.3%		
April	5,900,120	74.5%	8,378,469	76.5% ²		
May	6,923,777	83.8%	8,376,008	86.7% ³		
June	11,979,044	100.0%	14,816,672	104.9% ⁴		
TOTAL	74,020,282	100.0%	85,761,367	104.9%	26,321,044	32.1%
BUDGET	74,008,146		81,786,192		82,045,055	

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

² Includes \$2,139,705.64 in MDE Tuition Refunds for prior years paid back to member districts (FY09-10)

³ Includes \$531,813.67 in MDE Tuition Refunds for prior years paid back to other districts (non-member access fee)

⁴ Includes \$1,942,041.25 in MDE Tuition Refunds for prior years paid back to other districts (FY10-11)



REPORT: EXPREV 007 EXPENDITURE SUMMARY BY FUND - Board Rept
 STATEMENT OF EXPENDITURES
 DIST 0287 Intermediate District 287 ACCOUNTING PERIOD 11/01/12 TO 11/30/12

RUN: THU 011713 08:36 PAGE 1

ACCT STATUS: All Account Statuses ACCOUNT RANGES: 01 TO 99-999
 ZERO BALANCES: Suppress Zero Balances INCLUDE/EXCLUDES: EXL FD 09 09 EXL FD 11 11
 SORTED BY: ACCOUNT FD
 SUBTOTALLED BY: ACCOUNT FD
 SERIES TOTALS: <None Selected>
 PAGE BREAK ON: <None Selected>

FD	PRIOR YEAR ACTUAL	< - - - - REVISED BUDGET	11/01/12 11/30/12	FISCAL YEAR 201207 EXPENDED THRU 11/30/12	ENCUMBERED THRU 11/30/12	REMAINING ON 11/30/12	PERCENT REMAINING
01 GENERAL FUND	21,995,309.30	18,545,623	1,921,985.28	7,771,337.18	2,065,191.81	8,709,094.01	46.96 %
02 FOOD SERVICE	364,196.44	504,261	56,505.02	153,329.17	171,382.98	179,548.85	35.60 %
04 COMMUNITY SERVICE FUND	215,125.60	220,705	22,522.31	82,657.86	3,024.00	135,023.14	61.17 %
06 BUILDING CONSTRUCTION FUND	26,403,270.70	0	214,369.71	589,207.47	5,613,609.61	6,202,817.08-	0.00 %
07 DEBT SERVICE FUND	4,332,730.63	3,969,369	0.00	1,337,934.38		2,631,434.62	66.29 %
08 TRUST FUND	536,642.32	0	48,149.07	168,497.61		168,497.61-	0.00 %
10 SCHOLARSHIP FUND	7,010.18	0	0.00	4,928.54		4,928.54-	0.00 %
12 ALC-ACADEMIC	9,548,579.71	9,322,543	774,183.05	2,957,130.98	718,955.20	5,646,456.82	60.56 %
13 CAREER & TECH	1,966,969.13	1,876,852	120,491.63	421,555.23	14,585.86	1,440,710.91	76.76 %
14 SPECIAL EDUCATION	46,309,734.31	47,578,502	3,920,948.40	13,375,169.37	825,785.12	33,377,547.51	70.15 %
20 INTERNAL SERVICE FUND	457,010.40	0	0.00	42,605.03		42,605.03-	0.00 %
51 STUDENT CLUBS	28,058.97	27,200	3,554.60	5,898.63	1,413.04	19,888.33	73.11 %
*** REPORT TOTALS:	112,164,637.69	82,045,055	7,082,709.07	26,910,251.45	9,413,947.62	45,720,855.93	55.72 %

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Partner in Education

DATE: **January 17, 2013**

TO: Members of the School Board

FROM: Mae L. Hawkins, Director of Finance

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

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

- | | |
|--|---------------------------------|
| 1. Claim payments for: November 2012 | Totaling \$ 5,522,752.13 |
| a) Check #'s 489421 - 489763, 70011028 - 70011146
and Electronic Wire Transfers - #'s 2360 - 2366, 3077, 80000341 - 80000358
and P-Card purchases 90000006 - 90000010 | |
| 2. Payroll for: November 2012 | Totaling \$ 2,406,069.49 |
| a) Check #'s 675551 - 675559
b) Direct Deposit #'s 222145 - 223078, 223079 - 224017
and Electronic Wire Transfers - #'s 4090 | |
| 3. Receipts for: November 2012 | Totaling \$ 4,792,675.34 |
| a) Receipt #'s 131632 - 131792 | |
| 4. Investments at end of month | Totaling \$ 5,624,166.55 |

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

**INTERMEDIATE DISTRICT 287
INVESTMENTS ON HAND
NOVEMBER 30, 2012**

INV NBR	INSTITUTION	INV TYPE	RATE OF RETURN (%)	PURCHASE DATE	MATURITY DATE	AMOUNT INVESTED
3433	BANK OF INDIA CD N.Y.N.Y.BK CD	CD/COUP	0.400	09/12/12	03/13/13	249,000.00
3434	BANK HAPOALIM CD N.Y.N.Y. BK CD	CD/COUP	0.300	09/14/12	03/14/13	249,000.00
3435	1ST NIAGARA CD BUFFALO N.Y. CD	CD/COUP	0.300	09/14/12	03/14/13	249,000.00
3436	GE CAP RET BK DRAPER UT CD	CD/COUP	0.300	09/14/12	03/14/13	249,000.00
3437	MERRICK BANK CD SOUTH JORDAN UT CD	CD/COUP	0.250	09/19/12	03/19/13	249,000.00
3438	AMERN MOMENTUM CD TAMPA FL CD	CD/COUP	0.250	09/19/12	01/22/13	249,000.00
3439	BANCO POPULAR CD HATO REY PR CD	CD/COUP	0.350	09/19/12	03/19/13	249,000.00
3440	BANK CHINA NY CD NEW YORK CITY N.Y. CD	CD/COUP	0.300	09/19/12	03/19/13	249,000.00
3441	BANK BARODA CD NEW YORK CITY N.Y. CD	CD/COUP	0.350	09/19/12	03/19/13	249,000.00
3442	WORLD FINANCIAL NTRWK BANK WILMINGTON D.E. CD	CD/COUP	0.450	09/19/12	03/19/13	200,000.00
3443	FOX CHASE BK HATBORO PA CD	CD/COUP	0.250	09/19/12	03/19/13	249,000.00
3444	ST BK OF INDIA CD CHICAGO IL CD	CD/COUP	0.400	09/20/12	03/20/13	249,000.00
3445	BBCN BK LOS ANGEL LOS ANGELES CA CD	CD/COUP	0.250	09/21/12	03/21/13	249,000.00
3446	MEDALLION BANK CD SALT LAKE CITY UT CD	CD/COUP	0.250	09/21/12	03/21/13	249,000.00
3447	APPLE BANK MANHASSET NY CD	CD/COUP	0.100	09/26/12	12/27/12	249,000.00
3448	PLAINSCAP BK CD DALLAS TX CD	CD/COUP	0.200	09/26/12	12/26/12	249,000.00
3449	GLACIER BANK CD KALISPELL MT CD	CD/COUP	0.250	09/26/12	03/26/13	249,000.00
3450	FRANKLIN BK CD PLAINS TOWNSHIP PA CD	CD/COUP	0.200	09/25/12	03/25/13	249,000.00
3451	21ST CENTY BK CD LORETTO MN CD	CD/COUP	0.200	09/27/12	12/27/12	249,000.00
3452	FED SVGS BK CD OVERLAND PARK KS CD	CD/COUP	0.200	09/27/12	03/27/13	207,000.00
3453	NEWBRIDGE BANK CD GREENSBORO NC CD	CD/COUP	0.150	09/28/12	12/28/12	249,000.00
	WESTERN ASSET INST GOV					1,000.00
**	ENERBANK USA INTEREST BEARING CD-WELLS FARGO	CD/COUP	0.750	06/22/10	12/10/12	235,000.00
**	STANDARD B T IL INT BEARING CD-WELLS FARGO	CD/COUP	1.550	06/22/10	06/24/13	245,000.00

NOVEMBER 30, 2012 **5,619,000.00**

** WELLS FARGO SECURITIES MONTHLY ACCUMULATIVE INT. @ MATURITY 5,166.55

INVESTMENTS AT END OF MONTH 5,624,166.55

Intermediate District 287

Cash Position Sheet- Monthly Total Net Cash- All Accounts

- EXCLUDING Fund 06 (NEC Construction), 09 (Agency) and 11 (SEC Construction FY10-11)

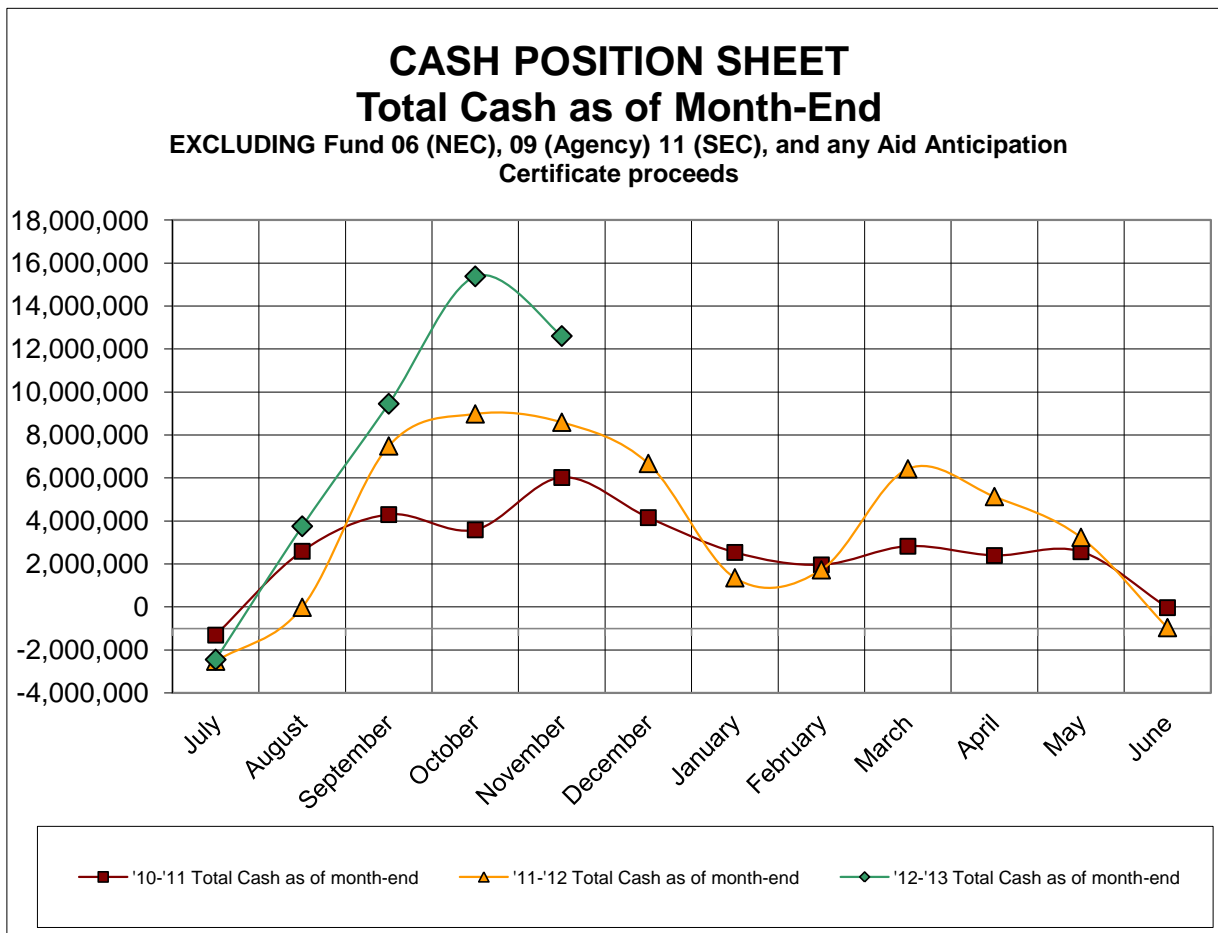
<u>Date</u>	<u>'10-'11 Total Cash as of month-end</u>	<u>'11-'12 Total Cash as of month-end</u>	<u>'12-'13 Total Cash as of month-end</u>
July	-1,311,376 ¹	-2,523,529 ^{2,3}	-2,447,118 ⁴
August	2,589,499 ¹	-15,086 ^{2,3}	3,754,626 ⁴
September	4,297,117	7,492,933 ³	9,454,172 ⁴
October	3,587,135 ²	8,982,957 ³	15,382,409 ⁴
November	6,023,170 ²	8,595,697 ³	12,605,385 ⁴
December	4,155,869 ²	6,678,835 ³	
January	2,536,880 ²	1,358,298 ³	
February	1,956,153 ²	1,728,796 ³	
March	2,824,310 ²	6,426,638 ³	
April	2,391,598 ²	5,136,821 ³	
May	2,569,311 ²	3,240,235 ³	
June	-33,370 ²	-959,957 ³	

¹ excludes Aid Anticipation Certif. proceeds of \$4,902,195.65 in Oct. 2009, paid back in Sept. 2010

² excludes Aid Anticipation Certif. proceeds of \$3,601,990.60 in Oct. 2010, paid back in Sept. 2011

³ excludes Aid Anticipation Certif. proceeds of \$5,900,000.00 in July 2011, paid back in Aug. 2012

⁴ excludes Aid Anticipation Certif. proceeds of \$9,900,000.00 in Aug. 2012



INTERMEDIATE DISTRICT 287

NOVEMBER 2012 ACTIVITY

WIRE TRANSFERS IN:

DATE	AGENCY	TO	EF#	AMOUNT	DESCRIPTION
11/14/12	EDUC - STATE AID	MSDLAF	878680	26,664.70	01S211 GENERAL ED AID FY1213
	EDUC - STATE AID	MSDLAF	878680	2,132,750.83	01S360 SPEC EDUCATION FY1213
11/15/12	TEACHERS RETIREMENT	MSDLAF	883753	168.46	TEACHERS RETIREMENT REFUND
11/20/12	EDUC-FNS	MSDLAF	896620	219.30	02F705 STATE BREAKFAST SEPT12
	EDUC-FNS	MSDLAF	896620	1,640.52	02S300 STATE LUNCHES SEPT12
	EDUC-FNS	MSDLAF	896620	16,074.38	02F705 FED BREAKFAST SEPT12
	EDUC-FNS	MSDLAF	896620	34,886.45	02F701 FED FREE & REDUCE LUNCHES SEPT12
	EDUC-FNS	MSDLAF	896620	3,964.59	02F701 REG LUNCHES SEPT12
11/29/12	EDUC - STATE AID	MSDLAF	906872	42,663.52	01S211 GENERAL ED AID FY1213
	EDUC - STATE AID	MSDLAF	906872	162,673.77	01S360 SPEC EDUCATION FY1213
MTD TOTALS				<u>2,421,706.52</u>	

WIRE TRANSFERS OUT:

DATE	FROM	AGENCY	WIRE #	AMOUNT	DESCRIPTION
11/1/2012	MSDLAF	WELLS FARGO	2360	1,010,271.54	WELLS FARGO BROKERAGE LEASE PURCHASE
	MSDLAF	TEACHER RETIREMENT	2361	145,181.18	TEACHERS RETIREMENT ASSN
	MSDLAF	TEACHER RETIREMENT	2362	246.80	TEACHERS RETIREMENT ASSN
11/14/2012	MSDLAF	BANK OF MONTREAL	2363	118,661.65	P-CARDS OCT 12
	MSDLAF	BANK CARD SERVICES	2364	336.44	MERCHANT CARD FEES OCT 12
	MSDLAF	US BANK		1,191,188.70	DIRECT DEPOSIT PAYROLL
	MSDLAF	EBC	80000341	20,785.79	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	80000342	132,621.44	FEDERAL TAXES
	MSDLAF	PERA	80000343	51,193.30	PUBLIC EMPLOYEES RETIREMENT ASSN
	MSDLAF	TRA	80000344	70,810.67	TEACHERS RETIREMENT ASSN
	MSDLAF	US BANK	80000345	56,326.86	EMPLOYEE & EMPLOYER 403B
	MSDLAF	MN DEPT OF REV	80000346	271,509.56	FEDERAL TAXES
	MSDLAF	EBC	80000347	72,689.38	STATE WITHHOLDING TAXES
	MSDLAF	PERA	80000348	43,934.60	PUBLIC EMPLOYEES RETIREMENT ASSN
	MSDLAF	TRA	80000349	71,347.17	TEACHERS RETIREMENT ASSN
11/30/2012	MSDLAF	US BANK		1,207,799.78	DIRECT DEPOSIT PAYROLL
	MSDLAF	P-CARD	90000006-010	3,080.12	P-CARDS NOV12 TIES NOT IN BK TIL DEC12
	MSDLAF	US BANK	2365	99.04	ARP FEES VOUCHER ACCT SEPT12
	MSDLAF	CHS	2366	48,149.07	CHS FLEX PAYMENTS NOV12
	MSDLAF	EBC	80000350	20,802.44	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	80000351	133,843.75	FEDERAL TAXES
	MSDLAF	US BANK	80000352	51,699.57	PUBLIC EMPLOYEES RETIREMENT ASSN
	MSDLAF	US BANK	80000353	71,646.09	TEACHERS RETIREMENT ASSN
	MSDLAF	EBC	80000354	55,704.33	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	80000355	275,038.59	FEDERAL TAXES
	MSDLAF	MN DEPT OF REV	80000356	73,805.82	STATE WITHHOLDING TAXES
	MSDLAF	US BANK	80000357	44,319.77	PUBLIC EMPLOYEES RETIREMENT ASSN
	MSDLAF	US BANK	80000358	72,086.68	TEACHERS RETIREMENT ASSN
	MSDLAF	US BANK	3077	35.60	ARP FEES RECEIPT ACCT SEPT12
	MSDLAF	US BANK	4090	54.12	ARP FEES PAYROLL ACCT SEPT12
MTD TOTALS				<u>5,315,269.85</u>	

**DONATIONS
INTERMEDIATE DISTRICT 287
2012-2013**

November 2012

DON. DATE	DESCRIPTION	VIN#	EST VALUE	DONOR	SS# OR FED ID#	CAMPUS	PROGRAM
11/13/12	CHECK		\$ 25.00	EDSTROM, MICHAEL		WEC	EXPLORE
11/8/12	FLORAL ARRANGEMENT		\$ 75.00	TURNQUIST, DANA		EPSILON	ALL
11/13/12	CHECK		\$ 109.00	WELLS FARGO COMMUNITY SUPPORT		NEC	ALL
			\$ 209.00				

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

Regular Meeting – January 24, 2013

AGENDA SECTION: ADMINISTRATIVE SERVICES REPORTS

ITEM: Approval of Routine Monthly Finance Report

PRESENTED BY: Mae L. Hawkins, Director of Finance

1. Background Information

The December Budget vs. Actual Reports are presented for Board information and review. These reports indicate that year-to-date revenue in all funds excluding Fund 06, Building Construction, total \$42,409,722, or 52.0% of the Original Revenue Budget of \$81,503,213. The District’s monthly revenue will continue to be based upon the cash payments we receive from MDE Special Education Uniform Tuition system and other state aids. During FY12-13, we are receiving cash payments at 82.5% of the entitlement. That compares to 90% in FY08-09, 73% in FY09-10, 70% in FY10-11, and 64.3% in FY11-12. **In December of 2012, MDE increased the rate from 64.3% to 82.5% for FY12-13, resulting in a large revenue increase in this month.** Revenue will be made whole at the end of each fiscal year as we calculate all of our receivables and recognize the revenue receivable as part of the audit.

Year-to-date expenditures in all funds excluding Fund 06, Building Construction, total \$32,525,126, or 39.6% of the Original Expenditure Budget of \$82,045,055.

The numbers as of the end of the prior fiscal year at June 30th have been finalized.

DDA

Attachments

2. Fiscal Impact/Funding Source: None

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

Motion by: _____ Yes ____ Passed ____

Second by: _____ Yes ____ Failed ____

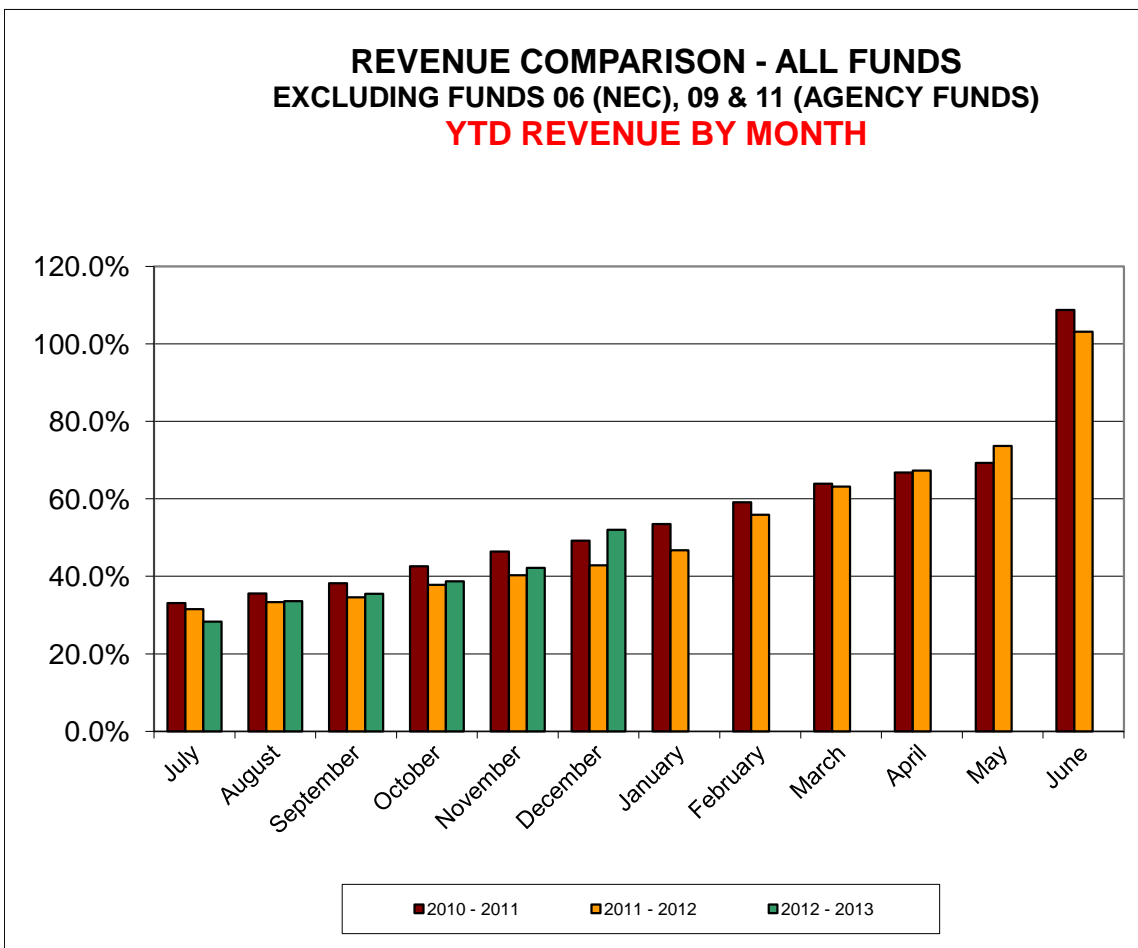
Abstentions: _____

DISTRICT 287

REVENUE COMPARISON

- EXCLUDING Fund 06 (NEC Construction), 09 (Agency) and 11 (SEC Construction FY10-11)

Month	2010 - 2011		2011 - 2012		2012 - 2013	
	\$	%	\$	%	\$	%
	Amount	of Budget	Amount	of Budget	Amount	of Budget
July	24,850,317	33.1%	25,873,696	31.5%	23,083,337	28.3%
August	1,917,864	35.6%	1,547,432	33.4%	4,277,483	33.6%
September	1,976,441	38.2%	1,014,685	34.6%	1,595,333	35.5%
October	3,267,074	42.6%	2,606,586	37.8%	2,620,908	38.7%
November	2,880,502	46.4%	2,065,709	40.3%	2,772,203	42.1%
December	2,114,810	49.2%	2,114,041	42.9%	8,060,459	52.0%
January	3,197,405	53.5%	3,139,401	46.7%		
February	4,262,556	59.1%	7,524,683	55.9%		
March	3,559,420	63.9%	5,978,317	63.1%		
April	2,208,715	66.8%	3,434,961	67.3%		
May	1,840,429	69.3%	5,160,949	73.6%		
June	29,664,054	108.7%	24,252,121	103.1%		
TOTAL	81,739,588	108.7%	84,712,582	103.1%	42,409,722	52.0%
BUDGET	75,178,488		82,141,328		81,503,213	



ACCT STATUS: All Account Statuses ACCOUNT RANGES: 01 TO 99-999
 ZERO BALANCES: Suppress Zero Balances INCLUDE/EXCLUDES: EXL FD 09 09 EXL FD 11 11
 SORTED BY: ACCOUNT FD
 SUBTOTALLED BY: ACCOUNT FD
 SERIES TOTALS: <None Selected>
 PAGE BREAK ON: <None Selected>

FD 01	PRIOR YEAR ACTUAL	< - - - - - REVISED BUDGET	FISCAL YEAR 201207		REMAINING ON 12/31/12	PERCENT REMAINING
			12/01/12 12/31/12	RECEIVED THRU 12/31/12		
01 GENERAL FUND	18,549,637.64	17,482,477	129,518.57	7,725,151.75	9,757,325.25	55.81 %
02 FOOD SERVICE FUND	364,196.44	504,261	25,778.39	106,336.26	397,924.74	78.91 %
04 COMMUNITY SERVICE FUND	236,201.05	220,705	8,844.54	61,061.87	159,643.13	72.33 %
06 BUILDING CONSTRUCTION FUND	43,176.26	0	0.00	173.87	173.87-	0.00 %
07 DEBT SERVICE FUND	5,666,623.62	5,163,238	0.00	841,033.93	4,322,204.07	83.71 %
08 TRUST FUND	543,411.13	0	35,901.46	204,129.98	204,129.98-	0.00 %
10 SCHOLARSHIP FUND	52,597.25	0	0.00	0.00	0.00	0.00 %
12 ALC-ACADEMIC	9,728,396.17	9,322,543	182,839.34	5,633,349.22	3,689,193.78	39.57 %
13 CAREER & TECH	1,701,733.42	1,822,332	967.41	1,018,423.96	803,908.04	44.11 %
14 SPECIAL EDUCATION	47,301,531.63	46,960,457	7,565,829.68	26,686,070.74	20,274,386.26	43.17 %
20 INTERNAL SERVICE FUND	539,254.78	0	107,222.90	124,274.80	124,274.80-	0.00 %
41 DONATIONS	704.62	0	105.00	390.00	390.00-	0.00 %
51 STUDENT CLUBS	28,294.67	27,200	3,451.56	9,499.66	17,700.34	65.07 %
*** REPORT TOTALS:	84,755,758.68	81,503,213	8,060,458.85	42,409,896.04	39,093,316.96	47.96 %

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DISTRICT 287

EXPENDITURE COMPARISON

- EXCLUDING Fund 06 (NEC Construction), 09 (Agency) and 11 (SEC Construction FY10-11)

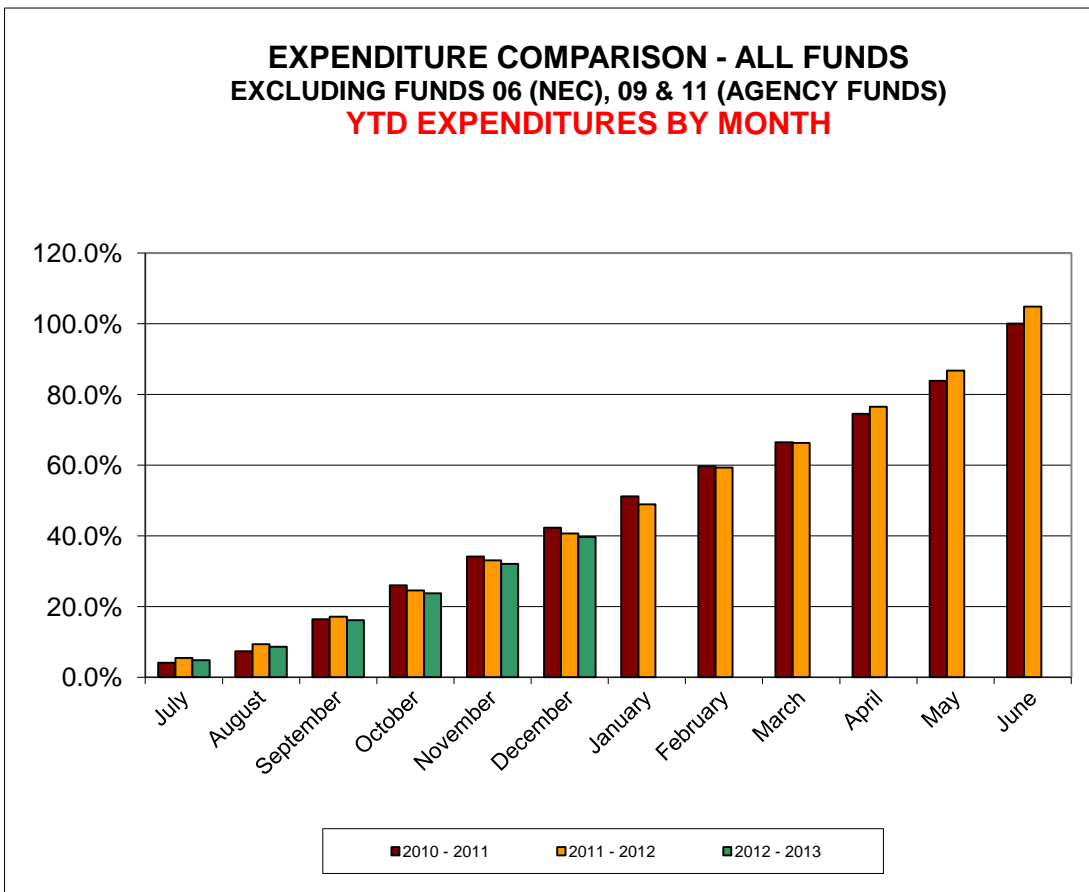
Month	2010 - 2011		2011 - 2012		2012 - 2013	
	\$ Amount	% of Budget	\$ Amount	% of Budget	\$ Amount	% of Budget
July	2,997,044	4.0%	4,426,791	5.4%	3,922,779	4.8%
August	2,470,164	7.4%	3,242,009	9.4%	3,118,331	8.6%
September	6,695,052	16.4% ¹	6,314,818	17.1%	6,204,141	16.1%
October	7,071,964	26.0%	6,114,673	24.6%	6,207,454	23.7%
November	6,026,323	34.1%	6,924,324	33.0%	6,868,339	32.1%
December	6,049,172	42.3%	6,234,872	40.7%	6,204,082	39.6%
January	6,554,858	51.2%	6,740,058	48.9%		
February	6,315,161	59.7%	8,521,079	59.3%		
March	5,037,604	66.5%	5,671,596	66.3%		
April	5,900,120	74.5%	8,378,469	76.5% ²		
May	6,923,777	83.8%	8,376,008	86.7% ³		
June	11,979,044	100.0%	14,816,672	104.9% ⁴		
TOTAL	74,020,282	100.0%	85,761,367	104.9%	32,525,126	39.6%
BUDGET	74,008,146		81,786,192		82,045,055	

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

² Includes \$2,139,705.64 in MDE Tuition Refunds for prior years paid back to member districts (FY09-

³ Includes \$531,813.67 in MDE Tuition Refunds for prior years paid back to other districts (non-membe

⁴ Includes \$1,942,041.25 in MDE Tuition Refunds for prior years paid back to other districts (FY10-11)



REPORT: EXPREV 007 EXPENDITURE SUMMARY BY FUND - Board Rept
 STATEMENT OF EXPENDITURES
 DIST 0287 Intermediate District 287 ACCOUNTING PERIOD 12/01/12 TO 12/31/12

RUN: THU 011713 08:47 PAGE 1

ACCT STATUS: All Account Statuses ACCOUNT RANGES: 01 TO 99-999
 ZERO BALANCES: Suppress Zero Balances INCLUDE/EXCLUDES: EXL FD 09 09 EXL FD 11 11
 SORTED BY: ACCOUNT FD
 SUBTOTALLED BY: ACCOUNT FD
 SERIES TOTALS: <None Selected>
 PAGE BREAK ON: <None Selected>

FD	PRIOR YEAR ACTUAL	REVISED BUDGET	12/01/12 12/31/12	FISCAL YEAR 201207 EXPENDED THRU 12/31/12	ENCUMBERED THRU 12/31/12	REMAINING ON 12/31/12	PERCENT REMAINING
01 GENERAL FUND	21,995,309.30	18,545,623	1,028,871.82	8,800,209.00	2,106,352.34	7,639,061.66	41.19 %
02 FOOD SERVICE	364,196.44	504,261	46,217.34	199,546.51	152,651.04	152,063.45	30.15 %
04 COMMUNITY SERVICE FUND	215,125.60	220,705	16,939.64	99,597.50	90.00	121,017.50	54.83 %
06 BUILDING CONSTRUCTION FUND	26,403,270.70	0	394,527.11	983,734.58	140,094.91	1,123,829.49-	0.00 %
07 DEBT SERVICE FUND	4,332,730.63	3,969,369	0.00	1,337,934.38		2,631,434.62	66.29 %
08 TRUST FUND	536,642.32	0	37,901.46	206,399.07		206,399.07-	0.00 %
10 SCHOLARSHIP FUND	7,010.18	0	0.00	4,928.54		4,928.54-	0.00 %
12 ALC-ACADEMIC	9,548,579.71	9,322,543	879,741.53	3,836,872.51	570,996.68	4,914,673.81	52.71 %
13 CAREER & TECH	1,966,969.13	1,876,852	127,108.56	548,663.79	12,874.17	1,315,314.04	70.08 %
14 SPECIAL EDUCATION	46,309,734.31	47,578,502	3,992,071.90	17,367,241.27	785,263.14	29,425,997.59	61.84 %
20 INTERNAL SERVICE FUND	457,010.40	0	74,220.40	116,825.43		116,825.43-	0.00 %
51 STUDENT CLUBS	28,058.97	27,200	1,009.55	6,908.18	1,413.04	18,878.78	69.40 %
*** REPORT TOTALS:	112,164,637.69	82,045,055	6,598,609.31	33,508,860.76	3,769,735.32	44,766,458.92	54.56 %

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Partner in Education

DATE: **January 17, 2013**

TO: Members of the School Board

FROM: Mae L. Hawkins, Director of Finance

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

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

- | | | |
|---|----------|-------------------------------|
| 1. Claim payments for: December 2012 | Totaling | <u><u>\$ 3,924,244.90</u></u> |
| a) Check #'s 489764 - 490039, 70011147 - 70011287
and Electronic Wire Transfers - #'s 2367 - 2373, 3078, 80000359 - 80000376
and P-Card purchases 90000011 - 90000014 | | |
| 2. Payroll for: December 2012 | Totaling | <u><u>\$ 2,445,807.13</u></u> |
| a) Check #'s 675560 - 675565
b) Direct Deposit #'s 224018 - 224972, 224973 - 225925
and Electronic Wire Transfers - #'s 4091 | | |
| 3. Receipts for: December 2012 | Totaling | <u><u>\$ 9,401,215.67</u></u> |
| a) Receipt #'s 131793 - 132002 | | |
| 4. Investments at end of month | Totaling | <u><u>\$ 5,623,920.61</u></u> |

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

**INTERMEDIATE DISTRICT 287
INVESTMENTS ON HAND
DECEMBER 31, 2012**

INV NBR	INSTITUTION	INV TYPE	RATE OF RETURN (%)	PURCHASE DATE	MATURITY DATE	AMOUNT INVESTED
3433	BANK OF INDIA CD N.Y.N.Y.BK CD	CD/COUP	0.400	09/12/12	03/13/13	249,000.00
3434	BANK HAPOALIM CD N.Y.N.Y. BK CD	CD/COUP	0.300	09/14/12	03/14/13	249,000.00
3435	1ST NIAGARA CD BUFFALO N.Y. CD	CD/COUP	0.300	09/14/12	03/14/13	249,000.00
3436	GE CAP RET BK DRAPER UT CD	CD/COUP	0.300	09/14/12	03/14/13	249,000.00
3437	MERRICK BANK CD SOUTH JORDAN UT CD	CD/COUP	0.250	09/19/12	03/19/13	249,000.00
3438	AMERN MOMENTUM CD TAMPA FL CD	CD/COUP	0.250	09/19/12	01/22/13	249,000.00
3439	BANCO POPULAR CD HATO REY PR CD	CD/COUP	0.350	09/19/12	03/19/13	249,000.00
3440	BANK CHINA NY CD NEW YORK CITY N.Y. CD	CD/COUP	0.300	09/19/12	03/19/13	249,000.00
3441	BANK BARODA CD NEW YORK CITY N.Y. CD	CD/COUP	0.350	09/19/12	03/19/13	249,000.00
3442	WORLD FINANCIAL NTWRK BANK WILMINGTON D.E. CD	CD/COUP	0.450	09/19/12	03/19/13	200,000.00
3443	FOX CHASE BK HATBORO PA CD	CD/COUP	0.250	09/19/12	03/19/13	249,000.00
3444	ST BK OF INDIA CD CHICAGO IL CD	CD/COUP	0.400	09/20/12	03/20/13	249,000.00
3445	BBCN BK LOS ANGEL LOS ANGELES CA CD	CD/COUP	0.250	09/21/12	03/21/13	249,000.00
3446	MEDALLION BANK CD SALT LAKE CITY UT CD	CD/COUP	0.250	09/21/12	03/21/13	249,000.00
3449	GLACIER BANK CD KALISPELL MT CD	CD/COUP	0.250	09/26/12	03/26/13	249,000.00
3450	FRANKLIN BK CD PLAINS TOWNSHIP PA CD	CD/COUP	0.200	09/25/12	03/25/13	249,000.00
3452	FED SVGS BK CD OVERLAND PARK KS CD	CD/COUP	0.200	09/27/12	03/27/13	207,000.00
	WESTERN ASSET INST GOV					997,000.00
						<u>5,139,000.00</u>
**	WELLS FARGO- REMAINING SEC LOAN PROCEEDS	MONEY MRKT/BONDS	VARIES	N/A	N/A	484,920.61
						<u>INVESTMENTS AT END OF MONTH</u>
						<u><u>5,623,920.61</u></u>

Intermediate District 287

Cash Position Sheet- Monthly Total Net Cash- All Accounts

- EXCLUDING Fund 06 (NEC Construction), 09 (Agency) and 11 (SEC Construction FY10-11)

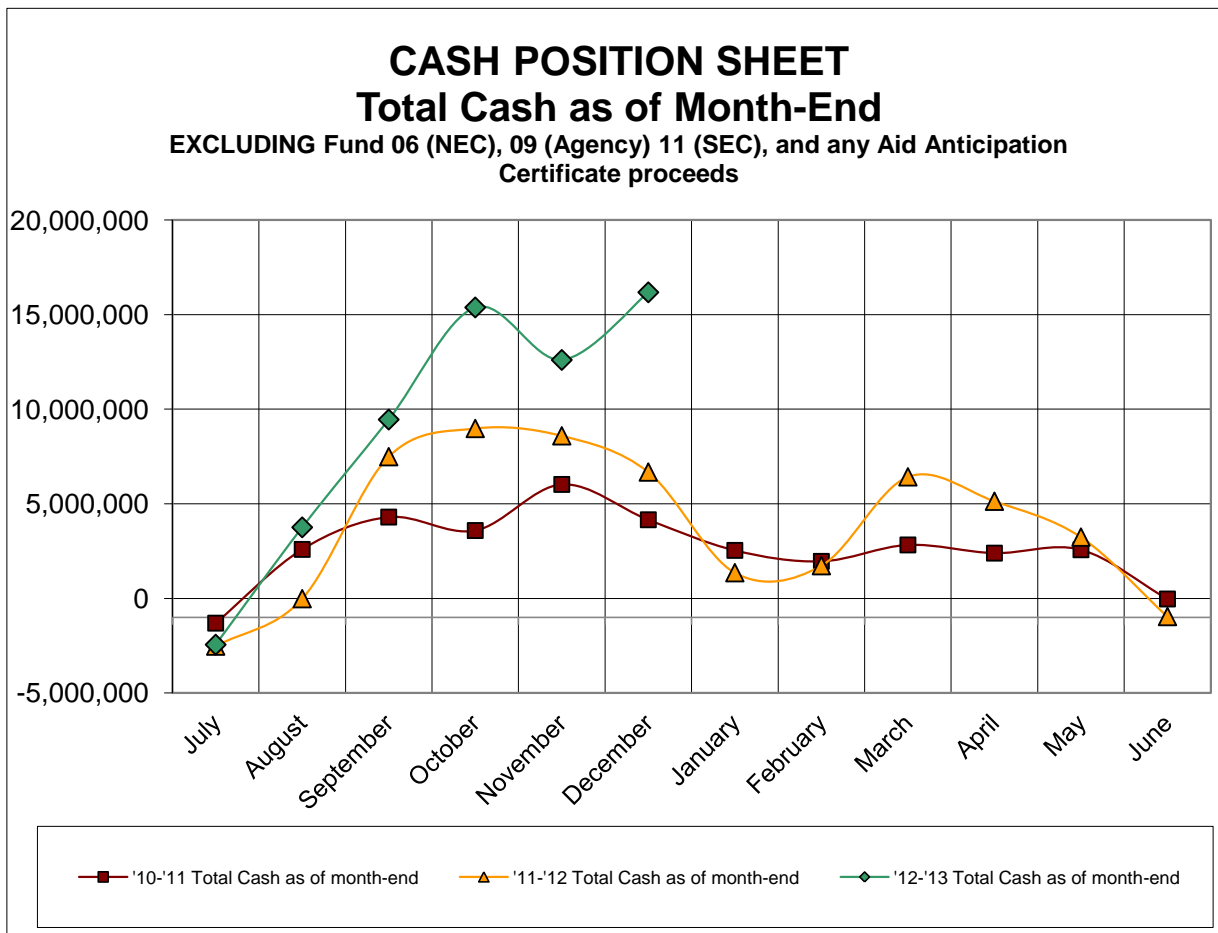
<u>Date</u>	<u>'10-'11 Total Cash as of month-end</u>	<u>'11-'12 Total Cash as of month-end</u>	<u>'12-'13 Total Cash as of month-end</u>
July	-1,311,376 ¹	-2,523,529 ^{2,3}	-2,447,118 ⁴
August	2,589,499 ¹	-15,086 ^{2,3}	3,754,626 ⁴
September	4,297,117	7,492,933 ³	9,454,172 ⁴
October	3,587,135 ²	8,982,957 ³	15,382,409 ⁴
November	6,023,170 ²	8,595,697 ³	12,605,385 ⁴
December	4,155,869 ²	6,678,835 ³	16,180,751 ⁴
January	2,536,880 ²	1,358,298 ³	
February	1,956,153 ²	1,728,796 ³	
March	2,824,310 ²	6,426,638 ³	
April	2,391,598 ²	5,136,821 ³	
May	2,569,311 ²	3,240,235 ³	
June	-33,370 ²	-959,957 ³	

¹ excludes Aid Anticipation Certif. proceeds of \$4,902,195.65 in Oct. 2009, paid back in Sept. 2010

² excludes Aid Anticipation Certif. proceeds of \$3,601,990.60 in Oct. 2010, paid back in Sept. 2011

³ excludes Aid Anticipation Certif. proceeds of \$5,900,000.00 in July 2011, paid back in Aug. 2012

⁴ excludes Aid Anticipation Certif. proceeds of \$9,900,000.00 in Aug. 2012



INTERMEDIATE DISTRICT 287

NOVEMBER 2012 ACTIVITY

WIRE TRANSFERS IN:

DATE	AGENCY	TO	EF#	AMOUNT	DESCRIPTION
11/14/12	EDUC - STATE AID	MSDLAF	878680	26,664.70	01S211 GENERAL ED AID FY1213
	EDUC - STATE AID	MSDLAF	878680	2,132,750.83	01S360 SPEC EDUCATION FY1213
11/15/12	TEACHERS RETIREMENT	MSDLAF	883753	168.46	TEACHERS RETIREMENT REFUND
11/20/12	EDUC-FNS	MSDLAF	896620	219.30	02F705 STATE BREAKFAST SEPT12
	EDUC-FNS	MSDLAF	896620	1,640.52	02S300 STATE LUNCHES SEPT12
	EDUC-FNS	MSDLAF	896620	16,074.38	02F705 FED BREAKFAST SEPT12
	EDUC-FNS	MSDLAF	896620	34,886.45	02F701 FED FREE & REDUCE LUNCHES SEPT12
	EDUC-FNS	MSDLAF	896620	3,964.59	02F701 REG LUNCHES SEPT12
11/29/12	EDUC - STATE AID	MSDLAF	906872	42,663.52	01S211 GENERAL ED AID FY1213
	EDUC - STATE AID	MSDLAF	906872	162,673.77	01S360 SPEC EDUCATION FY1213
MTD TOTALS				2,421,706.52	

WIRE TRANSFERS OUT:

DATE	FROM	AGENCY	WIRE #	AMOUNT	DESCRIPTION
11/1/2012	MSDLAF	WELLS FARGO	2360	1,010,271.54	WELLS FARGO BROKERAGE LEASE PURCHASE
	MSDLAF	TEACHER RETIREMENT	2361	145,181.18	TEACHERS RETIREMENT ASSN
	MSDLAF	TEACHER RETIREMENT	2362	246.80	TEACHERS RETIREMENT ASSN
11/14/2012	MSDLAF	BANK OF MONTREAL	2363	118,661.65	P-CARDS OCT 12
	MSDLAF	BANK OF MONTREAL	90000000-005	11,008.03	P-CARDS OCT 12
	MSDLAF	BANK CARD SERVICES	2364	336.44	MERCHANT CARD FEES OCT 12
	MSDLAF	US BANK		1,191,188.70	DIRECT DEPOSIT PAYROLL
	MSDLAF	EBC	80000341	20,785.79	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	80000342	132,621.44	FEDERAL TAXES
	MSDLAF	PERA	80000343	51,193.30	PUBLIC EMPLOYEES RETIREMENT ASSN
	MSDLAF	TRA	80000344	70,810.67	TEACHERS RETIREMENT ASSN
	MSDLAF	US BANK	80000345	56,326.86	EMPLOYEE & EMPLOYER 403B
	MSDLAF	MN DEPT OF REV	80000346	271,509.56	FEDERAL TAXES
	MSDLAF	EBC	80000347	72,689.38	STATE WITHHOLDING TAXES
	MSDLAF	PERA	80000348	43,934.60	PUBLIC EMPLOYEES RETIREMENT ASSN
	MSDLAF	TRA	80000349	71,347.17	TEACHERS RETIREMENT ASSN
11/30/2012	MSDLAF	US BANK		1,207,799.78	DIRECT DEPOSIT PAYROLL
	MSDLAF	US BANK	2365	99.04	ARP FEES VOUCHER ACCT SEPT12
	MSDLAF	CHS	2366	48,149.07	CHS FLEX PAYMENTS NOV12
	MSDLAF	EBC	80000350	20,802.44	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	80000351	133,843.75	FEDERAL TAXES
	MSDLAF	US BANK	80000352	51,699.57	PUBLIC EMPLOYEES RETIREMENT ASSN
	MSDLAF	US BANK	80000353	71,646.09	TEACHERS RETIREMENT ASSN
	MSDLAF	EBC	80000354	55,704.33	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	80000355	275,038.59	FEDERAL TAXES
	MSDLAF	MN DEPT OF REV	80000356	73,805.82	STATE WITHHOLDING TAXES
	MSDLAF	US BANK	80000357	44,319.77	PUBLIC EMPLOYEES RETIREMENT ASSN
	MSDLAF	US BANK	80000358	72,086.68	TEACHERS RETIREMENT ASSN
	MSDLAF	US BANK	3077	35.60	ARP FEES RECEIPT ACCT SEPT12
	MSDLAF	US BANK	4090	54.12	ARP FEES PAYROLL ACCT SEPT12
MTD TOTALS				5,323,197.76	

**DONATIONS
INTERMEDIATE DISTRICT 287
2012-2013**

December 2012

DON. DATE	DESCRIPTION	VIN#	EST VALUE	DONOR	SS# OR FED ID#	CAMPUS	PROGRAM
12/10/12	CHECK		\$ 50.00	CASHIN, PAUL & JANE		SEC	PHASE
12/22/12	2000 DODGE DURANGO	1B4HS28N1YF149323	\$ 500.00	DEUTSCH, DAVID		HTC-EP	AUTO BODY
12/6/12	CHECK		\$ 15.00	ESPESETH, ARNE & JERI		SEC	SUN
12/10/12	CHECK		\$ 40.00	FARLEY-KAPHINGST, ANNE MARIE		SEC	PHASE
12/14/12	CHECK		\$ 1,000.00	HUHNE, DAVID		EDGEWOOD	ALL
12/18/12	DYNAVOX V		\$ 4,800.00	KEMPF, PAUL & JACQUE		DSC	ITINERANT
12/3/12	I-TUNE GIFT CARDS, KEYBOARD		\$ 100.00	KIRCHMAIER, JAKE & RENA		SECA	ATTAIN
12/10/12	CHECK		\$ 20.00	MURAKAMI, JOHN & SUSAN		SEC	ALL
12/10/12	CHECK		\$ 25.00	SILLERY, MAJORIE		SEC	PHASE
12/3/12	8 FLEECE BLANKETS (NEW)		\$ 32.00	VOIGHT, DEBORAH		NEC	ALL
12/17/12	CHECK		\$ 105.00	WELLS FARGO COMMUNITY SUPPORT		NEC	ALL
			\$ 6,687.00				

INTERMEDIATE DISTRICT 287
PLYMOUTH, MINNESOTA
BOARD OF EDUCATION

Regular Meeting – January 24, 2013

AGENDA SECTION: ADMINISTRATIVE SERVICES

ITEM: Recommendation for Board Acceptance of the
Audited Financial Report for the Year Ended
June 30, 2012

PRESENTED BY: Mae L. Hawkins, 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, 2012.

2. Fiscal Impact/Funding Source:

3. RECOMMENDED ACTION: The Board accepts the audited financial report for the year ended June 30, 2012.

Motion by: _____ Yes ____ Passed ____

Second by: _____ Yes ____ Failed ____

Abstentions: _____

**INTERMEDIATE DISTRICT NO. 287
PLYMOUTH, MINNESOTA**

**Financial Statements and
Supplemental Information**

**Year Ended
June 30, 2012**

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INTRODUCTORY SECTION

INTERMEDIATE DISTRICT NO. 287

Board of Directors and Administration
as of June 30, 2012

BOARD OF DIRECTORS

<u>Board of Directors</u>	<u>Member District</u>	<u>Position on Board</u>
Ann Bremer	Westonka	Chairperson
Carol Bomben	Eden Prairie	Vice Chairperson
Gregory Thielsen	Brooklyn Center	Treasurer
Nancy Rowley	Richfield	Clerk
Nancy Gores	St. Louis Park	Director
Dean Henke	Osseo	Director
Michéle Kunz	Orono	Director
Carter Peterson	Wayzata	Director
Robert Quam	Minnetonka	Director
Peyton Robb	Edina	Director
Laura Ronbeck	Hopkins	Director
Sherry Tyrrell	Robbinsdale	Director

ADMINISTRATION

Sandra 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
Charlene Myklebust	Executive Director of Mental Health
Anne Becker	Director of Human Resources
Janet A. Johnson	Director of Finance
Gloria Wilder	Assistant Director of Finance
Chad Maxa	Director of Information Technology
David Anderson	Fiscal Services Manager
Thomas Shultz	Director of Facilities

FINANCIAL SECTION



PRINCIPALS

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

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information presented has been derived from the District's financial statements for the year ended June 30, 2011 and, in our report dated December 27, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements include prior year partial comparative information, which 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, 2011, from which such partial information was derived.

(continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section, supplemental information, and other district information, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements of the District. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District.

The supplemental information, Schedule of Expenditures of Federal Awards, and the UFARS Compliance Table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory section and other district information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

December 21, 2012

INTERMEDIATE DISTRICT NO. 287

Management's Discussion and Analysis Year Ended June 30, 2012

This section of Intermediate District No. 287's (the District) annual financial statements presents Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2012. We encourage readers to consider the financial information presented here in conjunction with other components of the District's annual financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Independent Auditor's Report;
- MD&A;
- 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, presented as supplemental information.

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

Government-Wide Financial Statements

The government-wide financial statements (Statement of Net 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 financial 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 Debt Service Fund) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds can be found in the supplemental information section.

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

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

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2012	2011
Assets		
Current and other assets	\$ 27,740,845	\$ 32,764,488
Restricted assets	3,589,389	28,652,100
Capital assets, net of accumulated depreciation	79,661,717	55,735,531
Total assets	\$ 110,991,951	\$ 117,152,119
Liabilities		
Current and other liabilities	\$ 15,677,883	\$ 18,306,042
Long-term liabilities, including due within one year	84,400,345	85,077,930
Total liabilities	\$ 100,078,228	\$ 103,383,972
Net assets		
Invested in capital assets, net of related debt	\$ 4,659,056	\$ 3,970,656
Restricted	518,513	506,878
Unrestricted	5,736,154	9,290,613
Total net assets	\$ 10,913,723	\$ 13,768,147

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 decreased by \$2,854,424 during the year ended June 30, 2012. The amount invested in capital assets, net of related debt increased by \$688,400, mainly due to the relationship of debt retirement as compared to depreciation on capital assets. Restricted net assets increased by \$11,635, mainly due to an increase in assets restricted by state funding obligations. The unrestricted portion of net assets decreased \$3,554,459 in the current year. This was due to a planned refund of tuition to member districts in the amount of \$4,888,106.

The significant decreases in restricted assets and increases in capital assets, net of accumulated depreciation, are due to the financing and construction work in progress on the North Education Center.

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

	<u>2012</u>	<u>2011</u>
Revenue		
Program revenues		
Charges for services	\$ 25,187,923	\$ 31,551,418
Operating grants and contributions	50,953,848	47,437,971
General revenues		
General grants and aids	5,526,599	1,501,117
Other general revenues	38,435	84,243
Investment earnings	66,335	70,322
Total revenue	<u>81,773,140</u>	<u>80,645,071</u>
Expenses		
Career and technical education	2,089,610	1,701,554
Academic education	9,765,874	8,685,176
Special education	47,330,201	43,571,799
Student clubs	28,059	37,220
Administrative support services and operations and maintenance	19,944,160	14,456,449
Food service	364,196	313,772
Community service	214,916	245,600
Interest and fiscal charges on debt	4,890,548	2,449,587
Total expenses	<u>84,627,564</u>	<u>71,461,157</u>
Change in net assets	<u>\$ (2,854,424)</u>	<u>\$ 9,183,914</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.

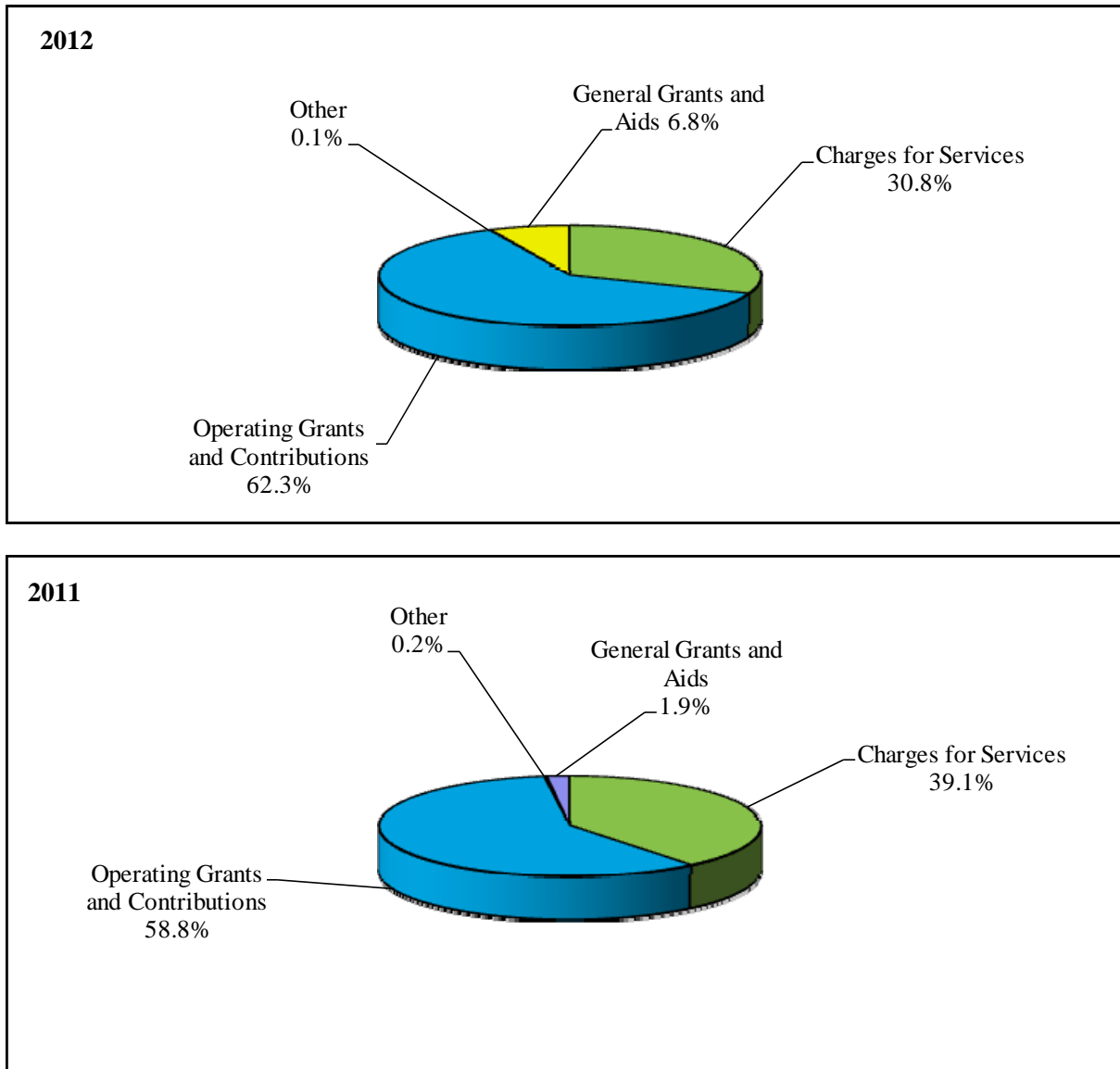
The District's total revenues were \$81,773,140 for the year ended June 30, 2012. Charges for services account for 30.8 percent of total revenues for the year while operating grants and contributions accounted for 62.3 percent. General grants and aids accounted for 6.8 percent of the total revenue and is mainly from pass-through levies for debt service and the federal reimbursement received for interest payments made on the Build America Bonds.

The total cost of all programs and services was \$84,627,564. The District's expenses are predominantly related to providing education services to students. In 2011–2012, 70 percent of the District's expenses were devoted to this purpose.

Interest and fiscal charges on debt were higher due to the scheduled payments on the North Education Center (NEC) debt issuance starting in fiscal year 2012.

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

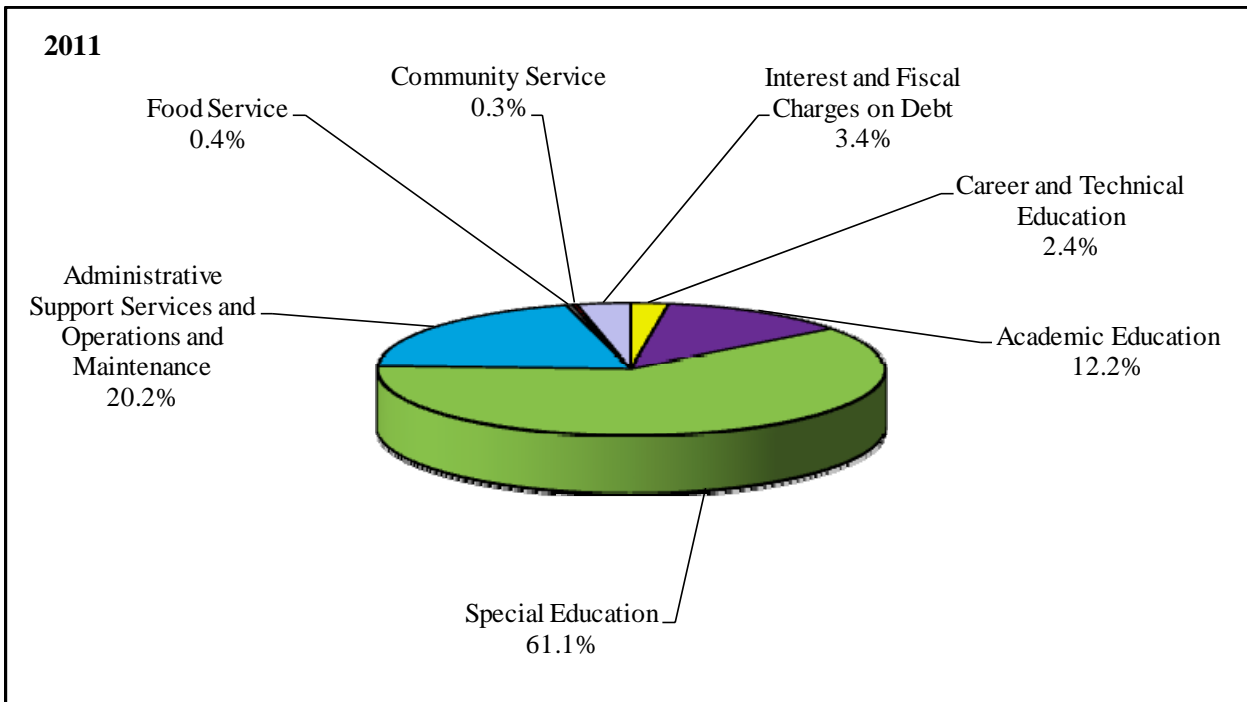
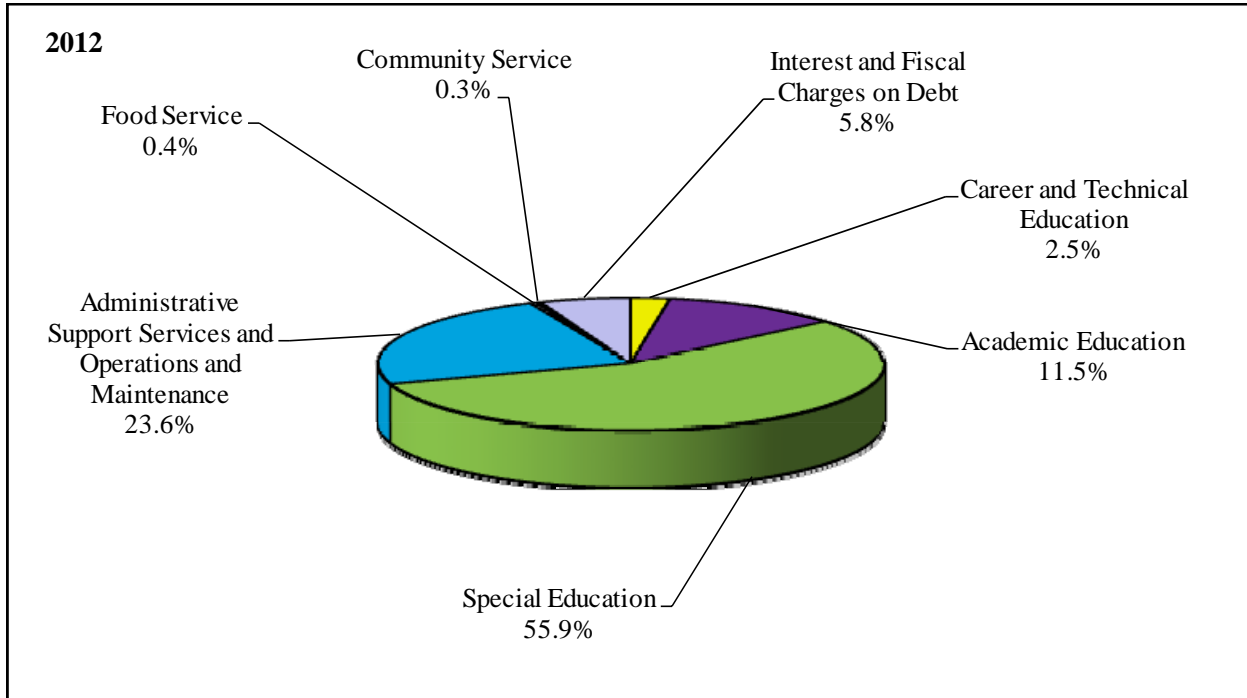
Figure A – Sources of Revenues for Fiscal Years 2012 and 2011



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

The increase in operating grants and contributions reflects adjustments in the MDE’s special education tuition billing calculations for three fiscal years—2010, 2011, and 2012. The District continues to work with the MDE to establish greater predictability, timeliness, and stability in this revenue area.

Figure B – Expenses for Fiscal Years 2012 and 2011



The District's expenses are predominately in categories that correlate directly to providing instruction, which includes: special education, academic education, and career and technical education, comprising 70 percent of the total. Twenty-three and six tenths percent of total expenses for the year were in administrative support services and operations and maintenance, which include administrative, business and instructional support services, building operations and maintenance, and tuition refunds. An additional 5.8 percent reflects debt service expenses related to financing of facilities.

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

	2012		2011	
	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	\$ 2,089,610	\$ (388,775)	\$ 1,701,554	\$ 104,581
Academic education	9,765,874	(61,812)	8,685,176	36,727
Special education	47,330,201	(51,625)	43,571,799	1,422,478
Student clubs	28,059	239	37,220	(9,508)
Administrative support services and operations and maintenance				
Annual costs	15,056,054	1,797,346	14,456,449	8,473,678
Tuition refund	4,888,106	(4,888,106)	-	-
Food service	364,196	(23,797)	313,772	(44,603)
Community service	214,916	21,285	245,600	(5,534)
Interest and fiscal charges on debt	4,890,548	(4,890,548)	2,449,587	(2,449,587)
Total	<u>\$ 84,627,564</u>	<u>\$ (8,485,793)</u>	<u>\$ 71,461,157</u>	<u>\$ 7,528,232</u>

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:

	2012	2011	Increase (Decrease)
Major funds			
General	\$ 13,949,322	\$ 16,487,675	\$ (2,538,353)
Capital Projects – Building Construction Fund	694,705	27,054,799	(26,360,094)
Nonmajor funds			
Community Service Special Revenue	21,078	3	21,075
Debt Service Fund	1,338,459	4,566	1,333,893
Total governmental funds	<u>\$ 16,003,564</u>	<u>\$ 43,547,043</u>	<u>\$ (27,543,479)</u>

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 unassigned fund balance of at least 6 percent of the District’s General Fund operating budget, excluding operating capital programs.”

The District transferred an amount to an assigned fund balance for severance to continue to fund future severance obligations. The District also has an assigned fund balance for the North Education Center (NEC) to set aside dollars to be used in the construction and furnishing of NEC. In assigned fund balance for MDE special education state aid tuition appeals, \$973,897 remains. This is in recognition of the potential for additional calculation changes in this area by the MDE.

The change in Capital Projects – Building Construction Fund balance is due to the substantial completion of the NEC.

Analysis of the General Fund

Table 5 presents a summary of General Fund revenues:

Table 5 General Fund Revenues for the Years Ended June 30, 2012 and 2011			
	2012	2011	Amount of Increase (Decrease)
Local sources			
Pass-through levies	\$ 2,825,406	\$ 4,923,538	\$ (2,098,132)
Tuition	19,647,575	24,119,591	(4,472,016)
Investment earnings	12,498	5,493	7,005
Other	6,087,217	3,545,046	2,542,171
State sources	47,049,421	44,274,425	2,774,996
Federal sources	1,672,281	1,698,976	(26,695)
Total General Fund revenues	\$ 77,294,398	\$ 78,567,069	\$ (1,272,671)

The District received approximately \$2.8 million in property taxes that were levied for by their member districts. The pass-through levies are authorized in Minnesota Statutes to cover the District’s lease costs, safe schools initiatives, and health and safety programs. The decrease from prior year reflects the move to the Debt Service Fund of the amount of pass-through levy dollars that cover debt payments.

Fiscal year 2009 was the first year that the MDE processed special education tuition billing on behalf of the District. In fiscal year 2012, tuition billed by the District decreased due to changes in the MDE processed special education tuition billing. This resulted in an increase in state sources. The most significant factor in the increase of the other sources of revenue was the closure of the SEC escrow fund that was used to cover lease costs.

Table 6 presents a summary of General Fund expenditures:

	2012	2011	Amount of Increase (Decrease)
Salaries	\$ 44,045,236	\$ 41,244,648	\$ 2,800,588
Employee benefits	14,733,315	14,037,924	695,391
Purchased services	9,780,633	9,765,226	15,407
Supplies and materials	1,144,598	1,084,341	60,257
Capital expenditures	1,809,357	1,458,238	351,119
Other expenditures	1,074,337	695,554	378,783
Tuition refund	4,888,106	-	4,888,106
Debt service	2,349,272	2,682,545	(333,273)
Total General Fund expenditures	\$ 79,824,854	\$ 70,968,476	\$ 8,856,378

Salary and benefits increased due to normal inflationary increases. The increase in tuition refund is due to an approximate \$4.9 million refund received from MDE for tuition appeal that was passed through to member districts.

Table 7 shows the General Fund unassigned fund balance as compared to expenditures:

	2008	2009	2010	2011	2012
Unreserved – unassigned/undesignated fund balance	\$ 2,889,686	\$ 4,691,375	\$ 3,778,052	\$ 4,757,797	\$ 6,187,960
Unassigned/undesignated fund balance as a percentage of noncapital related expenditures	4.9%	6.9%	5.5%	6.7%	7.8%

Unassigned fund balance as a percentage of noncapital related expenditures is one key measurement of a district's financial health. The unassigned fund balance of \$6,187,960 at June 30, 2012 represents 7.8 percent of annual expenditures. The District continues to monitor its fund balances closely. The Board of Director's policy sets a goal of at least 6 percent for the unassigned fund balance as a percentage of noncapital related expenditures.

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>\$ 76,903,464</u>	<u>\$ 76,029,542</u>	<u>\$ 77,294,398</u>	<u>\$ 1,264,856</u>	<u>1.7%</u>
Expenditures	<u>\$ 76,452,000</u>	<u>\$ 76,805,164</u>	<u>\$ 79,824,854</u>	<u>\$ 3,019,690</u>	<u>3.9%</u>

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

The most significant factor causing General Fund expenditures to be over budget was a \$4,888,106 tuition refund to member districts. With the tuition refund removed from the budget to actual calculations, expenditures would be \$1,868,416 under budget for fiscal year 2012. Over half of the under budget amount in expenditures reflects continued cost containment efforts across almost all areas of the budget.

OTHER MAJOR FUND

Capital Projects – Building Construction Fund

The activity in this fund is largely controlled by debt issues used for the acquisition or construction of major capital facilities. Total fund balance of \$694,705 is restricted to pay for the remaining construction costs of the NEC project.

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, 2012 and 2011:

	2012	2011	Net Change
Land	\$ 10,865,963	\$ 10,865,963	\$ -
Buildings	41,967,835	41,799,437	168,398
Equipment	3,059,290	2,823,913	235,377
Construction in progress	31,843,051	5,458,349	26,384,702
Assets held under capital lease	-	1,820,432	(1,820,432)
Less accumulated depreciation	(8,074,422)	(7,032,563)	(1,041,859)
Total	\$ 79,661,717	\$ 55,735,531	\$ 23,926,186
Depreciation expense	\$ 1,120,521	\$ 1,122,702	\$ (2,181)

The significant increase in the construction in progress is due to the construction costs for the NEC.

Long-Term Liabilities

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

	2012	2011	Increase (Decrease)
Capital leases payable	\$ 25,391,311	\$ 26,280,398	\$ (889,087)
Certificates of participation payable	52,415,000	53,720,000	(1,305,000)
Premium/(discount) on debt issued	84,901	96,177	(11,276)
Deferred charges on debt issued	(855,387)	(1,272,335)	416,948
Severance benefits payable	5,273,972	4,731,848	542,124
Compensated absences payable	405,459	375,937	29,522
Net OPEB obligation	1,504,711	960,472	544,239
Net pension obligation	180,378	185,433	(5,055)
Total	\$ 84,400,345	\$ 85,077,930	\$ (677,585)

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.

One member district withdrew its membership as of June 30, 2011. Independent School District No. 271 (ISD No. 271) and the District continue to work with the Commissioner of Education to determine ISD No. 271's proportionate share of the District's assets and liabilities, if any.

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, 2012
(With Partial Comparative Information as of June 30, 2011)

	Governmental Activities	
	2012	2011
Assets		
Cash and temporary investments	\$ 4,402,854	\$ 3,764,135
Receivables		
Accounts and interest	438,176	628,731
Due from other governmental units	22,795,497	28,256,161
Inventory	1,567	1,850
Prepaid items	102,751	113,611
Restricted assets – temporarily restricted		
Cash and investments for capital projects	2,384,859	28,652,100
Cash and investments held for debt service	1,204,530	–
Capital assets, net of depreciation		
Not depreciated	42,709,014	18,144,744
Depreciated, net of accumulated depreciation	36,952,703	37,590,787
Total capital assets, net of accumulated depreciation	<u>79,661,717</u>	<u>55,735,531</u>
Total assets	<u>\$ 110,991,951</u>	<u>\$ 117,152,119</u>
Liabilities		
Aid anticipation certificates	\$ 5,900,000	\$ 3,590,000
Salaries and compensated absences payable	2,084,491	2,157,696
Accounts and contracts payable	2,616,417	2,495,498
Due to other governmental units	4,269,450	2,124,866
Unearned revenue	90,560	7,231,493
Accrued interest payable	716,965	706,489
Long-term liabilities		
Due within one year	3,093,367	3,027,302
Due in more than one year	81,306,978	82,050,628
Total long-term liabilities	<u>84,400,345</u>	<u>85,077,930</u>
Total liabilities	100,078,228	103,383,972
Net assets		
Invested in capital assets, net of related debt	4,659,056	3,970,656
Restricted for		
State funding restrictions	518,513	506,878
Unrestricted	5,736,154	9,290,613
Total net assets	<u>10,913,723</u>	<u>13,768,147</u>
Total liabilities and net assets	<u>\$ 110,991,951</u>	<u>\$ 117,152,119</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Activities
 Year Ended June 30, 2012
 (With Partial Comparative Information for the Year Ended June 30, 2011)

Functions/Programs	2012			2011	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Career and technical education	\$ 2,089,610	\$ 1,467,351	\$ 233,484	\$ (388,775)	\$ 104,581
Academic education	9,765,874	6,201,554	3,502,508	(61,812)	36,727
Special education	47,330,201	11,753,633	35,524,943	(51,625)	1,422,478
Student clubs	28,059	25,290	3,008	239	(9,508)
Administrative support services and operations and maintenance	19,944,160	5,581,801	11,271,599	(3,090,760)	8,473,678
Food service	364,196	45,675	294,724	(23,797)	(44,603)
Community service	214,916	112,619	123,582	21,285	(5,534)
Interest and fiscal charges on debt	4,890,548	—	—	(4,890,548)	(2,449,587)
Total governmental activities	\$84,627,564	\$25,187,923	\$ 50,953,848	(8,485,793)	7,528,232
General revenues					
General grants and aids				5,526,599	1,501,117
Other general revenues				38,435	84,243
Investment earnings				66,335	70,322
Total general revenues				5,631,369	1,655,682
Change in net assets				(2,854,424)	9,183,914
Net assets – beginning				13,768,147	4,584,233
Net assets – ending				\$ 10,913,723	\$ 13,768,147

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Balance Sheet
Governmental Funds
as of June 30, 2012

(With Partial Comparative Information as of June 30, 2011)

	General Fund	Capital Project –	Nonmajor Funds	Total Governmental Funds	
		Building Construction Fund		2012	2011
Assets					
Cash and temporary investments	\$ 3,920,864	\$ –	\$ 167,276	\$ 4,088,140	\$ 3,531,798
Cash and investments held by trustee	–	2,384,859	1,204,530	3,589,389	28,652,100
Receivables					
Accounts and interest	435,926	–	2,250	438,176	628,731
Due from other funds	–	–	–	–	4,473
Due from other governmental units	22,721,913	–	73,584	22,795,497	28,256,161
Inventory	–	–	1,567	1,567	1,850
Prepaid items	102,751	–	–	102,751	113,611
Total assets	\$ 27,181,454	\$ 2,384,859	\$ 1,449,207	\$ 31,015,520	\$ 61,188,724
Liabilities and Fund Balances					
Liabilities					
Aid anticipation certificates	\$ 5,900,000	\$ –	\$ –	\$ 5,900,000	\$ 3,590,000
Salaries and compensated absences payable	2,073,243	–	2,072	2,075,315	2,148,652
Due to other funds	–	–	–	–	4,473
Accounts and contracts payable	886,098	1,690,154	40,165	2,616,417	2,495,498
Accrued interest payable	60,214	–	–	60,214	46,699
Due to other governmental units	4,227,490	–	41,960	4,269,450	2,124,866
Unearned revenue	85,087	–	5,473	90,560	7,231,493
Total liabilities	13,232,132	1,690,154	89,670	15,011,956	17,641,681
Fund balances					
Nonspendable	102,751	–	–	102,751	113,611
Restricted	465,218	694,705	1,359,537	2,519,460	27,534,263
Assigned	7,193,393	–	–	7,193,393	11,141,372
Unassigned	6,187,960	–	–	6,187,960	4,757,797
Total fund balances	13,949,322	694,705	1,359,537	16,003,564	43,547,043
Total liabilities and fund balances	\$ 27,181,454	\$ 2,384,859	\$ 1,449,207	\$ 31,015,520	\$ 61,188,724

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, 2012
(With Partial Comparative Information as of June 30, 2011)

	<u>2012</u>	<u>2011</u>
Total fund balances – governmental funds	\$ 16,003,564	\$ 43,547,043
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	87,736,139	62,768,094
Accumulated depreciation	(8,074,422)	(7,032,563)
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.		
	(656,751)	(659,790)
Long-term liabilities are included in net assets, but are excluded from fund balances until due and payable.		
Capital leases payable	(25,391,311)	(26,280,398)
Certificates of participation payable	(52,415,000)	(53,720,000)
Unamortized premium/discount on debt issued	(84,901)	(96,177)
Deferred charges on debt issued	855,387	1,272,335
Severance benefits payable	(5,273,972)	(4,731,848)
Compensated absences payable	(405,459)	(375,937)
Net other post-employment benefit obligation	(1,504,711)	(960,472)
Net pension obligation	(180,378)	(185,433)
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>305,538</u>	<u>223,293</u>
Total net assets – governmental activities	<u>\$ 10,913,723</u>	<u>\$ 13,768,147</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, 2012
 (With Partial Comparative Information for the Year Ended June 30, 2011)

	General Fund	Capital Project –	Nonmajor Funds	Total Governmental Funds	
		Building Construction Fund		2012	2011
Revenue					
Local sources					
Pass-through levies	\$ 2,825,406	\$ –	\$ 3,563,169	\$ 6,388,575	\$ 6,382,715
Tuition	19,647,575	–	55,743	19,703,318	24,192,454
Investment earnings	12,498	43,176	10,661	66,335	70,322
Other	6,087,217	–	231,914	6,319,131	3,630,648
State sources	47,049,421	–	5,308	47,054,729	44,280,367
Federal sources	1,672,281	–	2,376,428	4,048,709	2,085,744
Total revenue	<u>77,294,398</u>	<u>43,176</u>	<u>6,243,223</u>	<u>83,580,797</u>	<u>80,642,250</u>
Expenditures					
Current					
Career and technical education	1,942,868	–	–	1,942,868	1,703,274
Academic education	9,531,159	–	–	9,531,159	8,580,049
Special education	46,157,010	–	–	46,157,010	43,433,884
Student clubs	28,059	–	–	28,059	37,220
Administrative support services and operations and maintenance	19,816,486	–	–	19,816,486	14,531,504
Food service	–	–	364,196	364,196	326,907
Community service	–	–	215,126	215,126	245,926
Capital outlay	–	26,403,270	–	26,403,270	6,235,161
Debt service					
Principal	889,087	–	1,305,000	2,194,087	1,654,863
Interest and fiscal charges	1,460,185	–	3,027,730	4,487,915	2,878,080
Total expenditures	<u>79,824,854</u>	<u>26,403,270</u>	<u>4,912,052</u>	<u>111,140,176</u>	<u>79,626,868</u>
Excess (deficiency) of revenue over expenditures	(2,530,456)	(26,360,094)	1,331,171	(27,559,379)	1,015,382
Other financing sources (uses)					
Certificates of participation issued	–	–	–	–	33,865,000
Debt issuance premiums	–	–	–	–	67,739
Transfers in	–	–	23,797	23,797	63,598
Transfers (out)	(23,797)	–	–	(23,797)	(63,598)
Sale of assets	15,900	–	–	15,900	2,821
Total other financing sources (uses)	<u>(7,897)</u>	<u>–</u>	<u>23,797</u>	<u>15,900</u>	<u>33,935,560</u>
Net change in fund balances	(2,538,353)	(26,360,094)	1,354,968	(27,543,479)	34,950,942
Fund balances					
Beginning of year	<u>16,487,675</u>	<u>27,054,799</u>	<u>4,569</u>	<u>43,547,043</u>	<u>8,596,101</u>
End of year	<u>\$ 13,949,322</u>	<u>\$ 694,705</u>	<u>\$ 1,359,537</u>	<u>\$ 16,003,564</u>	<u>\$ 43,547,043</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, 2012

(With Partial Comparative Information for the Year Ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Total net change in fund balances – governmental funds	\$(27,543,479)	\$ 34,950,942
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	26,870,264	7,157,637
Depreciation expense	(1,120,521)	(1,122,702)
The amount of debt proceeds is reported in the governmental funds as a source of financing. Debt proceeds are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
	–	(33,865,000)
Repayment of long-term debt principal does not affect the change in net assets. However, it reduces fund balances.		
Capital lease payable	889,087	844,863
Certificates of participation payable	1,305,000	810,000
Interest on long-term debt is included in the change in net assets as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	3,039	(310,068)
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.		
	(1,823,557)	–
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.		
	82,245	123,274
Debt issuance premiums, discounts, and deferred charges are included in the change in net assets as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses or interest and fiscal charges.		
	(405,672)	670,822
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	(542,124)	285,980
Compensated absences payable	(29,522)	1,671
Net other post-employment benefit obligation	(544,239)	(323,359)
Net pension obligation	5,055	(40,146)
Change in net assets – governmental activities	<u>\$ (2,854,424)</u>	<u>\$ 9,183,914</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, 2012

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Pass-through levies	\$ 5,172,955	\$ 3,932,197	\$ 2,825,406	\$ (1,106,791)
Tuition	25,842,259	20,224,948	19,647,575	(577,373)
Investment earnings	15,000	5,000	12,498	7,498
Other	3,099,595	4,280,256	6,087,217	1,806,961
State sources	41,463,847	45,983,450	47,049,421	1,065,971
Federal sources	1,309,808	1,603,691	1,672,281	68,590
Total revenue	<u>76,903,464</u>	<u>76,029,542</u>	<u>77,294,398</u>	<u>1,264,856</u>
Expenditures				
Current				
Career and technical education	1,837,616	1,895,704	1,942,868	47,164
Academic education	9,109,105	9,618,909	9,531,159	(87,750)
Special education	47,314,840	47,326,199	46,157,010	(1,169,189)
Student clubs	33,300	33,300	28,059	(5,241)
Administrative support services and operations and maintenance				
Annual costs	15,436,362	15,664,017	14,928,380	(735,637)
Tuition refund	—	—	4,888,106	4,888,106
Debt service				
Principal	1,164,088	889,088	889,087	(1)
Interest and fiscal charges	1,556,689	1,377,947	1,460,185	82,238
Total expenditures	<u>76,452,000</u>	<u>76,805,164</u>	<u>79,824,854</u>	<u>3,019,690</u>
Excess (deficiency) of revenue over expenditures	451,464	(775,622)	(2,530,456)	(1,754,834)
Other financing sources (uses)				
Transfers (out)	(63,111)	(63,111)	(23,797)	39,314
Sale of assets	—	—	15,900	15,900
Total other financing sources (uses)	<u>(63,111)</u>	<u>(63,111)</u>	<u>(7,897)</u>	<u>55,214</u>
Net change in fund balances	<u>\$ 388,353</u>	<u>\$ (838,733)</u>	<u>(2,538,353)</u>	<u>\$ (1,699,620)</u>
Fund balances				
Beginning of year			<u>16,487,675</u>	
End of year			<u>\$ 13,949,322</u>	

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Net Assets
Proprietary Fund
Internal Service Fund
as of June 30, 2012
(With Partial Comparative Information as of June 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Current assets		
Cash and temporary investments	\$ 314,714	\$ 232,337
Liabilities		
Salaries and benefits payable	<u>9,176</u>	<u>9,044</u>
Net assets		
Unrestricted	<u>\$ 305,538</u>	<u>\$ 223,293</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Revenue, Expenses, and Changes in Fund Net Assets
 Proprietary Fund
 Internal Service Fund
 Year Ended June 30, 2012
 (With Partial Comparative Information for the Year Ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Operating revenue		
Contributions from governmental funds	\$ 539,255	\$ 528,233
Operating expenses		
Dental benefit claims and expenses	<u>457,010</u>	<u>404,959</u>
Change in net assets	82,245	123,274
Net assets		
Beginning of year	<u>223,293</u>	<u>100,019</u>
End of year	<u><u>\$ 305,538</u></u>	<u><u>\$ 223,293</u></u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Cash Flows
 Proprietary Fund
 Internal Service Fund
 Year Ended June 30, 2012
 (With Partial Comparative Information for the Year Ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 539,255	\$ 528,233
Payments for dental claims	<u>(456,878)</u>	<u>(445,246)</u>
Net cash provided by operating activities	82,377	82,987
Cash and temporary investments		
Beginning of year	<u>232,337</u>	<u>149,350</u>
End of year	<u>\$ 314,714</u>	<u>\$ 232,337</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 82,245	\$ 123,274
Increase (decrease) in claims payable	<u>132</u>	<u>(40,287)</u>
Net cash provided by operating activities	<u>\$ 82,377</u>	<u>\$ 82,987</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Fiduciary Net Assets
as of June 30, 2012

	<u>Employee Benefit Trust Fund</u>	<u>Scholarship Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets			
Cash and investments	\$ 87,827	\$ 96,948	\$ 627,992
Cash and investments held by trustee	-	-	2,632
Prepaid items	<u>2,800</u>	<u>-</u>	<u>-</u>
Total assets	90,627	96,948	<u><u>\$ 630,624</u></u>
Liabilities			
Accounts and contracts payable	75,211	-	\$ 17,682
Due to other governmental units	<u>-</u>	<u>-</u>	<u>612,942</u>
Total liabilities	<u>75,211</u>	<u>-</u>	<u><u>\$ 630,624</u></u>
Net assets			
Held in trust for flexible benefits	<u>\$ 15,416</u>		
Held in trust for scholarships		<u><u>\$ 96,948</u></u>	

Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2012

	<u>Employee Benefit Trust Fund</u>	<u>Scholarship Private-Purpose Trust Fund</u>
Additions		
Plan member contributions	\$ 543,411	\$ -
Donations	<u>-</u>	<u>52,597</u>
Total additions	543,411	52,597
Deductions		
Benefits to plan members	<u>536,642</u>	<u>7,010</u>
Change in net assets	6,769	45,587
Net assets		
Beginning of year	<u>8,647</u>	<u>51,361</u>
End of year	<u><u>\$ 15,416</u></u>	<u><u>\$ 96,948</u></u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Notes to Basic Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The financial statements of Intermediate District No. 287 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

B. Reporting Entity

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

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

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, district school boards can elect to either control or not control extracurricular activities. The District's Board of Directors has elected to exercise control over extracurricular activities; therefore, the extracurricular student activity accounts are included in the District's General Fund.

C. Government-Wide Financial Statement Presentation

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. The proprietary fund (Internal Service Fund) is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the proprietary fund (Internal Service Fund) is consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial 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. Operating expenses for the internal service funds include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The District's only proprietary fund is the Internal Service Fund, which provides services to the governmental funds.

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Federal revenue is recorded in the year in which the related expenditure is made. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Other revenue is considered available if collected within 60 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The District has included in the General Fund subdivisions to account for revenue and expenditures for career and technical education, academic education, special education, district-wide (including administrative support services and operations and maintenance), severance and property, and student clubs.

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

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.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, debt principal, interest, and related costs.

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).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Construction Projects, Edgewood Building Projects, and the activities of the Keystone community services.

E. Budgeting

Each June, the Board of Directors adopts an annual budget for the following fiscal year for the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, Capital Projects – Building Construction Fund, and Debt Service Fund. The budget for each fund is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the General Fund, Food Service Special Revenue Fund, and the Debt Service Fund by \$3,019,690, \$16,381, and \$6,599, respectively. The significant expenditure exceeding budgeted amounts in the General Fund was for tuition refunds to member districts.

F. Cash and Investments

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Capital Projects – Building Construction Fund, the cash is restricted for the construction of the North Education Center (NEC). In the Agency Fund, the cash is restricted for Edgewood Building Projects. In the Debt Service Fund, the cash is restricted for debt payments. Interest earned on these investments was allocated directly to those accounts.

Investments are generally stated at fair value, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers’ acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the Balance Sheet date.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$5,000 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 and construction in progress.

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

Unearned revenue consists of tuition for fiscal 2013 online learning classes collected with spring registration, lease revenues for July, gifts and grants for the fiscal 2013 school year, and balances remaining in student lunch accounts.

L. Long-Term Obligations

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

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

M. Compensated Absences Payable

1. **Vacation Pay** – Employees are entitled to vacation based on length of employment, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when earned or incurred in the government-wide financial statements. Unused vacation pay is accrued in governmental fund financial statements only when it has matured due to employee termination or similar circumstances.
2. **Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of early retirement incentive and convertible sick leave payments for some employees upon termination.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 financial 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, 2012 represents services performed during the 2011–2012 fiscal year.

Special education, career and technical education, 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 2012.

The District has 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 \$9,176 reported in the Internal Service Fund at June 30, 2012 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, 2012	\$ 9,044	\$ 457,010	\$ 456,878	\$ 9,176
June 30, 2011	\$ 49,331	\$ 404,959	\$ 445,246	\$ 9,044

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Restricted Assets

Restricted assets are cash and cash equivalents and the related interest receivable whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements these assets have been reported as "cash and investments held by trustee" while the interest receivable is included within accounts and interest receivable.

S. Use of Estimates

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

T. Net Assets

In the government-wide financial statements, net assets represent the difference between assets and liabilities. Net assets are displayed in three components:

- **Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Assets** – Consists of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Assets** – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

U. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Committed** – Consists of internally imposed constraints that are established by resolution of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to Board of Directors policy, the District’s Director of Finance is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

V. Prior Year Comparative Information

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2011, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the 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 (\$1,622,877) while the balance on the bank records was \$695. At June 30, 2012, 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 \$300 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 policies do not address concentration risk. At June 30, 2012, the District’s investments portfolio includes the following percentages of specific issuers:

Commercial paper	
U.S. Bank	26.0%
Guaranteed investment contract	
Citigroup Global	11.5%

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

D. Summary Information

The following table presents the District's deposit and investment balances at June 30, 2012, and information relating to potential investment risks:

Investment Type	Credit Risk		Interest	Carrying Value
	Credit Rating	Rating Agency	Rate Risk Maturity Date	
U.S. government agency securities	AA	S&P	< 1 year	\$ 244,998
Guaranteed investment contract Citigroup Global	Baa	Moody's	> 10 years	1,204,531
Commercial paper	A	S&P	< 1 year	2,712,902
Commercial paper	AAA	S&P	< 1 year	249,957
Commercial paper	A	Moody's	< 1 year	253,957
Negotiable certificates of deposit	N/A	N/A	< 1 year	1,087,729
Investment pools/mutual funds				
Minnesota School District Liquid Asset Fund				
Liquid portfolio	AAA	S&P	N/A	4,267,404
Max portfolio	AAA	S&P	N/A	403,933
Wells Fargo Government Money Market Securities	AAA	S&P	N/A	4,753
First American Government Obligations	AAA	S&P	N/A	55
Total investments				10,430,219
Deposits				(1,622,877)
Cash on hand				300
Total cash and investments				<u>\$ 8,807,642</u>

N/A – Not Applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and 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 District's investment in MSDLAF is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Cash and temporary investments – Statement of Net Assets	\$ 4,402,854
Restricted assets – cash and investments for capital projects – Statement of Net Assets	2,384,859
Restricted assets – cash and investments for debt service – Statement of Net Assets	1,204,530
Cash and investments – Statement of Fiduciary Net Assets	
Employee Benefit Trust Fund	87,827
Scholarship Private-Purpose Trust Fund	96,948
Agency Fund	627,992
Cash and investments held by trustee – Statement of Fiduciary Net Assets	
Agency Fund	<u>2,632</u>
 Total cash and investments	 <u><u>\$ 8,807,642</u></u>

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 10,865,963	\$ –	\$ –	\$ 10,865,963
Assets held under capital leases	1,820,432	–	(1,820,432)	–
Construction in progress	5,458,349	26,384,702	–	31,843,051
Total capital assets, not depreciated	<u>18,144,744</u>	<u>26,384,702</u>	<u>(1,820,432)</u>	<u>42,709,014</u>
Capital assets, depreciated				
Buildings	41,799,437	168,398	–	41,967,835
Equipment	2,823,913	317,164	(81,787)	3,059,290
Total capital assets, depreciated	<u>44,623,350</u>	<u>485,562</u>	<u>(81,787)</u>	<u>45,027,125</u>
Less accumulated depreciation for				
Buildings	(4,775,669)	(908,420)	–	(5,684,089)
Equipment	(2,256,894)	(212,101)	78,662	(2,390,333)
Total accumulated depreciation	<u>(7,032,563)</u>	<u>(1,120,521)</u>	<u>78,662</u>	<u>(8,074,422)</u>
Net capital assets, depreciated	<u>37,590,787</u>	<u>(634,959)</u>	<u>(3,125)</u>	<u>36,952,703</u>
Total capital assets, net	<u><u>\$ 55,735,531</u></u>	<u><u>\$ 25,749,743</u></u>	<u><u>\$ (1,823,557)</u></u>	<u><u>\$ 79,661,717</u></u>

Depreciation expense for the year ended June 30, 2012 was charged to the following governmental functions:

Career and technical education	\$ 11,639
Academic education	348,901
Special education	414,214
Administrative support services and operations and maintenance	<u>345,767</u>
Total depreciation expense	<u><u>\$ 1,120,521</u></u>

NOTE 4 – SHORT-TERM BORROWING

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

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>
10/14/2010	09/01/2011	2.00%	\$ 3,590,000	\$ –	\$ 3,590,000	\$ –
07/26/2011	08/26/2012	1.10%	–	5,900,000	–	5,900,000
			<u>\$ 3,590,000</u>	<u>\$ 5,900,000</u>	<u>\$ 3,590,000</u>	<u>\$ 5,900,000</u>

Interest and fiscal charges of \$82,238 were charged to the General Fund in fiscal 2012.

NOTE 5 – LONG-TERM LIABILITIES

A. Components and Changes in Long-Term Liabilities

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2012</u>	<u>Due Within One Year</u>
Capital leases payable	\$ 26,280,398	\$ –	\$ 889,087	\$ 25,391,311	\$ 935,629
Certificates of participation payable	53,720,000	–	1,305,000	52,415,000	1,295,000
Unamortized premium/discount on debt issued	96,177	–	11,276	84,901	–
Deferred charges on debt issued	(1,272,335)	–	(416,948)	(855,387)	–
Severance benefits payable	4,731,848	1,026,443	484,319	5,273,972	457,279
Compensated absences payable	375,937	99,278	69,756	405,459	405,459
Net other post-employment benefit obligation (See Note 7)	960,472	1,087,216	542,977	1,504,711	–
Net pension obligation (See Note 8)	185,433	40,789	45,844	180,378	–
	<u>\$ 85,077,930</u>	<u>\$ 2,253,726</u>	<u>\$ 2,931,311</u>	<u>\$ 84,400,345</u>	<u>\$ 3,093,367</u>

B. Descriptions of Long-Term Liabilities

1. Capital Leases Payable – The following capital leases are outstanding as of June 30, 2012:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Capital leases payable					
North Vector	02/15/2005	5.37%	\$ 96,000	01/15/2025	\$ 72,810
Technology	02/14/2006	4.78%	\$ 1,400,000	03/15/2013	230,345
South Education Center – construction	10/10/2006	5.30%	\$ 25,400,000	11/01/2032	25,088,156
Total capital leases payable					<u>\$ 25,391,311</u>

The assets acquired through the capital leases have been recorded in capital assets within building and equipment costs of \$25,075,568. 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. Certain future pass-through levies of the member districts have been pledged for the payment of these capital leases.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

2. Certificates of Participation (COP) Payable – The following certificates of participation are outstanding as of June 30, 2012:

Issue	Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding
Certificates of participation payable					
Refunding Certificate of Participation – 2009A (Bren Road)	07/15/2009	1.65–5.00%	\$ 8,570,000	02/01/2025	\$ 7,160,000
Refunding Certificate of Participation – 2010C (SEC Land)	06/30/2010	2.00–4.25%	\$ 7,405,000	02/01/2028	6,960,000
Certificate of Participation – 2010A	01/07/2010	2.40%	\$ 3,200,000	02/01/2020	2,635,000
Certificate of Participation – 2010B (Build America Bonds – Direct Pay)	01/07/2010	5.48%	\$ 2,050,000	02/01/2025	2,050,000
Certificate of Participation – 2010E (Qualified School Construction Bonds – Direct Pay)	11/18/2010	6.00%	\$ 29,790,000	02/01/2029	29,790,000
Certificate of Participation – 2011A	05/19/2011	3.00–4.20%	\$ 4,075,000	02/01/2026	<u>3,820,000</u>
Total certificates of participation payable					<u>\$ 52,415,000</u>

The certificates of participation will be repaid by the Debt Service Fund. The District’s 2010B Certificates of Participation were issued as Build America Bonds – Direct Pay, for which the District will receive a federal tax credit equal to 35 percent of the interest payment on this debt issue. The District’s 2010E Certificates of Participation were issued as Qualified School Construction Bonds – Direct Pay, for which the District will receive a federal tax credit equal to 89.5 percent of the interest payment on this debt issue. Certain future pass through levies of the member districts have been pledged for the payment of these certificates.

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

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

C. Minimum Debt Payments

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

Year Ending June 30,	Capital Leases		Certificates of Participation	
	Principal	Interest	Principal	Interest
2013	\$ 935,629	\$ 1,331,403	\$ 1,295,000	\$ 2,671,869
2014	743,126	1,285,271	1,320,000	2,638,531
2015	782,998	1,245,398	1,360,000	2,599,106
2016	825,010	1,203,386	1,405,000	2,556,446
2017	869,277	1,159,120	1,450,000	2,510,756
2018–2022	5,098,111	5,043,870	8,130,000	11,678,758
2023–2027	6,604,322	3,521,953	7,100,000	9,827,965
2028–2032	8,548,624	1,554,092	30,355,000	3,597,400
2033	984,214	26,057	–	–
	<u>\$ 25,391,311</u>	<u>\$ 16,370,550</u>	<u>\$ 52,415,000</u>	<u>\$ 38,080,831</u>

NOTE 6 – FUND BALANCES

A. Classifications

At June 30, 2012, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Nonmajor Funds	Total
Nonspendable				
Prepaid items	\$ 102,751	\$ –	\$ –	\$ 102,751
Restricted				
Health and safety	1,236	–	–	1,236
Basic skills	193,426	–	–	193,426
Safe schools	270,556	–	–	270,556
Projects funded by COP	–	694,705	–	694,705
Community service	–	–	21,078	21,078
Debt service	–	–	1,338,459	1,338,459
Total restricted	465,218	694,705	1,359,537	2,519,460
Assigned				
Severance	4,249,794	–	–	4,249,794
MDE appeal	973,897	–	–	973,897
Property	771,861	–	–	771,861
Student clubs	32,217	–	–	32,217
NEC	1,031,720	–	–	1,031,720
Vehicle depreciation	45,855	–	–	45,855
Self-insurance	88,049	–	–	88,049
Total assigned	7,193,393	–	–	7,193,393
Unassigned	6,187,960	–	–	6,187,960
Total	<u>\$ 13,949,322</u>	<u>\$ 694,705</u>	<u>\$ 1,359,537</u>	<u>\$ 16,003,564</u>

B. Fund Balance Policy

The Board of Directors has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy establishes that the District will endeavor to maintain an unassigned fund balance of at least 6 percent of the District’s General Fund operating budget, excluding operating capital programs. At June 30, 2012, the unassigned fund balance of the General Fund was 7.8 percent of total current year expenditures.

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

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the District's Other Post-Employment Benefits (OPEB) Plan, a single-employer defined benefit plan administered by the District. There are 774 active plan participants and 53 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.

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.

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

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:

ARC	\$ 1,104,341
Interest on net OPEB obligation	38,419
Adjustment to ARC	<u>(55,544)</u>
Annual OPEB cost (expense)	1,087,216
Contributions made	<u>542,977</u>
Increase in net OPEB obligation	544,239
Net OPEB – beginning of year	<u>960,472</u>
Net OPEB – end of year	<u><u>\$ 1,504,711</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 three years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 790,451	\$ 445,853	56.4%	\$ 637,113
June 30, 2011	\$ 821,151	\$ 497,792	60.6%	\$ 960,472
June 30, 2012	\$ 1,087,216	\$ 542,977	49.9%	\$ 1,504,711

D. Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$9,532,459, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,532,459. The covered payroll (annual payroll of active employees covered by the plan) was \$34,915,812, and the ratio of the UAAL to the covered payroll was 27.3 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 7 – OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB) (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, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.0 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 3.0 percent rate of projected salary increases; an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after 10 years. The UAAL is being amortized on a level dollar basis over a 30-year open period.

NOTE 8 – PENSION BENEFITS PLAN

A. Plan Description

The District provides post-employment pension benefits to certain eligible employees through the District's Pension Benefits Plan, a single-employer defined benefit plan administered by the District. There are 65 active plan participants. All pension benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

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

B. Funding Policy

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

NOTE 8 – PENSION BENEFITS PLAN (CONTINUED)

C. Annual Pension Cost and Net Pension Obligation

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

ARC	\$ 43,553
Interest on net pension obligation	6,200
Adjustment to ARC	<u>(8,964)</u>
Annual pension cost (expense)	40,789
Contributions made	<u>45,844</u>
Decrease in net pension obligation	(5,055)
Net pension obligation – beginning of year	<u>185,433</u>
Net pension obligation – end of year	<u><u>\$ 180,378</u></u>

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

Fiscal Year Ended	Annual Pension Cost	Employer Contribution	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
June 30, 2010	\$ 38,152	\$ 34,973	91.7%	\$ 145,287
June 30, 2011	\$ 46,497	\$ 6,351	13.7%	\$ 185,433
June 30, 2012	\$ 40,789	\$ 45,844	112.4%	\$ 180,378

D. Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$409,117, and the actuarial value of assets was \$0, resulting in a UAAL of \$409,117. The covered payroll (annual payroll of active employees covered by the plan) was \$34,915,812 and the ratio of the UAAL to the covered payroll was 1.2 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 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 8 – PENSION BENEFITS PLAN (CONTINUED)

E. Actuarial Methods and Assumptions

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

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.0 percent investment rate of return (net of administrative expenses) based on the District’s own investments and a 3.0 percent salary increase for all members. The UAAL is being amortized on a level dollar basis over a 30-year open period.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

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

Teachers’ Retirement Association (TRA)

A. Plan Description

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

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

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

Tier I

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

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

With these provisions:

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

Tier II

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Actuarially equivalent early retirement reduction factors with augmentation are used for early retirement before the normal age of 65. These reduction factors average approximately 4–5.4 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.

TRA publicly issues a Comprehensive Annual Financial Report (CAFR) presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at www.minnesotatra.org. Alternatively, a copy of the report may be obtained by writing TRA at Teachers' Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-4000 or by calling (651) 296-2409 or (800) 657-3669.

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 6.0 percent and 9.0 percent, respectively, of their annual covered salary during fiscal year 2012 as employee contributions. The TRA employer contribution rates are 6.0 percent for Coordinated Plan members and 9.5 percent for Basic Plan members during fiscal year 2012. Total covered payroll salaries for all TRA members state-wide during the fiscal years ended June 30, 2011, 2010, and 2009 were approximately \$3.84 billion, \$3.79 billion, and \$3.76 billion, respectively.

The District's contributions for the years ended June 30, 2012, 2011, and 2010 were \$1,558,506, \$1,367,156, and \$1,302,876, respectively, equal to the contractually required contributions for each year as set by state statutes.

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

The 2010 Legislature approved employee and employer contribution rate increases to be phased-in over a four-year period beginning July 1, 2011. Employee and employer contribution rates will rise 0.5 percent each year of the four-year period. Beginning July 1, 2014, TRA Coordinated Plan employee and employer contribution rates will each be 7.5 percent.

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 PERA. PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multi-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, 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 a Coordinated Plan member 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 GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the internet at www.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.

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

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. GERP Basic and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary. The District was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members and 7.25 percent for Coordinated Plan members.

The District's contributions to GERP for the years ended June 30, 2012, 2011, and 2010 were \$1,103,229, \$990,611, and \$912,890, respectively, equal to the contractually required contributions for each year as set by state statutes.

NOTE 10 – FLEXIBLE BENEFIT PLAN

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

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

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

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

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

NOTE 11 – OPERATING LEASES

The District is leasing equipment, buildings, and space in several locations. The District incurred costs of \$2,123,842 for operating leases during the year ended June 30, 2012. These leases are scheduled to expire on various dates through 2016. 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
2013	\$ 735,681
2014	164,527
2015	50,218
2016	4,189
	<u>\$ 954,615</u>

NOTE 12 – SUBSEQUENT EVENT

In August 2012, the District issued \$9,900,000 of Aid Anticipation Certificates of Indebtedness, Series 2012A. The certificates will mature on September 30, 2013 and bear an interest rate of 0.71 percent.

NOTE 13 – INTERFUND TRANSFERS

Interfund Transfers

At June 30, 2012, the District’s Food Service Special Revenue Fund received a transfer in of \$23,797 from the General Fund. This transfer was made to fund current year operations in these funds.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

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

B. Legal Contingencies

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

C. Construction Contracts

At June 30, 2012, the District had commitments totaling \$1,345,633 under various construction contracts for which the work was not yet completed.

NOTE 14 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

D. Member District Withdrawal

Independent School District No. 271 (ISD No. 271) withdrew as a member of the District effective June 30, 2011. As a result of this withdrawal from the District, a distribution of assets and assignment of liabilities of the District to ISD No. 271 will be determined according to Minnesota Statute § 123A.24. As of June 30, 2012, this distribution of assets and assignment of liabilities is still in progress.

ISD No. 271 remains responsible for its share of debt incurred by the District according to Minnesota Statute § 123B.02. ISD No. 271 and the District may mutually agree, through a Board resolution by each, to terms and conditions of the distribution of assets and the assignment of liabilities.

If ISD No. 271 and the District cannot agree on the terms and conditions, the Commissioner of Education shall resolve the dispute by determining ISD No. 271's proportionate share of assets and liabilities based on ISD No. 271's enrollment, financial contribution, usage, or other factor or combination of factors determined appropriate by the Commissioner of Education. The assets, if any, must be disbursed to ISD No. 271 in a manner that minimizes financial disruption to the District.

E. State Tuition Billing Revenue

At June 30, 2012, the District reported a balance due from other governmental units of approximately \$16.9 million related to amounts receivable from the MDE for state aids from the state's special education tuition billing process.

Special education state aid revenue includes amounts related to tuition billings to other school districts for special education services which are computed using formulas derived by the MDE. Because of the timing of the MDE's calculations, these final aid amounts for fiscal 2012 have not been finalized. The amount of the receivable and revenue recorded for fiscal 2012 for state special education aid is calculated using preliminary information available to the District.

The District has reported a \$973,897 assigned fund balance for MDE appeal in the General Fund related to this receivable balance. This was reported to recognize the potential for additional calculation changes in this aid category by the MDE.

REQUIRED SUPPLEMENTARY INFORMATION

INTERMEDIATE DISTRICT NO. 287

Schedules of Funding Progress
June 30, 2012

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

Other Post-Employment Benefits Plan

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
July 1, 2006	\$ 3,789,783	\$ -	\$ 3,789,783	- %	\$ 32,746,105	11.6 %
July 1, 2009	\$ 7,189,279	\$ -	\$ 7,189,279	- %	\$ 33,086,201	21.7 %
July 1, 2011	\$ 9,532,459	\$ -	\$ 9,532,459	- %	\$ 34,915,812	27.3 %

Pension Benefits Plan

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
July 1, 2006	\$ 3,822,780	\$ -	\$ 3,822,780	- %	\$ 32,746,105	11.7 %
July 1, 2009	\$ 364,568	\$ -	\$ 364,568	- %	\$ 33,086,201	1.1 %
July 1, 2011	\$ 409,117	\$ -	\$ 409,117	- %	\$ 34,915,812	1.2 %

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

SUPPLEMENTAL INFORMATION

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds
 Combining Balance Sheet
 as of June 30, 2012

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Debt Service Fund	Total
Assets				
Cash and temporary investments	\$ 11,578	\$ 21,769	\$ 133,929	\$ 167,276
Cash and investments held by trustee	-	-	1,204,530	1,204,530
Receivables				
Accounts and interest	-	2,250	-	2,250
Due from other governmental units	38,367	35,217	-	73,584
Inventory	1,567	-	-	1,567
	<u>51,512</u>	<u>59,236</u>	<u>1,338,459</u>	<u>1,449,207</u>
Total assets	<u>\$ 51,512</u>	<u>\$ 59,236</u>	<u>\$ 1,338,459</u>	<u>\$ 1,449,207</u>
Liabilities and Fund Balances				
Liabilities				
Salaries and compensated absences payable	\$ 866	\$ 1,206	\$ -	\$ 2,072
Accounts and contracts payable	5,463	34,702	-	40,165
Due to other governmental units	41,960	-	-	41,960
Unearned revenue	3,223	2,250	-	5,473
Total liabilities	<u>51,512</u>	<u>38,158</u>	<u>-</u>	<u>89,670</u>
Fund balances				
Restricted	<u>-</u>	<u>21,078</u>	<u>1,338,459</u>	<u>1,359,537</u>
Total liabilities and fund balances	<u>\$ 51,512</u>	<u>\$ 59,236</u>	<u>\$ 1,338,459</u>	<u>\$ 1,449,207</u>

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2012

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Debt Service Fund	Total
Revenue				
Local sources				
Pass-through levies	\$ —	\$ —	\$ 3,563,169	\$ 3,563,169
Tuition	—	55,743	—	55,743
Investment earnings	—	—	10,661	10,661
Other	45,675	56,876	129,363	231,914
State sources	5,308	—	—	5,308
Federal sources	289,416	123,582	1,963,430	2,376,428
Total revenue	<u>340,399</u>	<u>236,201</u>	<u>5,666,623</u>	<u>6,243,223</u>
Expenditures				
Current				
Food service	364,196	—	—	364,196
Community service	—	215,126	—	215,126
Debt service	—	—	4,332,730	4,332,730
Total expenditures	<u>364,196</u>	<u>215,126</u>	<u>4,332,730</u>	<u>4,912,052</u>
Excess (deficiency) of revenue over expenditures	(23,797)	21,075	1,333,893	1,331,171
Other financing sources				
Transfers in	<u>23,797</u>	<u>—</u>	<u>—</u>	<u>23,797</u>
Net change in fund balance	—	21,075	1,333,893	1,354,968
Fund balances				
Beginning of year	<u>—</u>	<u>3</u>	<u>4,566</u>	<u>4,569</u>
End of year	<u>\$ —</u>	<u>\$ 21,078</u>	<u>\$ 1,338,459</u>	<u>\$ 1,359,537</u>

INTERMEDIATE DISTRICT NO. 287

General Fund
Comparative Balance Sheet
as of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and temporary investments	\$ 3,920,864	\$ 3,497,462
Receivables		
Accounts and interest	435,926	584,983
Due from other funds	-	4,473
Due from other governmental units	22,721,913	28,224,514
Prepaid items	<u>102,751</u>	<u>113,611</u>
Total assets	<u>\$ 27,181,454</u>	<u>\$ 32,425,043</u>
Liabilities and Fund Balances		
Liabilities		
Aid anticipation certificates	\$ 5,900,000	\$ 3,590,000
Salaries and compensated absences payable	2,073,243	2,141,273
Accounts and contracts payable	886,098	846,353
Accrued interest payable	60,214	46,699
Due to other governmental units	4,227,490	2,082,707
Unearned revenue	<u>85,087</u>	<u>7,230,336</u>
Total liabilities	13,232,132	15,937,368
Fund balances		
Nonspendable for prepaid items	102,751	113,611
Restricted for health and safety	1,236	1,236
Restricted for basic skills	193,426	141,390
Restricted for safe schools	270,556	332,269
Assigned for severance	4,249,794	3,535,991
Assigned for MDE appeal	973,897	5,711,435
Assigned for property	771,861	771,861
Assigned for student clubs	32,217	31,980
Assigned for NEC	1,031,720	1,090,105
Assigned for vehicle depreciation	45,855	-
Assigned for self insurance	88,049	-
Unassigned	<u>6,187,960</u>	<u>4,757,797</u>
Total fund balances	<u>13,949,322</u>	<u>16,487,675</u>
Total liabilities and fund balances	<u>\$ 27,181,454</u>	<u>\$ 32,425,043</u>

INTERMEDIATE DISTRICT NO. 287

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012		Over (Under) Budget	2011
	Budget	Actual		Actual
Revenue				
Local sources				
Pass-through levies	\$ 3,932,197	\$ 2,825,406	\$ (1,106,791)	\$ 4,923,538
Tuition	20,224,948	19,647,575	(577,373)	24,119,591
Investment earnings	5,000	12,498	7,498	5,493
Other	4,280,256	6,087,217	1,806,961	3,545,046
State sources	45,983,450	47,049,421	1,065,971	44,274,425
Federal sources	1,603,691	1,672,281	68,590	1,698,976
Total revenue	<u>76,029,542</u>	<u>77,294,398</u>	<u>1,264,856</u>	<u>78,567,069</u>
Expenditures				
Current				
Career and technical education	1,895,704	1,942,868	47,164	1,703,274
Academic education	9,618,909	9,531,159	(87,750)	8,580,049
Special education	47,326,199	46,157,010	(1,169,189)	43,433,884
Student clubs	33,300	28,059	(5,241)	37,220
Administrative support services and operations and maintenance				
Annual costs	15,664,017	14,928,380	(735,637)	14,531,504
Tuition refund	—	4,888,106	4,888,106	—
Debt service				
Principal	889,088	889,087	(1)	844,863
Interest and fiscal charges	1,377,947	1,460,185	82,238	1,837,682
Total expenditures	<u>76,805,164</u>	<u>79,824,854</u>	<u>3,019,690</u>	<u>70,968,476</u>
Excess (deficiency) of revenue over expenditures	(775,622)	(2,530,456)	(1,754,834)	7,598,593
Other financing sources (uses)				
Transfers (out)	(63,111)	(23,797)	39,314	(63,598)
Sale of assets	—	15,900	15,900	2,821
Total other financing sources (uses)	<u>(63,111)</u>	<u>(7,897)</u>	<u>55,214</u>	<u>(60,777)</u>
Net change in fund balances	<u>\$ (838,733)</u>	<u>(2,538,353)</u>	<u>\$ (1,699,620)</u>	<u>7,537,816</u>
Fund balances				
Beginning of year		<u>16,487,675</u>		<u>8,949,859</u>
End of year		<u>\$ 13,949,322</u>		<u>\$ 16,487,675</u>

INTERMEDIATE DISTRICT NO. 287

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
 Year Ended June 30, 2012

	Career and Technical Education Account	Academic Education Account	Special Education Account	District-Wide Account	Severance and Property Account	Student Clubs Account	Total
Revenue							
Local sources							
Pass-through levies	\$ 95,289	\$ 162,905	\$ -	\$ 2,567,212	\$ -	\$ -	\$ 2,825,406
Tuition	1,371,317	5,124,259	11,593,677	1,558,322	-	-	19,647,575
Investment earnings	293	-	8,248	3,957	-	-	12,498
Other	228,535	2,080,304	184,479	3,565,601	-	28,298	6,087,217
State sources	-	1,888,238	35,502,718	9,658,465	-	-	47,049,421
Federal sources	6,299	472,693	-	1,193,289	-	-	1,672,281
Total revenue	<u>1,701,733</u>	<u>9,728,399</u>	<u>47,289,122</u>	<u>18,546,846</u>	<u>-</u>	<u>28,298</u>	<u>77,294,398</u>
Expenditures							
Current							
Career and technical education	1,942,868	-	-	-	-	-	1,942,868
Academic education	-	9,531,159	-	-	-	-	9,531,159
Special education	-	-	46,157,010	-	-	-	46,157,010
Student clubs	-	-	-	-	-	28,059	28,059
Administrative support services and operations and maintenance	-	-	-	19,816,486	-	-	19,816,486
Debt service							
Principal	22,192	16,039	140,620	710,236	-	-	889,087
Interest and fiscal charges	1,911	1,381	12,108	1,444,785	-	-	1,460,185
Total expenditures	<u>1,966,971</u>	<u>9,548,579</u>	<u>46,309,738</u>	<u>21,971,507</u>	<u>-</u>	<u>28,059</u>	<u>79,824,854</u>
Excess (deficiency) of revenue over expenditures	(265,238)	179,820	979,384	(3,424,661)	-	239	(2,530,456)
Other financing sources (uses)							
Intrafund transfers	41,266	755,410	(487,930)	(1,022,549)	713,803	-	-
Transfers (out)	-	-	-	(23,797)	-	-	(23,797)
Sale of assets	-	-	13,110	2,790	-	-	15,900
Total other financing sources (uses)	<u>41,266</u>	<u>755,410</u>	<u>(474,820)</u>	<u>(1,043,556)</u>	<u>713,803</u>	<u>-</u>	<u>(7,897)</u>
Net change in fund balances	(223,972)	935,230	504,564	(4,468,217)	713,803	239	(2,538,353)
Fund balances (deficit)							
Beginning of year	<u>335,515</u>	<u>(784,074)</u>	<u>6,523,517</u>	<u>6,072,887</u>	<u>4,307,852</u>	<u>31,978</u>	<u>16,487,675</u>
End of year	<u>\$ 111,543</u>	<u>\$ 151,156</u>	<u>\$ 7,028,081</u>	<u>\$ 1,604,670</u>	<u>\$ 5,021,655</u>	<u>\$ 32,217</u>	<u>\$ 13,949,322</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, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012		Over (Under) Budget	2011
	Budget	Actual		Actual
Revenue				
Local sources				
Pass-through levies	\$ 45,266	\$ 95,289	\$ 50,023	\$ –
Tuition	1,432,301	1,371,317	(60,984)	1,585,547
Investment earnings	–	293	293	566
Other	230,185	228,535	(1,650)	220,156
Federal sources	5,100	6,299	1,199	9,952
Total revenue	<u>1,712,852</u>	<u>1,701,733</u>	<u>(11,119)</u>	<u>1,816,221</u>
Expenditures				
Career and technical education				
Salaries and wages	1,136,559	1,224,919	88,360	1,072,651
Employee benefits	297,145	288,156	(8,989)	297,443
Purchased services	351,951	340,655	(11,296)	224,116
Supplies and materials	90,888	70,336	(20,552)	84,049
Capital expenditures	9,399	10,522	1,123	23,011
Other	9,762	8,280	(1,482)	2,004
Debt service				
Principal	22,192	22,192	–	21,168
Interest and fiscal charges	1,911	1,911	–	2,935
Total expenditures	<u>1,919,807</u>	<u>1,966,971</u>	<u>47,164</u>	<u>1,727,377</u>
Excess (deficiency) of revenue over expenditures	(206,955)	(265,238)	(58,283)	88,844
Other financing sources (uses)				
Intrafund transfers	–	41,266	41,266	(39,945)
Net change in fund balances	<u>\$ (206,955)</u>	<u>(223,972)</u>	<u>\$ (17,017)</u>	<u>48,899</u>
Fund balances				
Beginning of year		<u>335,515</u>		<u>286,616</u>
End of year		<u>\$ 111,543</u>		<u>335,515</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, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012		Over (Under) Budget	2011
	Budget	Actual		Actual
Revenue				
Local sources				
Pass-through levies	\$ 260,680	\$ 162,905	\$ (97,775)	\$ 272,224
Tuition	5,559,588	5,124,259	(435,329)	5,088,509
Investment earnings	—	—	—	5
Other	1,988,413	2,080,304	91,891	1,392,259
State sources	1,330,130	1,888,238	558,108	1,584,842
Federal sources	398,609	472,693	74,084	402,744
Total revenue	<u>9,537,420</u>	<u>9,728,399</u>	<u>190,979</u>	<u>8,740,583</u>
Expenditures				
Academic education				
Salaries and wages	6,065,493	6,048,383	(17,110)	5,573,151
Employee benefits	1,728,354	1,721,178	(7,176)	1,646,516
Purchased services	1,352,838	1,303,213	(49,625)	1,084,466
Supplies and materials	200,974	184,777	(16,197)	156,685
Capital expenditures	141,904	137,720	(4,184)	37,871
Other	129,346	135,888	6,542	81,360
Debt service				
Principal	16,039	16,039	—	15,299
Interest and fiscal charges	1,381	1,381	—	2,121
Total expenditures	<u>9,636,329</u>	<u>9,548,579</u>	<u>(87,750)</u>	<u>8,597,469</u>
Excess (deficiency) of revenue over expenditures	(98,909)	179,820	278,729	143,114
Other financing sources (uses)				
Intrafund transfers	—	755,410	755,410	(141,105)
Net change in fund balances	<u>\$ (98,909)</u>	935,230	<u>\$ 1,034,139</u>	2,009
Fund balances (deficit)				
Beginning of year		<u>(784,074)</u>		<u>(786,083)</u>
End of year		<u>\$ 151,156</u>		<u>\$ (784,074)</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, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012		Over (Under)	2011
	Budget	Actual	Budget	Actual
Revenue				
Local sources				
Tuition	\$ 12,167,059	\$ 11,593,677	\$ (573,382)	\$ 13,702,859
Investment earnings	5,000	8,248	3,248	5,137
Other	62,564	184,479	121,915	96,515
State sources	34,903,131	35,502,718	599,587	31,143,353
Total revenue	<u>47,137,754</u>	<u>47,289,122</u>	<u>151,368</u>	<u>44,947,864</u>
Expenditures				
Special education				
Current				
Salaries and wages	33,018,770	31,877,015	(1,141,755)	30,026,253
Employee benefits	11,377,023	11,126,176	(250,847)	10,595,471
Purchased services	1,968,930	1,644,424	(324,506)	1,814,317
Supplies and materials	547,283	500,688	(46,595)	523,203
Capital expenditures	191,462	280,584	89,122	291,217
Other	222,731	728,123	505,392	183,423
Debt service				
Principal	140,620	140,620	–	134,132
Interest and fiscal charges	12,108	12,108	–	18,596
Total expenditures	<u>47,478,927</u>	<u>46,309,738</u>	<u>(1,169,189)</u>	<u>43,586,612</u>
Excess (deficiency) of revenue over expenditures	(341,173)	979,384	1,320,557	1,361,252
Other financing sources (uses)				
Intrafund transfers	–	(487,930)	(487,930)	(201,437)
Sale of assets	–	13,110	13,110	–
Total other financing sources (uses)	<u>–</u>	<u>(474,820)</u>	<u>(474,820)</u>	<u>(201,437)</u>
Net change in fund balances	<u>\$ (341,173)</u>	504,564	<u>\$ 845,737</u>	1,159,815
Fund balances				
Beginning of year		<u>6,523,517</u>		<u>5,363,702</u>
End of year		<u>\$ 7,028,081</u>		<u>\$ 6,523,517</u>

INTERMEDIATE DISTRICT NO. 287

General Fund – District-Wide Account
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012		Over (Under) Budget	2011	
	Budget	Actual		Budget	Actual
Revenue					
Local sources					
Pass-through levies	\$ 3,626,251	\$ 2,567,212	\$ (1,059,039)	\$ 4,651,314	
Tuition	1,066,000	1,558,322	492,322	3,742,676	
Investment earnings (charges)	–	3,957	3,957	(215)	
Other	1,965,794	3,565,601	1,599,807	1,808,406	
State sources	9,750,189	9,658,465	(91,724)	11,546,230	
Federal sources	1,199,982	1,193,289	(6,693)	1,286,280	
Total revenue	<u>17,608,216</u>	<u>18,546,846</u>	<u>938,630</u>	<u>23,034,691</u>	
Expenditures					
Current					
Administrative support services and operations and maintenance					
Salaries and wages	4,949,088	4,894,919	(54,169)	4,572,593	
Employee benefits	1,676,406	1,597,805	(78,601)	1,498,494	
Purchased services	7,094,538	6,492,341	(602,197)	6,642,327	
Supplies and materials	422,567	388,797	(33,770)	320,404	
Capital expenditures	1,361,385	1,380,531	19,146	1,106,139	
Other	160,033	173,987	13,954	379,702	
Tuition refund	–	4,888,106	4,888,106	–	
Debt service					
Principal	710,237	710,236	(1)	674,264	
Interest and fiscal charges	1,362,547	1,444,785	82,238	1,814,030	
Total expenditures	<u>17,736,801</u>	<u>21,971,507</u>	<u>4,234,706</u>	<u>17,007,953</u>	
Excess (deficiency) of revenue over expenditures	(128,585)	(3,424,661)	(3,296,076)	6,026,738	
Other financing sources (uses)					
Intrafund transfers	–	(1,022,549)	(1,022,549)	(52,554)	
Transfers (out)	(63,111)	(23,797)	39,314	(63,598)	
Sale of assets	–	2,790	2,790	2,821	
Total other financing sources (uses)	<u>(63,111)</u>	<u>(1,043,556)</u>	<u>(980,445)</u>	<u>(113,331)</u>	
Net change in fund balances	<u>\$ (191,696)</u>	<u>(4,468,217)</u>	<u>\$ (4,276,521)</u>	<u>5,913,407</u>	
Fund balances					
Beginning of year		<u>6,072,887</u>		<u>159,480</u>	
End of year		<u>\$ 1,604,670</u>		<u>\$ 6,072,887</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, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012		Over (Under) Budget	2011
	Budget	Actual		Actual
Revenue				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current				
Administrative support services and operations and maintenance				
Allocated costs	-	-	-	11,845
Excess (deficiency) of revenue over expenditures	-	-	-	(11,845)
Other financing sources				
Intrafund transfers	-	713,803	713,803	435,041
Net change in fund balances	\$ -	713,803	\$ 713,803	423,196
Fund balances				
Beginning of year		4,307,852		3,884,656
End of year		\$ 5,021,655		\$ 4,307,852

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, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012		Over (Under) Budget	2011
	Budget	Actual		Actual
Revenue				
Local sources				
Other	\$ 33,300	\$ 28,298	\$ (5,002)	\$ 27,710
Expenditures				
Current				
Student clubs				
Pupil support services	<u>33,300</u>	<u>28,059</u>	<u>(5,241)</u>	<u>37,220</u>
Net change in fund balances	<u>\$ —</u>	<u>239</u>	<u>\$ 239</u>	<u>(9,510)</u>
Fund balances				
Beginning of year		<u>31,978</u>		<u>41,488</u>
End of year		<u>\$ 32,217</u>		<u>\$ 31,978</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, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012		Over (Under) Budget	2011
	Budget	Actual		Actual
Revenue				
Local sources				
Other – primarily meal sales	\$ 31,174	\$ 45,675	\$ 14,501	\$ 34,066
State sources	4,700	5,308	608	5,942
Federal sources	247,965	289,416	41,451	229,161
Total revenue	<u>283,839</u>	<u>340,399</u>	<u>56,560</u>	<u>269,169</u>
Expenditures				
Current				
Food service	<u>347,815</u>	<u>364,196</u>	<u>16,381</u>	<u>326,907</u>
Excess (deficiency) of revenue over expenditures	(63,976)	(23,797)	40,179	(57,738)
Other financing sources				
Transfers in	<u>63,976</u>	<u>23,797</u>	<u>(40,179)</u>	<u>57,738</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, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012			2011
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition	\$ 52,500	\$ 55,743	\$ 3,243	\$ 72,863
Other	67,519	56,876	(10,643)	51,536
Federal sources	123,952	123,582	(370)	115,667
Total revenue	<u>243,971</u>	<u>236,201</u>	<u>(7,770)</u>	<u>240,066</u>
Expenditures				
Current				
Community service	<u>243,971</u>	<u>215,126</u>	<u>(28,845)</u>	<u>245,926</u>
Excess (deficiency) of revenue over expenditures	–	21,075	21,075	(5,860)
Other financing sources				
Transfers in	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,860</u>
Net change in fund balances	<u>\$ –</u>	<u>21,075</u>	<u>\$ 21,075</u>	<u>–</u>
Fund balances				
Beginning of year		<u>3</u>		<u>3</u>
End of year		<u>\$ 21,078</u>		<u>\$ 3</u>

INTERMEDIATE DISTRICT NO. 287

Capital Projects – Building Construction Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012		Over (Under) Budget	2011
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ -	\$ 43,176	\$ 43,176	\$ 60,263
Expenditures				
Capital outlay				
Capital expenditures	27,054,800	26,403,270	(651,530)	6,235,161
Debt service				
Interest and fiscal charges	-	-	-	349,281
Total expenditures	<u>27,054,800</u>	<u>26,403,270</u>	<u>(651,530)</u>	<u>6,584,442</u>
Excess (deficiency) of revenue over expenditures	(27,054,800)	(26,360,094)	694,706	(6,524,179)
Other financing sources				
Certificates of participation issued	-	-	-	33,865,000
Debt issuance premiums (discounts)	-	-	-	67,739
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,932,739</u>
Net change in fund balances	<u>\$ (27,054,800)</u>	<u>(26,360,094)</u>	<u>\$ 694,706</u>	27,408,560
Fund balances (deficit)				
Beginning of year		<u>27,054,799</u>		<u>(353,761)</u>
End of year		<u>\$ 694,705</u>		<u>\$ 27,054,799</u>

INTERMEDIATE DISTRICT NO. 287

Debt Service Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended June 30, 2012
 (With Comparative Actual Amounts for the Year Ended June 30, 2011)

	2012			2011
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Pass-through levies	\$ 3,556,570	\$ 3,563,169	\$ 6,599	\$ 1,459,177
Investment earnings	–	10,661	10,661	4,566
Other	–	129,363	129,363	–
Federal sources	1,963,430	1,963,430	–	41,940
Total revenue	<u>5,520,000</u>	<u>5,666,623</u>	<u>146,623</u>	<u>1,505,683</u>
Expenditures				
Debt service				
Principal	1,305,000	1,305,000	–	810,000
Interest	3,021,131	3,021,130	(1)	512,375
Fiscal charges and other	–	6,600	6,600	178,742
Total expenditures	<u>4,326,131</u>	<u>4,332,730</u>	<u>6,599</u>	<u>1,501,117</u>
Net change in fund balances	<u>\$ 1,193,869</u>	1,333,893	<u>\$ 140,024</u>	4,566
Fund balances				
Beginning of year		<u>4,566</u>		<u>–</u>
End of year		<u>\$ 1,338,459</u>		<u>\$ 4,566</u>

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Fiduciary Net Assets
 Agency Funds
 as of June 30, 2012

	South Education Construction	Keystone	Edgewood Building	Total
Assets				
Cash and investments	\$ 521,802	\$ 106,190	\$ -	\$ 627,992
Cash and investments held by trustee	-	-	2,632	2,632
Total assets	\$ 521,802	\$ 106,190	\$ 2,632	\$ 630,624
Liabilities				
Accounts and contracts payable	\$ -	\$ 17,682	\$ -	\$ 17,682
Due to other governmental units	521,802	88,508	2,632	612,942
Total liabilities	\$ 521,802	\$ 106,190	\$ 2,632	\$ 630,624

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2012

	Balance – July 1, 2011	Additions	Deletions	Balance – June 30, 2012
South Education Construction				
Assets				
Cash and investments	\$ 231,462	\$ 290,340	\$ –	\$ 521,802
Cash and investments held by trustee	1,972,797	7,214	1,980,011	–
Total assets	<u>\$ 2,204,259</u>	<u>\$ 297,554</u>	<u>\$ 1,980,011</u>	<u>\$ 521,802</u>
Liabilities				
Due to other governmental units	<u>\$ 2,204,259</u>	<u>\$ 297,554</u>	<u>\$ 1,980,011</u>	<u>\$ 521,802</u>
Keystone				
Assets				
Cash and investments	\$ 88,361	\$ 88,508	\$ 70,679	\$ 106,190
Due from other governmental units	168,528	–	168,528	–
Total assets	<u>\$ 256,889</u>	<u>\$ 88,508</u>	<u>\$ 239,207</u>	<u>\$ 106,190</u>
Liabilities				
Accounts and contracts payable	\$ 256,889	\$ –	\$ 239,207	\$ 17,682
Due to other governmental units	–	88,508	–	88,508
Total liabilities	<u>\$ 256,889</u>	<u>\$ 88,508</u>	<u>\$ 239,207</u>	<u>\$ 106,190</u>
Edgewood				
Assets				
Cash and investments held by trustee	<u>\$ 3,632</u>	<u>\$ –</u>	<u>\$ 1,000</u>	<u>\$ 2,632</u>
Liabilities				
Due to other governmental units	<u>\$ 3,632</u>	<u>\$ –</u>	<u>\$ 1,000</u>	<u>\$ 2,632</u>
Totals				
Assets				
Cash and investments	\$ 319,823	\$ 378,848	\$ 70,679	\$ 627,992
Cash and investments held by trustee	1,976,429	7,214	1,981,011	2,632
Due from other governmental units	168,528	–	168,528	–
Total assets	<u>\$ 2,464,780</u>	<u>\$ 386,062</u>	<u>\$ 2,220,218</u>	<u>\$ 630,624</u>
Liabilities				
Accounts and contracts payable	\$ 256,889	\$ –	\$ 239,207	\$ 17,682
Due to other governmental units	2,207,891	386,062	1,981,011	612,942
Total liabilities	<u>\$ 2,464,780</u>	<u>\$ 386,062</u>	<u>\$ 2,220,218</u>	<u>\$ 630,624</u>

OTHER DISTRICT INFORMATION

INTERMEDIATE DISTRICT NO. 287

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues		General Revenues	Total
	Charges for Services	Operating Grants and Contributions		
2003	\$ 45,543,791 92.3%	\$ 3,159,139 6.4%	\$ 647,017 1.3%	\$ 49,349,947 100.0%
2004	41,996,429 92.5%	2,756,719 6.1%	623,995 1.4%	45,377,143 100.0%
2005	47,413,226 94.5%	2,293,614 4.6%	439,826 0.9%	50,146,666 100.0%
2006	49,930,353 90.6%	2,906,526 5.3%	2,260,010 4.1%	55,096,889 100.0%
2007	55,612,063 94.9%	2,103,610 3.6%	897,863 1.5%	58,613,536 100.0%
2008	56,134,852 94.3%	2,250,947 3.8%	1,112,200 1.9%	59,497,999 100.0%
2009	36,419,310 51.4%	34,258,992 48.4%	160,493 0.2%	70,838,795 100.0%
2010	32,677,313 46.7%	37,212,152 53.1%	205,766 0.2%	70,095,231 100.0%
2011	31,551,418 39.1%	47,437,971 58.8%	1,655,682 2.1%	80,645,071 100.0%
2012	25,187,923 30.8%	50,953,848 62.3%	5,631,369 6.9%	81,773,140 100.0%

Note 1: 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 Function
Last Ten Fiscal Years

Year Ended June 30,	Career and Technical Education	Academic Education	Special Education	Student Clubs	Administrative Support Services and Operations and Maintenance	Food Service	Community Service	Interest and Fiscal Charges	Total
2003	\$ 4,356,137 8.7%	\$ 7,002,333 14.1%	\$ 32,059,974 64.4%	\$ 38,417 0.1%	\$ 6,101,185 12.3%	\$ - -	\$ 197,598 0.4%	\$ - -	\$ 49,755,644 100.0%
2004	4,588,551 9.4%	6,330,023 13.1%	32,740,095 67.4%	33,366 0.1%	4,622,662 9.5%	- -	251,475 0.5%	- -	48,566,172 100.0%
2005	4,219,192 8.2%	6,405,770 12.5%	35,375,418 68.9%	41,228 0.1%	4,577,203 8.9%	- -	282,810 0.6%	415,940 0.8%	51,317,561 100.0%
2006	4,706,613 8.5%	6,772,182 12.1%	38,064,507 68.1%	44,698 0.1%	5,335,417 9.5%	- -	240,626 0.4%	718,712 1.3%	55,882,755 100.0%
2007	3,660,269 6.2%	7,392,457 12.6%	41,075,618 69.9%	37,721 0.1%	4,318,523 7.3%	- -	285,398 0.5%	1,991,349 3.4%	58,761,335 100.0%
2008	3,174,598 5.3%	7,709,078 12.8%	43,046,317 71.8%	34,590 0.1%	3,485,015 5.8%	204,638 0.3%	228,778 0.4%	2,087,803 3.5%	59,970,817 100.0%
2009	2,031,279 3.0%	7,369,185 10.7%	41,461,900 60.4%	30,182 0.1%	14,507,409 21.2%	302,050 0.4%	289,497 0.4%	2,603,436 3.8%	68,594,938 100.0%
2010	1,799,980 2.6%	7,414,031 10.8%	42,834,001 62.5%	33,230 -	14,177,454 20.6%	271,290 0.4%	302,778 0.4%	1,862,426 2.7%	68,695,190 100.0%
2011	1,701,554 2.4%	8,685,176 12.2%	43,571,799 61.1%	37,220 -	14,456,449 20.2%	313,772 0.4%	245,600 0.3%	2,449,587 3.4%	71,461,157 100.0%
2012	2,089,610 2.5%	9,765,874 11.5%	47,330,201 55.9%	28,059 -	19,944,160 23.6%	364,196 0.4%	214,916 0.3%	4,890,548 5.8%	84,627,564 100.0%

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.

INTERMEDIATE DISTRICT NO. 287

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Pass-Through Levies	Tuition	Federal Revenue	State Revenue	Other Revenue	Total
2003	\$ —	\$ 42,778,773	\$ 2,302,717	\$ 129,047	\$ 3,937,814	\$ 49,148,351
2004	—	39,429,451	951,089	3,691	4,720,625	45,104,856
2005	—	43,441,164	936,502	737,618	4,783,694	49,898,978
2006	—	49,739,735	1,183,461	339,795	3,561,285	54,824,276
2007	—	53,841,584	1,316,431	187,727	2,997,819	58,343,561
2008	—	54,145,979	1,209,303	523,268	3,286,217	59,164,767
2009	6,134,620	28,370,605	314,578	33,178,712	2,441,764	70,440,279
2010	6,823,078	23,511,263	1,003,070	35,631,298	2,748,921	69,717,630
2011	4,923,538	24,119,591	1,698,976	44,274,425	3,550,539	78,567,069
2012	2,825,406	19,647,575	1,672,281	47,049,421	6,099,715	77,294,398

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, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
U.S. Department of Agriculture		
Passed through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	\$ 39,332
National School Lunch Program	10.555	<u>99,637</u>
Total child nutrition cluster		138,969
U.S. Department of Education		
Passed through Minnesota Department of Education		
Special Education – Grants to States	84.027	20,000
Mathematics and Science Partnerships	84.366	1,046,517
Improving Teacher Quality State Grants	84.367	6,087
English Language Acquisition Grants	84.365	27,223
Education Jobs Fund	84.410	840,185
Passed through Independent School District No. 284		
Career and Technical Education – Basic Grants to States	84.048	<u>6,299</u>
Total federal awards		<u><u>\$ 2,085,280</u></u>

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

Note 2: Non-monetary assistance of \$1,217 is reported in this schedule, representing the value of commodities received and disbursed for the U.S. Department of Agriculture National School Lunch Program (CFDA No. 10.555).

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



PRINCIPALS

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

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, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2012. 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

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

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

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

(continued)

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 21, 2012.

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

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

December 21, 2012



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

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

Compliance

We have audited Intermediate District No. 287's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

(continued)

Internal Control Over Compliance

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

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

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

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the District's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the District's compliance, but not to provide an opinion on the effectiveness of the District's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

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

December 21, 2012

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, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2012.

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 Political Subdivisions*, 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 Political Subdivisions* covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, uniform financial accounting and reporting standards for school districts, and miscellaneous provisions. Our study included all of the listed categories.

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

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

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

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

December 21, 2012

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

A. SUMMARY OF AUDIT RESULTS

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

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes No
 Significant deficiencies identified? Yes None reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes No
 Significant deficiencies identified? Yes None reported

Type of auditor's report issued on compliance for major programs? Unqualified
 Qualified
 Adverse
 Disclaimer

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

Programs tested as major programs:

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

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

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

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2012

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

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

None.

D. FINDINGS – MINNESOTA LEGAL COMPLIANCE AUDIT

2012-1 Withholding Affidavit

Criteria – Minnesota Statute § 270C.66.

Condition – Before making final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor or subcontractors, Intermediate District No. 287 (the District) must obtain a certificate by the Commissioner of Revenue that certifies that the contractor or subcontractor has complied with the withholding requirements of Minnesota Statute § 290.92. The District may obtain this certification by either obtaining a Commissioner of Revenue Form IC134 or a Contractor's Withholding Affidavit. The District did not obtain the required certificate for one contract we tested during fiscal 2012.

Questioned Costs – Not applicable.

Context – The one contract we tested was not in compliance. This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – The District did not obtain the required documentation of either a contractor's withholding affidavit or a Commissioner of Revenue Form IC134.

Recommendation – We recommend that the District review purchasing procedures to ensure the District is obtaining the required documentation for future contracts.

Corrective Action Plan

Actions Planned – The District intends to review the state statute and obtain the required documents for all future contracts completed as required.

Official Responsible – Mae Hawkins, Director of Finance.

Planned Completion Date – June 30, 2013.

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

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2012

D. FINDINGS – MINNESOTA LEGAL COMPLIANCE AUDIT (CONTINUED)

2012-1 Withholding Affidavit (continued)

Corrective Action Plan (continued)

Plan to Monitor – Mae Hawkins, Director of Finance, will review requirements with appropriate staff to assure the planned controls are being followed and the required contractor's withholding affidavit or the Commissioner of Revenue Form IC134 are obtained.

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

No audit findings for the year ended June 30, 2011 were reported.

INTERMEDIATE DISTRICT NO. 287

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2012

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 77,294,398	\$ 77,294,398	\$ –
Total expenditures		\$ 79,824,854	\$ 79,824,854	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 102,751	\$ 102,751	\$ –
Restricted/reserve				
403	Staff development	\$ –	\$ –	\$ –
405	Deferred maintenance	\$ –	\$ –	\$ –
406	Health and safety	\$ 1,236	\$ 1,236	\$ –
407	Capital projects levy	\$ –	\$ –	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
423	Certain teacher programs	\$ –	\$ –	\$ –
424	Operating capital	\$ –	\$ –	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ –	\$ –	\$ –
441	Basic skills programs	\$ 193,426	\$ 193,425	\$ 1
445	Career and technical programs	\$ –	\$ –	\$ –
446	First grade preparedness	\$ –	\$ –	\$ –
449	Safe schools levy	\$ 270,556	\$ 270,556	\$ –
450	Pre-kindergarten	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ –	\$ –	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ 7,193,393	\$ 7,193,393	\$ –
Unassigned				
422	Unassigned fund balance	\$ 6,187,960	\$ 6,187,960	\$ –
Food Service				
Total revenue		\$ 340,399	\$ 340,399	\$ –
Total expenditures		\$ 364,196	\$ 364,196	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 236,201	\$ 236,201	\$ –
Total expenditures		\$ 215,126	\$ 215,126	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ –	\$ –	\$ –
432	ECFE	\$ –	\$ –	\$ –
444	School readiness	\$ –	\$ –	\$ –
447	Adult basic education	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ 21,078	\$ 21,078	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

INTERMEDIATE DISTRICT NO. 287

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2012

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		\$ 43,176	\$ 43,176	\$ –
Total expenditures		\$ 26,403,270	\$ 26,403,271	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve				
407	Capital projects levy	\$ –	\$ –	\$ –
409	Alternative facility program	\$ –	\$ –	\$ –
413	Project funded by COP	\$ 694,705	\$ 694,705	\$ –
Restricted				
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service				
Total revenue		\$ 5,666,623	\$ 5,666,624	\$ (1)
Total expenditures		\$ 4,332,730	\$ 4,332,731	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve				
425	Bond refundings	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ 1,338,459	\$ 1,338,459	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Trust				
Total revenue		\$ 596,008	\$ 596,008	\$ –
Total expenditures		\$ 543,652	\$ 543,653	\$ (1)
422	Net assets	\$ 112,364	\$ 112,365	\$ (1)
Internal Service				
Total revenue		\$ 539,255	\$ 539,255	\$ –
Total expenditures		\$ 457,010	\$ 457,010	\$ –
422	Net assets	\$ 305,538	\$ 305,538	\$ –
OPEB Revocable Trust Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
422	Net assets	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
422	Net assets	\$ –	\$ –	\$ –
OPEB Debt Service Fund				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
425	Bond refundings	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

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

Management Report

for

Intermediate District No. 287

Plymouth, Minnesota

June 30, 2012

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, 2012. 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 21, 2012

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 (OMB) 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, 2012. 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 OMB 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 engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

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

AUDIT OPINION AND FINDINGS

Based on our audit of the District's financial statements for the year ended June 30, 2012:

- We have issued an unqualified opinion on the District's annual financial statements.
- We noted no matters involving the District's internal control over financial reporting that we consider to be material weaknesses.
- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
- We noted that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the District has complied, in all material respects, with the compliance requirements that could have a direct and material effect on each major federal program.
- We reported no deficiencies in the internal controls over compliance and its operation that we consider to be material weaknesses in our testing of major federal programs.
- We have reported one finding based on our testing of the District's compliance with Minnesota laws and regulations:
 - Before making final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor or subcontractors, the District must obtain a certificate by the Commissioner of Revenue that certifies that the contractor or subcontractor has complied with the withholding requirements of Minnesota Statute § 290.92. The District may obtain this certification by either obtaining a Commissioner of Revenue Form IC134 or a Contractor's Withholding Affidavit. The District did not obtain the required certificate for one contract we tested during fiscal 2012.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012.

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. The financial statement disclosures are neutral, consistent, and clear.

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 other school districts for special education services which are computed using formulas derived by the Minnesota Department of Education (MDE). Because of the timing of the calculations, this adjustment for fiscal 2012 is not finalized until after the District has closed its financial records for the fiscal period. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

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

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

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

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

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

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

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 21, 2012.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Other information, including the introductory section, supplemental information, other district information, and the Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table accompanying the basic financial statements, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

With respect to the supplemental information and UFARS Compliance Table accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

With respect to the introductory and other district information accompanying the financial statements, our procedures were limited to reading this other information, and in doing so we did not identify any material inconsistencies with the audited financial statements.

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.

STATE FINANCIAL OUTLOOK

The 2011 legislative session began with a projected budget deficit of \$6.2 billion (later revised down to \$5.0 billion in the February 2011 economic forecast) and strong disagreement between the Democratic Governor and Republican controlled Legislature on how to address the deficit. As the 2011 regular legislative session ended, the Governor vetoed eight major state appropriation bills and the omnibus tax bill passed by the Legislature, leaving the majority of state agencies without a budget for the next fiscal year. This resulted in the longest government shutdown in Minnesota history, with all “nonessential” state agencies closed from July 1, 2011 until the passing of appropriation bills in a special session on July 19th and 20th. As was the case in the last biennium, the state budget finally adopted for 2012–2013 utilized several large “accounting shifts” in an attempt to minimize the need for tax increases or state aid cuts to balance the budget. The accounting shifts included delaying an even higher percentage of estimated state aid payments to school districts and charter schools than was already being delayed, and a small expansion of the “tax shift,” which accelerates the recognition of district tax levy revenue with an off-setting reduction in state aid. Both of these types of shifts significantly reduce the amount of operating cash available to Minnesota school districts and charter schools, but were intended to be revenue neutral, thereby sparing districts from deeper funding cuts.

The 2012 legislative session began on a much more positive note, with the November 2011 economic forecast projecting an unexpected surplus of \$876 million for the remainder of the biennium. Even year legislative sessions are not typically budget years, but recently the Legislature has often had to adopt supplemental budgets in even year sessions to address large projected shortfalls. The projected surplus, which had increased another \$323 million by the February 2012 economic forecast, eliminated any need for a supplemental budget and allowed legislators to pay down some state borrowing. This resulted in Minnesota school districts receiving a slightly higher percentage of their estimated state aid entitlements by June 30, 2012 than anticipated. Unfortunately, this short-term improvement in the state’s financial condition is not expected to continue. The same February 2012 economic forecast that projected a surplus for the remainder of current biennium anticipates a \$1.1 billion deficit for the 2014–2015 biennium.

BASIC GENERAL EDUCATION REVENUE

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

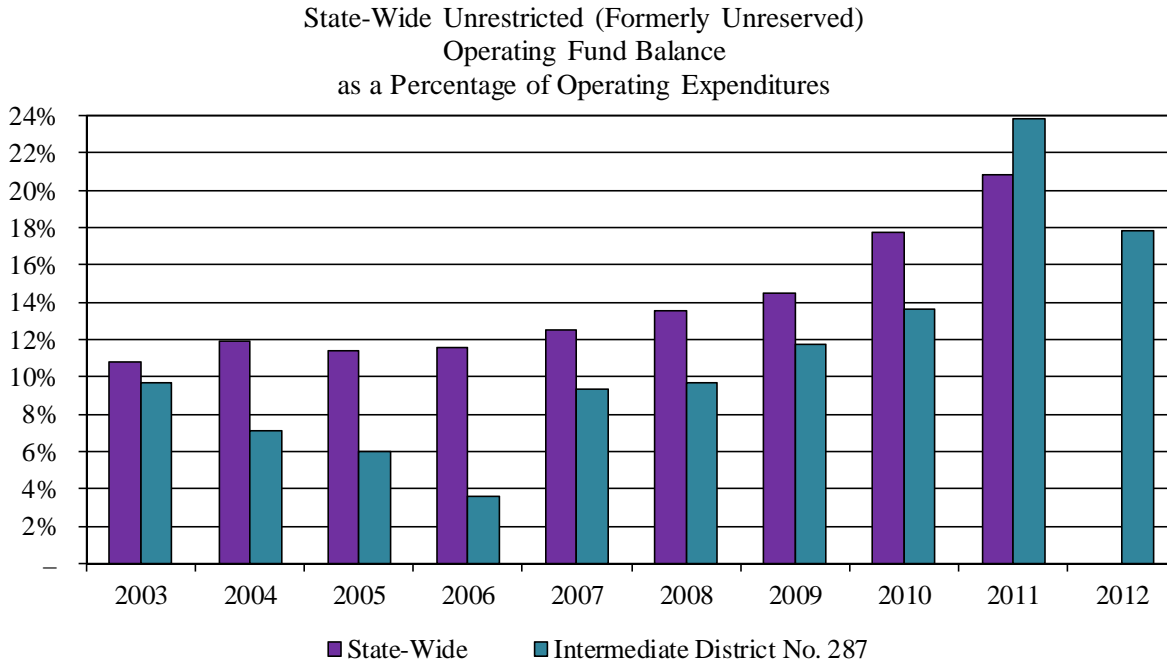
The table below presents a summary of the formula allowance for the past decade and as approved for the next fiscal year. The amount of the formula allowance and the percentage change from year to year excludes non-comparable changes such as temporary funding increases, the “roll-in” of aids that were previously funded separately, and the one-time replacement of a portion of general education aid with federal fiscal stabilization funds in fiscal 2010.

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2003	\$ 4,601	2.6 %
2004	\$ 4,601	– %
2005	\$ 4,601	– %
2006	\$ 4,783	4.0 %
2007	\$ 4,974	4.0 %
2008	\$ 5,074	2.0 %
2009	\$ 5,124	1.0 %
2010	\$ 5,124	– %
2011	\$ 5,124	– %
2012	\$ 5,174	1.0 %
2013	\$ 5,224	1.0 %

As noted in the table above, after having been frozen at the same level for the last three years, the Legislature added \$50 to the basic formula allowance for both fiscal 2012 and 2013. In recent years, the limited increases, if any, in the formula allowance have forced many districts to continually cut expenditure budgets or seek increased referendum revenue in order to maintain programs.

STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

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



Note: State-wide information is not available for fiscal 2012.

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

Even with limited funding increases, school district unrestricted/unreserved fund balance has been increasing as a percentage of operating expenditures on a state-wide basis in recent years. This trend is the result of many factors, including districts reducing operating expenditures, adapting to funding restrictions, efforts to maintain fund balance for cash flow purposes, and in some cases community support in the form of operating referendums.

As of June 30, 2011, this ratio was 23.8 percent for the District, as compared to a state-wide average of 20.8 percent. The District's unrestricted operating fund balance as a percentage of operating expenditures was 17.8 percent at the end of the current year.

FINANCIAL TRENDS OF YOUR DISTRICT

DISTRICT FINANCIAL POSITION

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

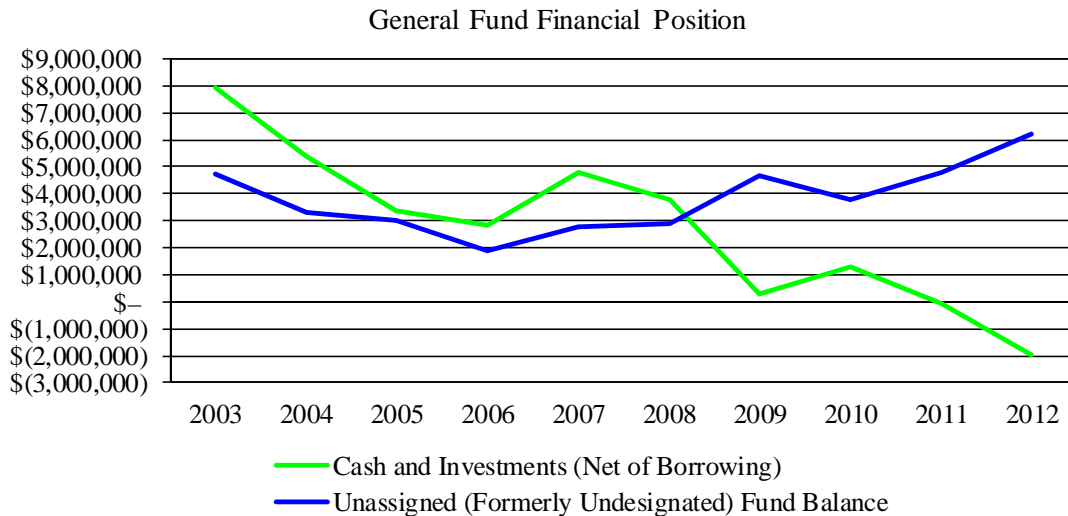
	Year Ended June 30,			
	2009	2010	2011	2012
Revenue	\$ 70,440,279	\$ 69,717,630	\$ 78,567,069	\$ 77,294,398
Expenditures (not including lease expenditures)	67,985,739	68,390,044	70,968,476	79,824,854
Excess of revenue over expenditures	2,454,540	1,327,586	7,598,593	(2,530,456)
Other financing sources (uses)	(155,476)	(167,090)	(60,777)	(7,897)
Net change in fund balance	2,299,064	1,160,496	7,537,816	(2,538,353)
Fund balances				
Beginning of year	5,490,299	7,789,363	8,949,859	16,487,675
End of year	<u>\$ 7,789,363</u>	<u>\$ 8,949,859</u>	<u>\$ 16,487,675</u>	<u>\$ 13,949,322</u>
Fund balances				
Nonspendable for prepaid items	\$ -	\$ 103,392	\$ 113,611	\$ 102,751
Restricted for health and safety	1,243	1,236	1,236	1,236
Restricted for basic skills	-	10,742	141,390	193,426
Restricted for safe schools	115,044	130,292	332,269	270,556
Assigned for severance	2,123,524	3,100,950	3,535,991	4,249,794
Assigned for MDE appeal	-	-	5,711,435	973,897
Assigned for property	814,266	783,706	771,861	771,861
Assigned for student clubs	43,911	41,489	31,980	32,217
Assigned for North Education Center	-	1,000,000	1,090,105	1,031,720
Assigned for vehicle depreciation	-	-	-	45,855
Assigned for self insurance	-	-	-	88,049
Unassigned	4,691,375	3,778,052	4,757,797	6,187,960
Total fund balances	<u>\$ 7,789,363</u>	<u>\$ 8,949,859</u>	<u>\$ 16,487,675</u>	<u>\$ 13,949,322</u>
Unassigned General Fund balances as a percentage of expenditures	<u>6.9%</u>	<u>5.5%</u>	<u>6.7%</u>	<u>7.8%</u>
Total fund balances as a percentage of expenditures	<u>11.5%</u>	<u>13.1%</u>	<u>23.2%</u>	<u>17.5%</u>

The District completed the year with a net decrease in General Fund balance of \$2,538,353. This compares to a budget which projected a decrease in fund balance of \$838,733. The most significant variance was related to tuition refunds to member districts totaling \$4,888,106 that were not included in the District's budget.

The District continues to assign fund balance for property, severance, student clubs, amounts related to the building of the North Education Center (NEC), and amounts related to the District's appeals with the MDE for state special education tuition billing. The District has a significant receivable in this area that is being classified as an assigned balance until the appeal process is completed and finalized. The District also has assigned amounts for vehicle depreciation and self-insurance.

Unassigned 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 7.8 percent of total current year expenditures. This ratio compares to the District's fund balance policy which endeavors to maintain an unassigned fund balance as a percentage of the District's operating budget, excluding operating capital programs, of at least 6 percent.

The following graph summarizes the level of cash and investments, net of borrowing, and unassigned (formerly undesignated) fund balance in the General Fund:



The above graph shows an increase in fund balance and a decrease in cash and investments (net of borrowing) at June 30, 2012. The graph also shows significant fluctuations in year-end cash balances. These changes are caused by changes in the tuition billing cycles and systems of the District. Changes in funding structure and state aid payment schedules significantly affect the cash flow of Minnesota school districts.

The decline in the cash balances from fiscal 2008 to 2012 in relation to the District's fund balance are the direct result of the negative cash flow impact the District is experiencing as a result of the change to the state's special education tuition billing system. Because of this factor, the District's General Fund was in a deficit cash flow position (net of borrowing) at the end of the fiscal year totaling \$1,979,136.

STATE TUITION BILLING REVENUE

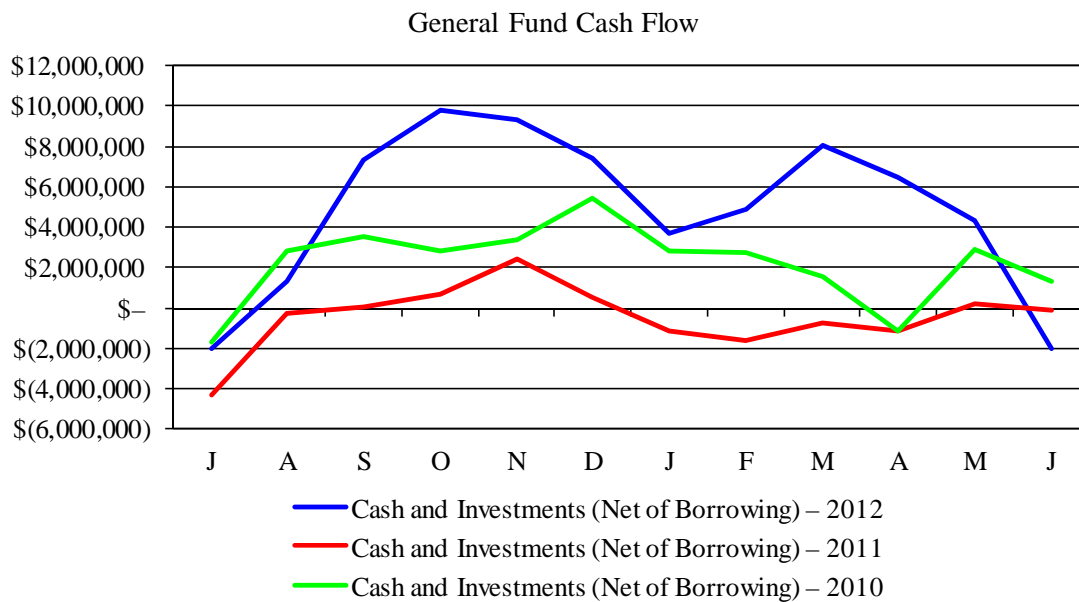
At June 30, 2012, the District reported a balance due from other governmental units of approximately \$16.9 million related to amounts receivable from the MDE for state aids from the state's special education tuition billing process.

Special education state aid revenue includes amounts related to tuition billings to other school districts for special education services which are computed using formulas derived by the MDE. Because of the timing of the MDE's calculations, these final aid amounts for fiscal 2012 have not been finalized. The amount of the receivable and revenue recorded for fiscal 2012 for state special education aid is calculated using preliminary information available to the District.

The District has reported a \$973,897 assigned fund balance for MDE appeal in the General Fund related to this receivable balance. This was reported to recognize the potential for additional calculation changes in this aid category by the MDE.

GENERAL FUND CASH FLOW

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



The graph above shows the peaks and valleys of the General Fund cash and investments balance (net of borrowing) on a monthly basis. The swing between its high and low month-end cash balances was about \$11.8 million for fiscal 2012.

Changes in funding structure and state aid payment schedules significantly affect the cash flow of Minnesota school districts. As further described in the Legislative Summary section of this report, state aids normally paid on a 90–10 schedule were changed to a 73–27 schedule for fiscal 2010, 70–30 for fiscal 2011, and 64.3–35.7 for fiscal 2012.

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,			
	2009	2010	2011	2012
Revenue and other financing sources	\$ 43,835,531	\$ 43,020,988	\$ 44,947,864	\$ 47,302,232
Expenditures and other financing uses	41,446,051	42,792,799	43,788,049	46,797,668
Excess (deficiency)	2,389,480	228,189	1,159,815	504,564
Fund balances				
Beginning of year	2,746,033	5,135,513	5,363,702	6,523,517
End of year	\$ 5,135,513	\$ 5,363,702	\$ 6,523,517	\$ 7,028,081

In fiscal 2012, the Special Education Account revenues and other financing sources exceeded expenditures and other financing uses by \$504,564, while the District's budget expected a deficit of (\$341,173). Tuition revenue was \$573,382 lower than budget due to participation being below projected amounts and lower than expected medical assistance revenue. State revenues were higher than budget by \$599,587 as current year projections and final prior year special education aid entitlement amounts were higher than anticipated in the budget. Salaries were lower than budgeted by \$1,141,755. Other expenditures were more than budget by \$505,392, mostly due to the payback of medical assistance billings from prior years.

Special Education Account revenue (excluding other financing sources) increased about \$2.3 million, or about 5.2 percent. Most of this increase was in state sources, which increased about \$4.4 million due to increased revenue from the state special education tuition billing system in fiscal 2012. Special education state aid also increased from the finalization of fiscal 2011, 2010, and 2009 which was better than estimated. This added about \$1.3 million to the fiscal 2012 revenue amounts. Tuition revenue declined \$2.1 million due to reduced member district participation and a decline in Medicare assistance received.

Expenditures (excluding other financing uses) increased about \$2.7 million. Most of the increased costs were due to increases in salaries of about \$1.9 million, or about 6.2 percent, due to normal salary inflationary increases, and the addition of a new Care and Treatment program.

Career and Technical Education Account

	Year Ended June 30,			
	2009	2010	2011	2012
Revenue and other financing sources	\$ 2,082,716	\$ 1,808,548	\$ 1,816,221	\$ 1,742,999
Expenditures and other financing uses	<u>2,006,377</u>	<u>1,855,218</u>	<u>1,767,322</u>	<u>1,966,971</u>
Excess (deficiency)	76,339	(46,670)	48,899	(223,972)
Fund balances				
Beginning of year	<u>256,947</u>	<u>333,286</u>	<u>286,616</u>	<u>335,515</u>
End of year	<u>\$ 333,286</u>	<u>\$ 286,616</u>	<u>\$ 335,515</u>	<u>\$ 111,543</u>

In fiscal 2012, the Career and Technical Education Account fund balance decreased by \$223,972, which compares to a budgeted decrease of \$206,955.

Revenues (excluding other financing sources) in this account decreased \$114,488, or 6.3 percent, mainly due to lower tuition revenue in the current year. Expenditures (excluding other financing uses) in this account increased \$239,594, or 13.9 percent, mostly due to higher salary costs from normal inflationary increases.

Academic Education Account

	Year Ended June 30,			
	2009	2010	2011	2012
Revenue and other financing sources	\$ 7,079,992	\$ 6,794,965	\$ 8,740,583	\$ 10,483,809
Expenditures and other financing uses (net of capital lease activity)	<u>7,291,533</u>	<u>7,256,213</u>	<u>8,738,574</u>	<u>9,548,579</u>
Excess (deficiency)	(211,541)	(461,248)	2,009	935,230
Fund balances (deficit)				
Beginning of year	<u>(113,294)</u>	<u>(324,835)</u>	<u>(786,083)</u>	<u>(784,074)</u>
End of year	<u>\$ (324,835)</u>	<u>\$ (786,083)</u>	<u>\$ (784,074)</u>	<u>\$ 151,156</u>

The Academic Education Accounts fund balance increased \$935,230 in fiscal year 2012. This compares to a budgeted decrease in fund balance of \$98,909. This was mainly due to intrafund transfers totaling \$755,410 made to support this account that were not included in the District's budget.

Revenue (excluding other financing sources) in this account increased \$987,816, or 11.3 percent, in fiscal 2012. Revenue increased in other sources by \$688,045, mainly due to a new grant received for \$575,000 from Hennepin County for additional programming.

Expenditures and other financing uses (excluding capital lease expenditures) in this account increased by \$810,005. Most of this increase was related to new programs in this account.

District-Wide Account

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

	Year Ended June 30,			
	2009	2010	2011	2012
Revenue	\$ 17,450,559	\$ 18,113,716	\$ 23,034,691	\$ 18,546,846
Expenditures	17,572,549	17,302,944	17,007,953	21,971,507
Other financing sources (uses)	<u>(215,557)</u>	<u>(314,990)</u>	<u>(113,331)</u>	<u>(1,043,556)</u>
Excess (deficiency)	(337,547)	495,782	5,913,407	(4,468,217)
Fund balances (deficit)				
Beginning of year	<u>1,245</u>	<u>(336,302)</u>	<u>159,480</u>	<u>6,072,887</u>
End of year	<u>\$ (336,302)</u>	<u>\$ 159,480</u>	<u>\$ 6,072,887</u>	<u>\$ 1,604,670</u>

The District-Wide Account fund balance decreased \$4,468,217 in fiscal 2012. This compares to a budgeted decrease in fund balance of \$191,696. This difference mainly occurred due to the district reimbursing member districts for a portion of prior year special education aid received from the MDE in fiscal 2012 related to aid entitlements for fiscal years 2009, 2010, and 2011 totaling \$4.9 million. Tuition revenue was higher than budget mainly due to the final core fee charged to members being higher than originally budgeted. Purchased services were under budgeted amounts by about \$600,000 for a variety of items, some of which will be added to future budget years.

Revenue in this account decreased \$4.5 million in fiscal 2012. Tuition revenue declined \$2.2 million mainly due to the District lowering the core fee charged to member districts in fiscal 2012. State sources declined \$1.9 million due to a lower percentage of state special education aid being allocated to this account.

Expenditures in this account increased \$5.0 million, or 29.2 percent. This was mostly due to the district reimbursing member districts for a portion of prior year special education aid as discussed in the paragraph above.

OTHER GOVERNMENTAL FUNDS

Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund expenditures exceeded revenue by \$23,797. 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 revenue exceeded expenditures by \$21,075.

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

Capital Projects – Building Construction Fund

The activity in this fund is largely controlled by debt issues used for the acquisition or construction of major capital facilities. The total fund balance of \$694,705 is related to the district continuing work on the construction of the NEC building.

Internal Service Fund

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, 2012, the fund had unrestricted net assets of \$305,538, an increase of \$82,245 from the prior year.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The GASB Statement No. 34 reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

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

	Year Ended June 30,		
	2010	2011	2012
Total fund balances – governmental funds	\$ 8,596,101	\$ 43,547,043	\$ 16,003,564
Net assets – governmental activities			
Net book value of capital assets	49,700,596	55,735,531	79,661,717
Capital lease obligations	(27,125,261)	(26,280,398)	(25,391,311)
Certificates of participation	(20,665,000)	(53,720,000)	(52,415,000)
Severance and compensated absences payable	(5,395,436)	(5,107,785)	(5,679,431)
Net OPEB and pension benefit obligations	(782,400)	(1,145,905)	(1,685,089)
Internal service fund net assets	100,019	223,293	305,538
Accrued interest payable	(349,722)	(659,790)	(656,751)
Net debt issuance premiums, discounts, and deferred charges	505,336	1,176,158	770,486
Total net assets – governmental activities	<u>\$ 4,584,233</u>	<u>\$ 13,768,147</u>	<u>\$ 10,913,723</u>
Net assets			
Invested in capital assets, net of related debt	\$ 2,415,671	\$ 3,970,656	\$ 4,659,056
Restricted	183,762	506,878	518,513
Unrestricted	1,984,800	9,290,613	5,736,154
Total net assets	<u>\$ 4,584,233</u>	<u>\$ 13,768,147</u>	<u>\$ 10,913,723</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.

The District's total net assets decreased by \$2,854,424 during the year ended June 30, 2012. The amount invested in capital assets, net of related debt increased by \$688,400, mainly due to the relationship of debt retirement as compared to depreciation on capital assets. The unrestricted portion of net assets decreased \$3,554,459 in the current year. This was mainly due to the decrease in the General Fund balance.

ACCOUNTING AND AUDITING UPDATES

GASB STATEMENT NO. 60 – ACCOUNTING AND FINANCIAL REPORTING FOR SERVICE CONCESSION ARRANGEMENTS

This statement provides accounting and financial reporting guidance for governments that participate as either a transferor or an operator in a service concession arrangement (SCA). SCAs are arrangements whereby a government transfers the rights to operate one of its capital assets to a third party operator (either a private party or another government) for consideration, with the operator then being compensated from the fees or charges collected in connection with the operation of the asset. To qualify as an SCA, an arrangement must meet all of the following criteria: 1) the transferor must convey to the operator both the right and the obligation to use one of its capital assets to provide services to the public; 2) the operator must provide significant consideration to the transferor; 3) the operator must be compensated from the fees or charges it collects from third parties; 4) the transferor must have the ability to either determine, modify, or approve what services are to be provided to whom at what price; and 5) the transferor must retain a significant residual interest in the service utility of the asset. This statement provides guidance to governments that are party to an SCA for reporting the assets, obligations, and flow of revenues that result from the arrangement; along with the required financial statement disclosures. The requirements of this statement must be implemented for periods beginning after December 15, 2011, with earlier implementation encouraged.

GASB STATEMENT NO. 61 – THE FINANCIAL REPORTING ENTITY: OMNIBUS

This statement amends the current guidance in GASB Statement No. 14, “The Financial Reporting Entity,” for identifying and presenting component units. This statement changes the fiscal dependency criterion for determining component units. Potential component units that meet the fiscal dependency criterion for inclusion in the financial reporting entity under existing guidance will only be included if there is also “financial interdependency” (an ongoing relationship of potential financial benefit or burden) with the primary government. This statement also clarifies the types of relationships that are considered to meet the “misleading to exclude” criterion for inclusion as a component unit; changes the criteria for blending component units; gives direction for the determination and disclosure of major component units; and adds a requirement to report an explicit, measurable equity interest in a discretely presented component unit in a statement of position prepared using the economic resources measurement focus. The requirements of this statement must be implemented for periods beginning after June 15, 2012, with earlier implementation encouraged.

GASB STATEMENT NO. 63 – FINANCIAL REPORTING OF DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources; which are defined as the consumption or acquisition of net assets, respectively, applicable to a future reporting period. The statement amends certain reporting requirements in GASB Statement No. 34 and related pronouncements, providing a format for a new Statement of Net Position, which reports deferred outflows of resources and deferred inflows of resources separately from assets and liabilities. It also renames the residual of assets, deferred outflows of resources, liabilities, and deferred inflows of resources as net position, rather than net assets. The requirements of this statement must be implemented for periods beginning after December 15, 2011, with earlier implementation encouraged.

GASB STATEMENT NO. 65 – ITEMS PREVIOUSLY REPORTED AS ASSETS AND LIABILITIES

This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

GASB STATEMENT NO. 67 – FINANCIAL REPORTING FOR PENSION PLANS – AN AMENDMENT OF GASB STATEMENT NO. 25

The primary objective of this statement is to improve financial reporting by state and local governmental pension plans. GASB Statement No. 67 replaces the requirements of GASB Statement Nos. 25 and 50 for pension plans that are administered through trusts or equivalent arrangements that meet the following criteria: contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable; pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms; and pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members. The requirements of GASB Statement Nos. 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement and to defined contribution plans that provide post-employment benefits other than pensions. The statement makes a number of changes in the financial statement presentation, measurement, and required disclosures relating to the reporting of these types pension plans. This statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged.

GASB STATEMENT NO. 68 – ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS – AN AMENDMENT OF GASB STATEMENT NO. 27

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This statement replaces the requirements of GASB Statement Nos. 27 and 50, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria (as described above for GASB Statement No. 67). The requirements of GASB Statement Nos. 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

Included in this statement are major changes in how employers that participate in cost-sharing pension plans, such as TRA and PERA, account for pension benefit expenses and liabilities. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability of all employers with benefits provided through the pension plan. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total of contributions from employers included in the collective net pension liability are required to be determined. These effects are required to be recognized in the employer's pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all active and inactive employees that are provided with pensions through the pension plan.

LEGISLATIVE SUMMARY

The following is a brief summary of recent 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 per pupil basic general education formula allowance for fiscal year (FY) 2012 was \$5,174. The allowance will increase \$50 to \$5,224 for FY 2013.

Small Schools Revenue – Small schools revenue will be added as a new component of general education revenue beginning in FY 2013. School districts with less than 1,000 adjusted marginal cost pupil units (AMCPU) will qualify for an additional revenue allowance per AMCPU of: \$522.40 times (1,000 – AMCPU)/1,000. Charter schools are not eligible for this aid.

Temporary Suspension of Reserved Revenue for Staff Development – The temporary suspension of the requirement for school districts and charter schools to reserve 2 percent of their basic general education revenue for staff development, initially suspended for FY 2010 and FY 2011, was extended to include FY 2012 and FY 2013. The requirement for districts to allocate the reserved funds; 50 percent to sites on a per teacher basis, 25 percent for best practices, and 25 percent for district-wide staff development, has been repealed.

Training and Experience Revenue – Training and experience revenue was eliminated as a component of general education revenue effective FY 2012.

Homeless Students – For general education aid, the district where the parent or legal guardian of a homeless student resides is now considered their district of residence rather than the district where the homeless shelter is located, unless the parent or guardian lives outside the state, is imprisoned, or has had their parental rights terminated. If any of these three exceptions apply, the district of residence is the district in which the pupil resided when the qualifying event occurred. If the district of residence cannot otherwise be determined, it will be the district in which the pupil currently resides. Homeless students whose parent or legal guardian moves to another district are allowed to continue to enroll at the district they have been attending without the approval of either the resident or nonresident districts' boards. Transportation from the district of residence to and from the school of enrollment must be provided for homeless students by the serving district.

State Aid Payment Deferral – State aids normally paid on a 90–10 schedule were due to be paid on a 60–40 payment schedule beginning in FY 2012 for both school districts and charter schools. An exception was allowed for charter schools in which at least 90 percent of the enrollment receives special education services, accelerating regular special education aid payments only to a 90–10 payment schedule. Due to a projected budget surplus, the percentage of FY 2012 estimated state aids payable to districts and charter schools during the current year was increased to 64.3 percent, beginning with the March 15, 2012 payment. The March 15th payment was adjusted to catch districts and charter schools up to amount they would have received through that date had the current payment percentage been set at 64.3 percent throughout the year.

Endowment/Permanent School Fund Payments – Effective March 1, 2012, the distribution of endowment/permanent school fund revenue will be based on the adjusted average daily membership (ADM) pupils served by each school district rather than resident ADM pupils. Also, charter schools will qualify to receive endowment/permanent school fund payments beginning that same date.

Compensatory Pilot Project Formula Aid – The 20 largest school districts in the state in terms of adjusted pupil units may be eligible for this one-time aid for FY 2013. To be eligible, the district's compensatory revenue per compensatory pupil unit (free + 1/2 of reduced price lunch count) must be less than \$1,400. The aid, which can only be used for basic skills purposes, will equal the amount needed to bring the district's compensatory aid up to \$1,400 per compensatory pupil unit.

Literacy Incentive Aid – For FY 2013 and later, a new literacy incentive aid is available to school districts and charter schools. Only school sites that enroll students in Grades 3 and 4, with reading Minnesota Comprehensive Assessments (MCA) test results from the prior year, generate revenue. There is no requirement for the funds to be spent at the school generating the revenue. The aid may be used for any General Fund purpose.

Literacy incentive aid is the sum of two components, proficiency aid and growth aid. Proficiency aid equals the number of the school's third grade enrollment from October 1 of the previous year times the school's proficiency allowance (\$530 times the percent of third graders meeting or exceeding proficiency on the reading MCA test, averaged across the previous three test administrations). Growth aid equals the school's fourth grade enrollment on the previous October 1 times the school's growth allowance (\$530 times the percentage of students making medium or high growth on the fourth grade reading MCA, averaged across the previous three test administrations).

Integration Aid – The current integration rule remains in effect with no sunset. However, the current integration aid funding formula remains in place only through FY 2013. The integration revenue statute is repealed for FY 2014, and the base appropriation for a new program is established for FY 2014 and FY 2015. A 12-member Integration Revenue Replacement Advisory Task Force convened by the Commissioner of Education will develop recommendations for repurposing integration revenue funds to create and sustain opportunities for students to achieve improved educational outcomes.

Homestead Market Value Credit (HMVC) – The HMVC, which reduces the property taxes spread to homestead property based on net tax capacity and replaces it with state aid, is repealed effective for taxes payable in 2012. To help neutralize the impact of the credit repeal on homeowners, a portion of each homestead taxpayer's market value will be excluded in determining the property's net tax capacity for determining net tax capacity-based taxes. The exclusion starts at 40 percent of the value for homes valued up to \$76,000, and is gradually reduced as the home value increases, phasing out completely for homes valued over \$413,800.

Career and Technical Levy – Beginning with taxes payable in 2012, this levy is increased to the greater of \$80 times the district's ADM in Grades 9 through 12, or 35 percent of approved expenditures (simply 35 percent of approved expenditures for taxes payable in 2015 or later), rather than the old formula of the lesser of \$80 times the district's ADM in Grades 10 through 12, or 25 percent of approved expenditures.

Early Graduation Programs – Two programs were created that provide students that graduate early with awards between \$2,500 and \$7,500, depending on how many semesters early they graduate. Students qualifying for the Early Graduation Achievement Scholarship Program receive a scholarship award that may be used at any accredited higher education institution, and students qualifying for the Early Graduation Military Service Award Program receive a cash award equivalent to the scholarship program award amounts. Students are required to apply for these programs within two years of graduation. General education aid to school districts and charter schools is reduced for all early graduates, regardless of whether they participate in one of these programs.

Post-Secondary Enrollment Options (PSEO) – Eligibility to participate in PSEO programs has been expanded to include 10th graders who have passed the 8th grade reading MCA. Post-secondary institutions are now allowed to advertise and recruit students on educational and programmatic grounds only. The deadline for students to notify districts of plans to participate in PSEO was moved from March 30 to May 30, with the notification now binding on the student. Students will now receive both high school and college credit for PSEO courses. Parents or guardians can receive reimbursement for transportation from the post-secondary institution for travel between the secondary and post-secondary institutions.

Innovation Zones Pilot Project – A five-year pilot project (FY 2014–FY 2018) has been established to allow groups of school districts to collaborate in providing innovative education programs and activities and sharing district resources. Applications must be made to the MDE Commissioner by February 1, 2013.

Fund Transfers – For FY 2012 through FY 2015, school districts are authorized to transfer any money from one fund or account to another, excluding transfers from the food service or community service funds, as long as the transfer does not increase state aid obligations or increase local property taxes. School boards may only approve such transfers after they have adopted a resolution stating that the transfer will not diminish instructional opportunities for students.

Purchase of Food Service Equipment – The requirement for the MDE to approve capital expenditures from the food service fund is eliminated for food service equipment purchases made on or after July 1, 2012. However, the requirement remains that the cost of equipment purchased from the food service fund in any year cannot exceed the unreserved fund balance in the food service fund at the end of the previous fiscal year.

Community Education Reserve Limits – The limitations on the community education, early childhood family education, and school readiness reserve accounts and the associated aid and levy reductions have been repealed beginning in FY 2014.

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

Military Leave – Effective July 1, 2012, school districts are required to pay the full salary for employees on active duty military leave that would have been paid to the employee during their leave for military service into a special service member's aggregate salary savings account. The district must use the combined proceeds in the account to pay the full salary differentials (the difference between the employee's base active duty military pay and the salary they would have been paid as an active district employee, including any adjustments they would have received) of all eligible deployed employees of the district. Districts are no longer allowed to reduce the salaries paid to employees on military leave by the costs of substitute teachers used to replace them.

Minnesota Department of Education Budget – The MDE budget has been reduced by 5.0 percent annually for FY 2012 and FY 2013.

January 4, 2013

Data Privacy and Records Policy Bucket

The following is a list of the current Board policies and procedures that contain some aspect of the Board's vision for data privacy and records:

Data Privacy Policy
Student Data Privacy Procedure
Staff Data Privacy Procedure

In preparation for creating the policies below, I reviewed the following sources of information concerning data privacy and records: Federal and State Statutes and Rules, Intermediate District 287 policies and procedures and the policies and procedures of member districts. The Minnesota Department of Administration Information Policy Analysis Division (IPAD), the Minnesota State Archives and the Minnesota School Boards Association were also reviewed as sources. The policies set forth under Data Privacy and Records are mandatory policies.

I am recommending that the Board adopt the following policies for the Data Privacy and Records bucket:

Goals
Public Access to Data
Student Data Privacy
Personnel Data Privacy

Some of the policies proposed for the Data Privacy and Records bucket were policies or procedures the District currently had under the Student or Staff policy buckets. After reviewing the policies and procedures the District currently had, I have merged the policies into the Data Privacy and Records bucket as they appear to capture certain aspects of the Board's vision for Data Privacy and Records issues for the District.

I drafted a goals policy to establish a clear vision statement about the intended objectives the Board is trying to promote through the Data Privacy and Records policies. In addition, the Board did not have the mandated policy on Public Access to Data, so I prepared a draft policy based on the IPAD model policy. I prepared a student data privacy policy that includes the required portions and the policy-oriented aspects of the current procedure. I also updated the personnel data privacy procedure and have reclassified it as a policy.

Wellness Policy

I have drafted several recommended changes to the Wellness Policy to comply with recent federal requirements for school wellness policies. Additional federal guidance about the requirements may be forthcoming, at which time this policy may need further review. The Wellness Policy is currently organized within the Health and Medical policy bucket, where it will remain.

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

DISTRICT POLICY *FIRST READ*

POLICY SERIES: Data Privacy and Records

SUBJECT: Goals

BOARD APPROVED:

REVISION DATE:

DPR100 Goals

I. PURPOSE

The purpose of this policy is to articulate the Board's commitment to complying with federal and state data privacy requirements.

II. GENERAL STATEMENT OF POLICY

The Board recognizes that data collected, created, received, maintained or disseminated by the District is government data subject to federal and state data privacy requirements. In complying with these requirements, the Board seeks to achieve a proper balance among the public's right to know, an individual's privacy rights and the District's need to have and use data to do its work.

III. DATA PRIVACY AND RECORDS GOALS

The Board seeks to accomplish the following goals:

- A. Create, collect and maintain data as necessary for the administration and management of the District;
- B. Safeguard the privacy rights of District staff and students through secure record-keeping, retention and destruction procedures; and
- C. Ensure proper access to the public through compliance with federal and state data privacy requirements in the release or dissemination of District data.

IV. RESPONSIBLE AUTHORITY

The Superintendent is the responsible authority for the collection, use and dissemination of District data. The Superintendent or designee shall maintain procedures for the collection, classification, maintenance and release of data on individuals, and review such procedures regularly to assure that data is safeguarded and the privacy of the individual is maintained.

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

DISTRICT POLICY *FIRST READ*

POLICY SERIES: Data Privacy and Records

SUBJECT: Personnel Data Privacy

BOARD APPROVED:

REVISION DATE:

DPR120 Personnel Data Privacy

I. PURPOSE

The purpose of this policy is to provide parameters as to the data the District maintains regarding its personnel.

II. GENERAL STATEMENT OF POLICY

A. All data on individuals collected, created, received, maintained or disseminated by the District, which is classified by statute or federal law as public, shall be accessible to the public pursuant to the procedures established by the District.

B. All other data on individuals is private or confidential.

III. DEFINITIONS

A. "Public" means that the data is available to anyone who requests it.

B. "Private" means the data is available to the subject of the data and to District staff who need it to conduct the business of the District.

C. "Confidential" means the data is not available to the subject.

D. "Personnel data" means government data on individuals maintained because they are or were employees of the District, applicants for employment, volunteers for the District, or members of or applicants for an advisory board or commission. Personnel data include data submitted to the District by an employee as part of an organized self-evaluation effort by the District to request suggestions from all employees on ways to cut costs, make the District more efficient, or to improve District operations. An employee who is identified in a suggestion shall have access to all data in the suggestion except the identity of the employee making the suggestion.

E. "Finalist" means an individual who is selected to be interviewed by the District for a position.

F. "Protected health information," means individually identifiable health information transmitted in electronic form by a school district acting as a health care provider. "Protected health information" excludes health information in education records covered by FERPA and employment records held by the District in its role as employer.

IV. PUBLIC PERSONNEL DATA

- A. The following information on employees, including volunteers and independent contractors, is public:
1. name;
 2. employee identification number, which may not be the employee's social security number;
 3. actual gross salary;
 4. salary range;
 5. terms and conditions of employment relationship;
 6. contract fees;
 7. actual gross pension;
 8. the value and nature of employer-paid fringe benefits;
 9. the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary;
 10. job title;
 11. bargaining unit, as applicable;
 12. job description;
 13. education and training background;
 14. previous work experience;
 15. date of first and last employment;
 16. the existence and status of any complaints or charges against the employee, regardless of whether the complaint or charge resulted in a disciplinary action;
 17. the final disposition of any disciplinary action, as defined in Minn. Stat. § 13.43, Subd. 2(b), together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the District;
 18. the complete terms of any agreement settling any dispute arising out of the employment relationship, including superintendent buyout agreements, except that the agreement must include specific reasons for the agreement if it involves the payment of more than \$10,000 of public money, and such agreement may not have the purpose or effect of limiting access to or disclosure of personnel data or limiting the discussion of information or opinions related to personnel data;
 19. work location;
 20. work telephone number;
 21. badge number;
 22. work-related continuing education;
 23. honors and awards received; and
 24. payroll time sheets or other comparable data that are used only to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data.

- B. The following information on applicants for employment or to an advisory board/ commission is public:
 - 1. veteran status;
 - 2. relevant test scores;
 - 3. rank on eligible list;
 - 4. job history;
 - 5. education and training; and
 - 6. work availability.
- C. Names of applicants are private data except when certified as eligible for appointment to a vacancy or when they become finalists for an employment position.
- D. Regardless of whether there has been a final disposition as defined in Minn. Stat. § 13.43, Subd. 2(b), upon completion of an investigation of a complaint or charge against a public official, as defined in Minn. Stat. § 13.43, Subd. 2(e), or if a public official resigns or is terminated from employment while the complaint or charge is pending, all data relating to the complaint or charge are public, unless access to the data would jeopardize an active investigation or reveal confidential sources, and only if the complaint or charge results in disciplinary action or the employee resigns or is terminated from employment while the complaint or charge is pending, or potential legal claims arising out of the conduct that is the subject of the complaint or charge are released as part of a settlement agreement with another person.

V. PRIVATE PERSONNEL DATA

- A. All other personnel data are private and will only be shared with District staff whose work requires such access. Private data will not be otherwise released unless authorized by law or by the employee's informed written consent.
- B. Data pertaining to an employee's dependents are private data on individuals.
- C. Data created, collected or maintained by the District to administer employee assistance programs are private.
- D. Personnel data may be disseminated to labor organizations to the extent the District determines it is necessary for the labor organization to conduct its business or when ordered or authorized by the Commissioner of the Bureau of Mediation Services.
- E. The District may display a photograph of a current or former employee to prospective witnesses as part of the District's investigation of any complaint or charge against the employee.
- F. The District may, if the responsible authority or designee reasonably determines that the release of personnel data is necessary to protect an employee from harm to self or to protect another person who may be harmed by the employee, release data that are relevant to the concerns for safety to:
 - 1. The person who may be harmed and to the attorney representing the person when the data are relevant to obtaining a restraining order;
 - 2. A pre-petition screening team conducting an investigation of the employee under Minn. Stat. § 253B.07, Subd. 1; or
 - 3. A court, law enforcement agency, or prosecuting authority.
- G. Private personnel data or confidential investigative data on employees may be disseminated to a law enforcement agency for the purpose of reporting a crime or

alleged crime committed by an employee, or for the purpose of assisting law enforcement in the investigation of such a crime or alleged crime.

- H. A complainant has access to a statement provided by the complainant to the District in connection with a complaint or charge against an employee.
- I. When allegations of sexual or other types of harassment are made against an employee, the employee shall not have access to data that would identify the complainant or other witnesses if the District determines that the employee's access to that data would:
 - 1. threaten the personal safety of the complainant or a witness; or
 - 2. subject the complainant or witness to harassment.

If a disciplinary proceeding is initiated against the employee, data on the complainant or witness shall be available to the employee as may be necessary for the employee to prepare for the proceeding.
- J. The District shall make any report to the board of teaching or the state board of education as required by Minn. Stat. § 122A.20, Subd. 2, and shall, upon written request from the licensing board having jurisdiction over a teacher's license, provide the licensing board with information about the teacher from the District's files, any termination or disciplinary proceeding, and settlement or compromise, or any investigative file in accordance with Minn. Stat. § 122A.20, Subd. 2.
- K. Private personnel data shall be disclosed to the department of economic security for the purpose of administration of the unemployment insurance program under Minn. Stat. Ch. 268.
- L. When a report of alleged maltreatment of a student in a school is made to the Commissioner of Education, data that are relevant and collected by the school about the person alleged to have committed maltreatment must be provided to the Commissioner on request for purposes of an assessment or investigation of the maltreatment report.
- M. The District shall release to a requesting school district or charter school private personnel data on a current or former employee related to acts of violence toward or sexual contact with a student, if an investigation conducted by or on behalf of the District or law enforcement affirmed the allegations in writing prior to release and the investigation resulted in the resignation of the subject of the data.
- N. The identity of an employee making a suggestion as part of an organized self-evaluation effort by the District to cut costs, make the District more efficient, or to improve District operations is private.
- O. Health information on employees is private unless otherwise provided by law. To the extent that the District transmits protected health information, the District will comply with all privacy requirements.
- P. Personal home contact information for employees may be used by the District and shared with another government entity in the event of an emergency or other disruption to ensure continuity of operation for the District or government entity.

VI. MULTIPLE CLASSIFICATIONS

If data on individuals are classified as both private and confidential by Minn. Stat. Ch. 13, or any other state or federal law, the data are private.

VII. CHANGE IN CLASSIFICATIONS

The classification of data in the possession of the District shall change if it is required to do so to comply with other judicial or administrative rules pertaining to the conduct of legal actions or with a specific statute applicable to the data in the possession of the disseminating or receiving agency.

VIII. DESTRUCTION AND RETENTION OF RECORDS

Destruction and retention of personnel records by the District shall be controlled by state and federal law, as follows:

- A. The District shall comply with the general records retention schedule for school districts approved by the Minnesota Records Disposition Panel.
- B. For data not listed under the retention schedule approved by the Minnesota Records Disposition Panel, the District shall comply with the authority of the proper state or federal agency.
- C. The administration shall develop procedures to assure compliance with state and federal authority on data retention and destruction of records.

IX. RESPONSIBLE AUTHORITY

- X.** The Board has designated Sandra Lewandowski, Superintendent, 1820 Xenium Lane North, Plymouth, MN 55441 as the Responsible Authority with overall responsibility for the maintenance and security of personnel data. The Responsible Authority delegates the maintenance and security of personnel data duties to Anne Becker, General Counsel and Director of Human Resources, 1820 Xenium Lane North, Plymouth, MN 55441.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
Minn. Stat. § 13.02 (Definitions)
Minn. Stat. § 13.37 (General Nonpublic Data)
Minn. Stat. § 13.39 (Civil Investigation Data)
Minn. Stat. § 13.43 (Personnel Data)
Minn. Stat. § 122A.20, Subd. 2 (Mandatory Reporting)
P.L. 104-191 (HIPAA)
45 C.F.R. Parts 160 and 164 (HIPAA Regulations)

Cross References:

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

DISTRICT POLICY

FIRST READ

POLICY SERIES: Data Privacy and Records

SUBJECT: Student Data Privacy Rights and Access

BOARD APPROVED:

REVISION DATE:

DPR140 Student Data Privacy Rights and Access

I. PURPOSE

The purpose of this policy is to articulate the Board's responsibility in regard to the collection, maintenance, and dissemination of student data and the protection of the privacy rights of students as provided in federal law and state statutes.

II. GENERAL STATEMENT OF POLICY

The Board is committed to the development, operation and improvement of appropriate and effective educational programs and services that meet each student's individual abilities, interests and needs. To that end, the Board will ensure the proper collection, maintenance and dissemination of student data to record the student's progress in the acquisition of skills and subsequent follow-up.

III. STATEMENT OF RIGHTS AND ACCESS TO STUDENT EDUCATION RECORDS

A. Rights of Parents and Eligible Students

Parents and eligible students have the following rights under this policy:

1. The right to inspect and review the student's education records;
2. The right to request the amendment of the student's education records to ensure that they are not inaccurate, misleading, or otherwise in violation of the student's privacy or other rights;
3. The right to consent to disclosures of personally identifiable information contained in the student's education records, except to the extent that such consent is not required for disclosure pursuant to state or federal law, the regulations promulgated thereunder or the District's procedures on student data;
4. The right to refuse release of names, addresses, and home telephone numbers of students in grades 11 and 12 to military recruiting officers and post-secondary educational institutions;
5. The right to file a complaint with the U.S. Department of Education concerning alleged failures by the District to comply with the federal law and the regulations promulgated thereunder;
6. The right to be informed about rights under federal law; and
7. The right to access this policy on the District's website, or by requesting a copy from the Superintendent's office.

B. Eligible Students

All rights and protections given parents under this policy transfer to the student when he or she reaches eighteen (18) years of age or enrolls in an institution of post-secondary education. The student then becomes an "eligible student." However, the parents of an eligible student who is also a "dependent student" are entitled to gain access to the education records of such student without first obtaining the consent of the student. In addition, parents of an eligible student may be given access to education records in connection with a health or safety emergency if the disclosure meets the conditions of any provision set forth in 34 C.F.R. § 99.31(a).

IV. DIRECTORY INFORMATION

Unless the parents or eligible students have otherwise notified the responsible authority or designee, directory information is that which is available to the public upon written request. The District designates the following as directory information: Student's name, address, telephone listing, electronic mail address, student photograph or video image for school approved publication, date and place of birth, grade level, participation in officially recognized activities, dates of attendance, degrees, honors and awards received, most recent educational agency or institution attended, and name, address and telephone listing of the student's parents.

V. RESPONSIBLE AUTHORITY

The responsible authority has overall responsibility for the maintenance and security of student records. Sandra Lewandowski, Superintendent, 1820 Xenium Lane North, Plymouth, MN 55441, is designated as the responsible authority. The responsible authority delegates to building principals the duty of maintaining and securing the privacy and/or confidentiality of student records within each school building. The building principals shall establish procedures to assure that all student records are accurate, complete, and current for the purposes for which it was collected; and establish appropriate security safeguards for all records containing data on students.

VI. DATA PRACTICES COMPLIANCE OFFICIAL

The data practices compliance official shall be responsible for receiving and responding to requests, questions or concerns under this policy. Anne Becker, General Counsel and Director of Human Resources, 1820 Xenium Lane North, Plymouth, MN 55441, is designated as the data practices compliance official.

VII. PROCEDURES FOR INSPECTION AND REVIEW OF EDUCATION RECORDS

A. Parent of a Student, an Eligible Student or the Parent of an Eligible Student Who is Also a Dependent Student

The District shall permit the parent of a student, an eligible student, or the parent of an eligible student who is also a dependent student who is or has been in attendance in the District to inspect or review the education records of the student, except those records which are made confidential by state or federal law or as otherwise provided in the Disclosure of Private Records section of the student data privacy procedure.

B. Response to Request for Access

The District shall respond to any request pursuant to Subdivision A. of this section immediately, if possible, or within ten (10) days of the date of the request, excluding Saturdays, Sundays, and legal holidays.

C. Right to Inspect and Review

The right to inspect and review education records under Subdivision A. of this section includes:

1. The right to a response from the District to reasonable requests for explanations and interpretations of records; and
2. If circumstances effectively prevent the parent or eligible student from exercising the right to inspect and review the education records, the District shall provide the parent or eligible student with a copy of the records requested or make other arrangements for the parent or eligible student to inspect and review the requested records.
3. Nothing in this policy shall be construed as limiting the frequency of inspection of the education records of a student with a disability by the student's parent or guardian or by the student upon the student reaching the age of majority.

D. Form of Request

Parents or eligible students shall submit to the District a written request to inspect education records which identify as precisely as possible the record or records he or she wishes to inspect.

E. Collection of Student Records

If a student's education records are maintained in more than one location, the responsible authority may collect copies of the records or the records themselves from the various locations so they may be inspected at one site. However, if the parent or eligible student wishes to inspect these records where they are maintained, the District shall attempt to accommodate those wishes. The parent or eligible student shall be notified of the time and place where the records may be inspected.

F. Records Containing Information on More Than One Student

If the education records of a student contain information on more than one student, the parent or eligible student may inspect and review or be informed of only the specific information which pertains to that student.

G. Authority to Inspect or Review

The District may presume that either parent of the student has authority to inspect or review the education records of a student unless the District has been provided with evidence that there is a legally binding instrument or a state law or court order governing such matters as marriage dissolution, separation, or custody which provides to the contrary.

H. Fees for Copies of Records

1. The District shall charge a reasonable fee for providing photocopies or printed copies of records unless printing a copy is the only method to provide for the inspection of data. In determining the amount of the reasonable fee, the District shall consider the following:
 - a. the cost of materials, including paper, used to provide the

- copies;
 - b. the cost of the labor required to prepare the copies;
 - c. any schedule of standard copying charges established by the District in its normal course of operations;
 - d. any special costs necessary to produce such copies from machine based record-keeping systems, including but not limited to computers and microfilm systems; and
 - e. mailing costs.
2. If 100 or fewer pages of black and white, letter or legal size paper copies are requested, actual costs shall not be used, and, instead, the charge shall be no more than 25 cents for each page copied.
 3. The cost of providing copies shall be borne by the parent or eligible student.
 4. The District may not impose a fee for a copy of an education record made for a parent or eligible student if doing so would effectively prevent or, in the case of a student with a disability, impair the parent or eligible student from exercising their right to inspect or review the student's education records.
 5. The District reserves the right to make a charge for copies forwarded to potential employers or post-secondary institutions for employment or admissions purposes, e.g. transcripts. The fee for such copies and other copies forwarded to third parties with prior consent as a convenience will be actual search/retrieval and copying costs, plus postage if appropriate.

VIII. DESTRUCTION AND RETENTION OF RECORDS

Destruction and retention of student records by the District shall be controlled by state and federal law, as follows:

- A. The District shall comply with the general records retention schedule for school districts approved by the Minnesota Records Disposition Panel.
- B. For data not listed under the retention schedule approved by the Minnesota Records Disposition Panel, the District shall comply with the authority of the proper state or federal agency.
- C. The administration shall develop procedures to assure compliance with state and federal authority on the retention and destruction of records.

Legal References: Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)
 Minn. Stat. Ch. 14 (Administrative Procedures Act)
 Minn. Stat. § 120A.22 (Compulsory Instruction)
 Minn. Stat. § 121A.40-121A.56 (The Pupil Fair Dismissal Act)
 Minn. Stat. § 121A.75 (Sharing Disposition Order and Peace Officer Records)
 Minn. Stat. § 144.341-144.347 (Consent of Minors for Health Services)
 Minn. Stat. § 260B.171, Subds. 3 and 5 (Disposition Order and Peace

Officer Records of Children)
Minn. Stat. § 363A.42 (Public Records; Accessibility)
Minn. Stat. § 626.556 (Reporting of Maltreatment of Minors)
Minn. Rules Parts 1205.0100-1205.2000 (Data Practices)
10 U.S.C. § 503(b) and (c) (Enlistments: Recruiting Campaigns;
Compilation of Directory Information)
18 U.S.C. § 2331 (Definitions)
18 U.S.C. § 2332b (Acts of Terrorism Transcending National
Boundaries)
20 U.S.C. § 1232g *et seq.* (Family Educational Rights and Privacy Act)
20 U.S.C. § 6301 *et seq.* (No Child Left Behind)
20 U.S.C. § 7908 (Armed Forces Recruiting Information)
26 U.S.C. §§ 151 and 152 (Internal Revenue Code)
34 C.F.R. §§ 99.1-99.67 (Family Educational Rights and Privacy)
34 C.F.R. § 300.610-300.627 (Confidentiality of Information)
42 C.F.R. § 2.1 *et seq.* (Confidentiality of Drug Abuse Patient Records)
Gonzaga University v. Doe, 536 U.S. 273, 122 S.Ct. 2268, 153 L.Ed. 2d
309 (2002)

Cross References: Mandated Reporting of Child Neglect or Physical or Sexual Abuse
Procedure
Student Data Privacy Procedure

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

DISTRICT POLICY *FIRST READ*

POLICY SERIES: Data Privacy and Records

SUBJECT: Public Data Access

BOARD APPROVED:

REVISION DATE:

DPR160 Public Data Access

I. PURPOSE

This policy is to ensure that all data collected, created, received, maintained or disseminated by the District, which are classified by statute or federal law as public, will be accessible to the public pursuant to the procedures established by the District.

II. GENERAL STATEMENT OF POLICY

All data collected, created, received, maintained or disseminated by the District, regardless of how it may be generated or stored, are public unless a state or federal law says the data are not public. Members of the public have the right to look at (inspect) all public data that the District keeps, free of charge. Members of the public also have the right to get copies of public data, with charge.

III. DATA REQUESTS

To inspect data or request copies of data that the District keeps, make a written request to Anne Becker, General Counsel and Director of Human Resources, 1820 Xenium Lane North, Plymouth, MN 55441.

Written requests should include the following information:

- That it is a request for data under the Minnesota Government Data Practices Act;
- Whether it is request to look at the data, get copies of the data, or both; and
- A clear description of the data to be inspected or copied.

The District's form for data requests may be used but is not required. Requestors are not required to identify themselves or explain the reason for the data request. However, the District may need some identifying information to process the request. In addition, if the District does not understand the request and has no contact information, the District will not be able to begin processing the request.

IV. RESPONSE TO DATA REQUESTS

- A. Upon receiving a written data request, the District will work to respond within a reasonable timeframe.
- If the District does not have the data, notification will be provided

as soon as reasonably possible.

- If the District has the data, but the data are not public, notification will be provided as soon as reasonably possible with information about which specific law says the data are not public.
- If the District has the data, and the data are public, the District will respond within a reasonable amount of time by doing one of the following:
 - Arrange a date, time, and place to inspect data, for free, if the request is to look at the data, or
 - Provide copies of the data for pick-up, mail or fax, as soon as reasonably possible. The District will provide electronic copies upon request if the data is kept in electronic format

B. If requested, the District will provide an explanation for some of the technical terminology, abbreviations, or acronyms of the data.

C. The District is not required to create or collect new data in response to a data request if the District does not already have the data, or to provide data in a specific form or arrangement if the data is not kept in that form or arrangement. (For example, if the data requested are on paper only, the District is not required to create electronic documents to respond to the request.)

V. REQUESTS FOR SUMMARY DATA

Summary data are statistical records or reports that are prepared by removing all identifiers from private or confidential data on individuals. The preparation of summary data is not a means to gain access to private or confidential data. The District will prepare summary data in response to a written request and payment for the cost of creating the data.

Legal References:

Minn. Stat. Ch. 13 (Minnesota Government Data Practices Act)

Cross References:

Student Data Privacy Rights and Access Policy

Personnel Data Privacy Policy

Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

DISTRICT POLICY

FIRST READ

POLICY SERIES: Health and Medical

SUBJECT: Wellness

BOARD APPROVED:

REVISION DATE:

HM180 Wellness

I. PURPOSE

The purpose of this policy is to ensure school educational environments that promote and protect students' and the staffs' health, well-being, and ability to learn by supporting healthy eating and physical activity.

II. GENERAL STATEMENT OF POLICY

- A. The School Board recognizes that nutrition education and physical education, which is mandated by the state, are essential components of the educational process and that good health fosters student and staff attendance and education.
- B. The educational environment will promote and protect student and the staffs' health, well-being, and ability to learn by supporting healthy eating and physical activity.
- C. The District encourages the involvement of students, parents, teachers, food service staff, school health professionals and other interested persons in implementing, monitoring and reviewing its nutrition and physical activity programs, policies and practices.
- D. To the extent practicable, students and staff will be provided access to healthy foods and opportunities to be physically active in order to grow, learn, thrive, and maintain healthy lifestyles.
- E. In programs where food services are provided, qualified food service personnel will provide students with access to a variety of affordable, nutritious, and appealing foods that meet the health and nutrition needs of students; try to accommodate the religious, ethnic, and cultural diversity of the student body in meal planning; and will provide clean and safe settings and adequate time for students to eat.
- F. The District will plan and implement programs and activities that promote staff health and wellness, and support personal efforts by staff to maintain a healthy lifestyle.

III. IMPLEMENTATION AND MONITORING

- A. The Director of Student Nutrition Services will provide an annual report to the Superintendent setting forth the nutrition guidelines and procedures for selection of all foods made available on District grounds.
- B. The Superintendent or designee will ensure compliance with the wellness policy and will provide an annual report of the District's compliance with this policy to the Board.

School Board Planning Calendar 2013

TENTATIVE

1 st Meeting of the Month		2 nd Meeting of the Month	
START TIME 6:30 PM			
JANUARY 10, 2013 <i>No Meeting</i>			
JANUARY 24, 2013 <i>Organizational Meeting</i>			
Election of Board Officers Oath of Office Financial Report December FY12 Audit What Board Members Should Know About Special Education Monitoring		Legislative Platform Restrictive Procedure Plan & Minnesota Department of Education Report from Stakeholders Uber Goal #2	
FEBRUARY 14, 2013 Communication with Local Boards Hennepin County Graduation Update Mentor Connection Superintendent Mid-Year Evaluation Procedure Work Session on Process Education Model (PEM)		FEBRUARY 28, 2013 Financial Report February FY14 Budget Assumption & 2209 Parameters FY12 Budget Revision & FY13 Budget Assumptions Program Withdrawal Report Staff Reduction ULA Resolution Changes for following Year Strategic Plan – Year 4	
MARCH 14, 2013 Customer Service Update Pay Equity Report Summary Status Report on Board Policy & Procedure		MARCH 28, 2013 Financial Report February FY14 Budget Reduction Realignment Proposal Program Reduction Resolution Reduction ULA for tenured staff (<i>provide names</i>) Proposed District 287 School Calendar 2013-2014	
APRIL 25, 2013 <i>(Only one Board meeting this month!)</i>			
Financial Report March		Superintendent & Board Evaluation Update	
MAY 9, 2013 Administrative Service PLC Career Tech Presentation on Innovation & Technology Strategic Plan Report		MAY 23, 2013 Financial Report April Non-Renewals/Layoffs Staff Reduction ULA Resolution Spotlight DVD Presentation Probationary Licensed, and Non-Licensed	
JUNE 13, 2013 PLC Data Report & Video Superintendents Evaluation Update Administrative/Unaffiliated Parameters - (Closed Session)		JUNE 27, 2013 Facilities Management Update - Energy Audit Superintendent & School Board Evaluation to plan for Board Retreat outcomes	
		2013-2014 Budget Board Evaluation Financial Report May Final ULA Resolution for Licensed Staff	

INFORMATIONAL ITEMS TO REMEMBER:

** Board role in setting/supporting goals
Board TLC

Community use of Facilities Bucket

School Board Planning Calendar 2013

1 st Meeting of the Month	2 nd Meeting of the Month
AUGUST 22, 2013 <i>(Only one Board meeting this month!)</i> (Meeting held at NEC Site)	
Approval of Cash Flow Borrowing Resolution District Operations Financial Report July	Legislative Session Review & Implications Report on Crisis Planning (Michelle Axell – 10 minutes) What Board Members Should Know About Our 2013-2014 Start-Up” (Colleen, Dolly, Char, and Jane)
SEPTEMBER 12, 2013 Superintendent Goals	SEPTEMBER 26, 2013 Financial Report August PLC’s Results/Goals Report on Crisis Planning
OCTOBER 10, 2013	OCTOBER 24, 2013
	Financial Report September Strategic Plan Update
NOVEMBER 14, 2013 <i>(Only one Board meeting this month!)</i>	
Facilities Management Update Financial Report October	Food Service Resolution OPEB Reporting & Funding
DECEMBER 12, 2013 <i>(Only one Board meeting this month!)</i>	
Financial Report November	Prior Year Audit Review

INFORMATIONAL ITEMS TO REMEMBER:

** Board role in setting/supporting goals
 Board TLC

Community use of Facilities Bucket

INTERMEDIATE DISTRICT 287
January 24, 2013
SCHOOL BOARD CALENDAR

TENTATIVE
January 2013 – December 2013

January 2013

24	Thursday	General Board Meeting	6:30PM	Board Rm
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February 2013

05	Tuesday	Get on the Bus Event	8:00AM	DSC
14	Thursday	General Board Meeting	6:30PM	Board Rm
19	Tuesday	Board Facilities Committee Meeting	8:30AM	Board Rm
28	Thursday	General Board Meeting	6:30PM	Board Rm

March 2013

12	Tuesday	Local 2209/Board Breakfast	7:00AM	DSC
14	Thursday	General Board Meeting	6:30PM	Board Rm
19	Tuesday	Board Facilities Committee Meeting	8:30AM	Board Rm
28	Thursday	General Board Meeting	6:30PM	Board Rm

April 2013

11	Thursday	General Board Meeting	6:30PM	Board Rm
11	Thursday	Epsilon Family Night	TBD	Epsilon
16	Tuesday	Board Facilities Committee Meeting	8:30AM	Board Rm
18	Thursday	North Educ. Center 6 th Annual Parent & Caregiver Appreciation Night	6:30PM	Board Rm

May 2013

09	Thursday	General Board Meeting	6:30PM	Board Rm
21	Tuesday	Board Facilities Committee Meeting	8:30AM	Board Rm
23	Thursday	General Board Meeting	6:30PM	Board Rm
23	Thursday	High School Spring Award Ceremony Hennepin Technical College – Eden Prairie Campus	10:00AM & 12:20 PM	EP Campus
31	Friday	Shady Oak's Graduation (Includes Prairie Center Academy (PCA) and city West Academy)	10:00AM	EP Comm. Ctr.

June 2013

06	Thursday	Epsilon Graduation	TBD	Epsilon
13	Thursday	General Board Meeting	6:30PM	Board Rm
18	Tuesday	Board Facilities Committee Meeting	8:30AM	Board Rm
27	Thursday	General Board Meeting	6:30PM	Board Rm

◆ General Board Meeting – Date Change

◆ New Event

AMSD Calendar

January 11, 2013

Legislative Session Preview

TIES Building, St. Paul
7:30 AM Continental Breakfast
8:00 AM—10:00 AM Program

January 25, 2013

Executive/Legislative Committee Meeting

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

February 1, 2013

Board of Directors Meeting

7:00 a.m., TIES Building, St. Paul

February 22, 2013

Executive/Legislative Committee Meeting

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

AMSD's Mission

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



Association of
Metropolitan School Districts

iPads Lead to Customized Learning in Farmington

Over the course of the past year, Farmington Area Public Schools has been preparing to undergo a technology transformation, moving to a system where all students and teaching staff are paired with a mobile tablet computer. That plan is now moving into action and by the end of this school year Farmington will place an iPad2 or iPad Mini in the hands of every student in all district facilities.

So, how is it that Farmington can move to a place where all students have access to an iPad to improve achievement and personalize their school experience in the course of one year?

Many different actions may provide an answer for this question, none more important than the development and approval of an updated district strategic plan and a school board that places customizing education as a priority. Certainly a motivated and energized teaching staff played a pivotal role in the ability to move so quickly when the proper financial and policy decisions were made.

Taking a Phased but Fast Approach

Introduction of iPads into the district took a phased approach ensuring the reliability of the district's wireless infrastructure and increasing confidence and capability for using the devices by district teachers. In May, all teaching staff were supplied with an iPad, a move which ensured all classrooms in the district had access to a device. At the start of the 2012-13 school year, an early adopter program that included 90 teachers and over 1,700 iPads in all eight school buildings was put into action. Success with the early adopter program provided confidence to move forward with deployment to individual students in a phased approach, a process which will be in place by mid-February 2013.

Farmington's relatively fast transition time to deploy iPads, taking just under a year to complete, is a key consideration to ensure the viability of the program. The district will now move to a digital learning environment, from one primarily based on paper, and the fast transition is a key to realizing the savings. To put it in perspective, the district currently supports paper and machinery to create over 22 million copies per year, a number and expense that can be greatly reduced with digital learning using iPads.



Farmington Digital Learning Specialist Brianna Buck helps configure a device at an iPad Family Engagement session in December.

Continued on page 2

From the Chair

Happy New Year! It is hard to believe that the 2013 legislative session will soon convene. To help kick off the session, AMSD is once again sponsoring a Legislative Session Preview program for AMSD members and legislators representing our member school districts. The program will be held in the TIES Building on Friday, January 11 from 7:30 – 10:00 a.m. This is always a great event. We are looking forward to another exciting and informative program.

The Legislative Session Preview will include an overview of AMSD's legislative platform priorities, remarks from senior staff from the Minnesota Department of Education and a panel of the legislative leadership from the House and Senate Education Finance Committees. I encourage AMSD board members and metro legislators to join us for this informative program!

George Kimball, school board member from White Bear Lake Public Schools, is chair of AMSD.

Farmington moves to a digital learning environment through the use of iPads

Continued from page 1

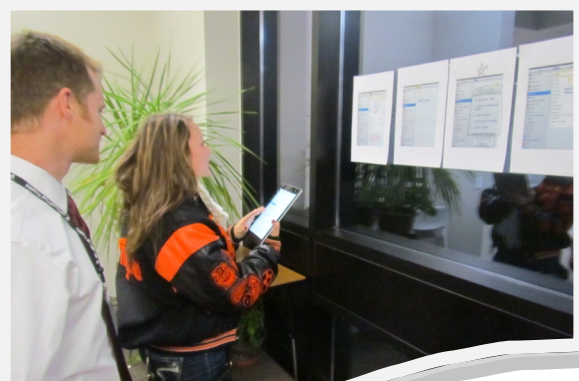
iPad Distribution and Family Engagement

Along with taking the necessary operational steps to provide iPads for all students, the School Board worked intently on creating an iPad Loan Agreement, an 11-page document that sets guidelines and expectations for proper care, acceptable use, protecting and storing, and tips for parents in managing the device. Families were asked to review an iPad Loan Agreement that provides an option to purchase insurance to protect against damage, theft or vandalism for \$28 per year/device. Insurance premiums are waived for students who qualify for free and reduced lunch. Families may also waive insurance and take responsibility for full replacement, similar to a school text book. If both options are declined, the student will only be permitted to use his/her iPad while at school.

Farmington High School was selected as the first phase for 1:1 deployment and students and parents were invited to attend an iPad Family Engagement Session in December where they followed a five-step process to prepare their iPad for use. Using a “flipped classroom” model, students and families were asked to watch a short video, establish an Apple ID and fill out the required forms prior to attending the sessions. At the school, four stations were established where students would receive the device, apply the protective case, configure the iPad for use and consider insurance options. iPads will be introduced in a similar method to the district’s two middle schools and five elementary buildings in February 2013. Middle school students and those in grades 4 and 5 will be able to use the devices in school and take them home under the terms of the iPad Loan Agreement. Student iPads for grades K-3 will remain at school and no insurance will be necessary.



Jerry Cooper of the District Technology staff assists a student with setting the iPad to backup to the Apple cloud.



Teacher Julian Buss assisted students at a station as they set up their accounts on the iPad.

In total, Farmington’s customized learning effort will provide iPad 2 or iPad Mini devices complete with a Griffin Survivor Case for all 6,700 students and teaching staff.

Partnering with Spring Lake Park

As Farmington moves down the pathway to customizing education through use of technology, it has an active and helpful partnering district in Spring Lake Park Schools to assist. Farmington Superintendent Jay Haugen and Spring Lake Park Superintendent Jeff Ronneberg formed the partnership, which serves as an ongoing resource for staff development, financing, technical and communications needs. Spring Lake Park is currently introducing a similar plan to deploy personal learning devices to all students.

Financing

Funding for iPads will be provided through the district’s existing capital expenditure budget using the Apple Fair Market Value lease program. Payments will balance the expense of the device over a three-year term, allowing payments to be

spread over the budget years for the times the devices are in use by students. Allocation for these expenditures will be approved as part of the annual budget approval process. With reduced expenditures in the use of paper and duplications, student planners, and textbook purchases as part of the transition to a digital learning environment, the iPad lease program is positioned to be an ongoing and sustainable method for funding devices for students.

Additional information on Farmington’s effort to customize learning through the use of technology is available on the district web site at www.farmington.k12.mn.us.

This month’s member spotlight was submitted by Jim Skelly, Communications and Marketing Coordinator, Farmington Area Public Schools.

Farmington Customized Learning By the Numbers	
6,700:	Number of Students K-12
7,330:	Total number of Devices (3,785 iPad 2/ 3,545 iPad Mini) includes staff devices
\$28:	Insurance Premium for Optional Coverage
3:	Years that the iPads are under lease

2013 Session Brings Challenges and Opportunities

The 2013 Legislative Session will convene on January 8 with 23 newly-elected senators and 42 newly-elected representatives. That means over 30% of the 201 legislators taking the oath of office on January 8 will be members who did not serve in the last legislature. The primary task facing legislators in 2013 will be to develop a budget for the 2014-15 biennium. This will prove challenging in the face of a projected \$1.1 billion shortfall. The projected shortfall notwithstanding, it is critical that the governor and legislators work together to craft a budget that invests in our future and advances the goal of preparing every student to succeed in a post-secondary program. Minnesota's ability to compete in an increasingly competitive, global economy depends on it.

The AMSD Board of Directors has approved its 2013 Legislative Platform that identifies several key elements that must be addressed if Minnesota is to reclaim its place a national leader in education. A brief summary of a few of the key funding issues follows.

Strengthen Minnesota's Funding System

- Make new investments in education a priority while paying back the education shifts over time using the mechanisms in current law. Proof that the current law mechanism works was evident in the December state budget forecast. The December forecast projected a \$1.3 billion dollar positive balance for the current biennium. Under current law, the surplus went toward repaying the education shifts and school districts now receive 82.5 percent of their anticipated aid in the current fiscal year.
- Allow school boards to renew an existing referendum by a majority vote of the elected school board.
- Provide a stable source of funding to allow school districts to invest in technology to improve student learning.

Close The Readiness Gap

- Ensure all 3 and 4-year-old children have access to quality early childhood education and school readiness programs that are designed to align with district and state K-12 standards.
- Fully fund voluntary, full-day kindergarten for all students.

Fix Special Education Funding

- Reform and fully fund the state special education funding formula.
- Expand and provide ongoing funding for school-linked mental health grants.
- Increase the Safe Schools Levy authority to ensure safe and supportive learning environments for students and staff.

Create Integrated and Equitable Learning Environments

- Require a revised desegregation rule that continues to prohibit intentional segregation and provides incentives to create integrated and equitable learning environments for students.
- Allow school districts to develop plans and partnerships that address the unique needs of their students and communities.
- Focus integration funding on programs that have a proven ability to close the achievement gap.

Protect Taxpayer Investments By Maintaining Facilities

- Broaden eligibility for the Alternative Facilities Bonding and Levy Program.
- Increase Deferred Maintenance Aid.

AMSD's Platform also addresses several critical policy issues that need to be addressed during the 2013 Legislative Session including teacher and principal evaluation, retaining effective teachers, enhancing local control, eliminating unfunded mandates and reforming the assessment and accountability system. The full platform is available at <http://www.amsd.org/advocacy/2013-legislative-platform>.

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