

## **Agenda**

1. **CALL TO ORDER** (*Action*)
2. **APPROVAL OF GENERAL MEETING AGENDA** (*Action*)
3. **OPEN FORUM** (*Information*)
4. **APPROVAL OF CONSENT AGENDA** (*Action*)
  - 4.1. General Board Meeting Minutes from December 8, 2011
  - 4.2. Routine Human Resource Activities for January 26, 2012
  - 4.3. Estoppel Certificate for Leased Site for NW Business Center
  - 4.4. North Education Center (NEC) Change Orders
  - 4.5. The LINK at Edgewood Education Center
  - 4.6. Interim Executive Director of Special Education Appointment
5. **SHARE THE SUCCESS & RECOGNITIONS** (*Information*)
  - 5.1. International Facility Management Association (IFMA) Award
6. **SUPERINTENDENT'S REPORT - (30 minutes)**
  - 6.1. Year 3 Strategic Plan Review & Measurement Report (*Information*)
  - 6.2. AMSD Presentations (*Information*)
  - 6.3. What the Board Needs to Know about Food Service
7. **INSTRUCTIONAL REPORT - None**
8. **ADMINISTRATIVE SERVICES REPORT - (90 minutes)**
  - 8.1. Financial Report - (60 minutes)
    - 8.1.1. Approval of Routine Monthly Finance Report (*Action*)
    - 8.1.2. FY11 Audit Report (*Action*)
  - 8.2. Facilities Report - (40 minutes)
    - 8.2.1. North Education Center (NEC) Facilities Committee Report (*Information*)
    - 8.2.2. North Education Center (NEC) Change Order (*Action*)
    - 8.2.3. North Education Center (NEC) Easement with District 281 (*Action*)
    - 8.2.4. Official Naming of North Education Center (NEC) (*Action*)
    - 8.2.5. Name Change for Bren Road (*Action*)
  - 8.3. Human Resource Report - (10 minutes)
    - 8.3.1. Approval of Salary Range for Director of Finance Position - (10 minutes) (*Action*)
9. **BOARD BUSINESS - (10 minutes)** (*Information*)
  - 9.1. Policy Review & Revision - None
  - 9.2. Board Reports
    - 9.2.1. Chair Report
      - 9.2.1.1. Board Bylaws Amendment (*Action*)
      - 9.2.1.2. Get on the Bus & Local 2209 Schedule
      - 9.2.1.3. Carol Bomben receives "MSBA 2012 All State School Board Award"

9.2.2. AMSD Report (Ann Bremer)

9.2.2.1. AMSD Connections January 2012 Newsletter

**9.3. District News (Information)**

9.3.1. School Board Planning Calendar

9.3.2. January 26, 2012 Calendar

9.3.3. Thank You Note from Linda Johnson

9.4. Once Around the Table

**10. ADJOURNMENT**

**DISTRICT 287 REGULAR BOARD MEETING**  
**Intermediate District 287**  
**December 8, 2011**  
**MINUTES**

**1. CALL TO ORDER**

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

286	Brooklyn Center	Greg Thielsen
272	Eden Prairie	Carol Bomben
273	Edina	Peyton Robb
270	Hopkins	Laura Ronbeck
278	Orono	Michèle Kunz
279	Osseo	Dean Henke
280	Richfield	Nancy Rowley
283	St. Louis Park	Pam Rykken
284	Wayzata	Carter Peterson
277	Westonka	Ann Bremer

Absent: 276/Draayer, and 281/Johnson

Guests:

287 Administrations: Sandra Lewandowski, Jane Holmberg, Laura Keller-Gautsch, Colleen Baumtrog, Tom Shultz, Chad Maxa, Gloria Wilder, and Wauneen Mgeni

287 Staff Members: Bruce Mulder, Michelle Humphrey, Jon Fila, Jon Voss, Chris Kenny, and Greg Krohn

Board Chair Bremer and the Board agreed to cancel the January 12, 2012 General Board meeting, due to a scheduling conflict with MSBA conference dates.

**2. APPROVAL OF GENERAL MEETING AGENDA**

The general meeting agenda was presented for approval. *Motion by Ann Bremer, seconded by Carol Bomben, 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 December 8, 2011, Perpich Center for Arts Grant, Carl D. Perkins Education Act-Basic Grant – Comprehensive Arts Planning Program (CAPP), North Education Center Change Orders, Hennepin County Physical Activity & Nutrition (PAN) agreement and Hennepin County State health Improvement Program (SHIP) Agreement, and approval of the Routine Human Resource Activities for December 8, 2011. *Motion by Ann Bremer, seconded by Laura Ronbeck, to approve the Consent Agenda as presented. All in favor. Motion carried unanimously.*

**5. SHARE THE SUCCESS & RECOGNITIONS**

Superintendent Lewandowski introduced Jonathan Voss, Academic Program Administrator, Michael Smart, Online Learning Facilitator, Jon Fila, Online/Mobile Learning Coordinator and Innovation Coach, Chad Maxa, Director of Information and Technology, and Dr. Jane Holmberg, Executive Director of Teaching and Learning. They were recognized for their efforts to improve the quality of and access to digital resources for member districts as well as districts across the state.

Sandy and the Board recognized Jon Fila, Online/Mobile Learning Coordinator and Innovation Coach, and Jayme Bennett, Developmental Cognitive Disabilities (DCD) Instructor, as TIES Exceptional Teachers at the TIES 2011 Education Technology conference that was held at the Minneapolis Hyatt Regency on December 13.

## **6. SUPERINTENDENT'S REPORT**

Superintendent Lewandowski briefly updated the Board on four information items: 1) the report from TIES on how 287 had used their array of programs and services, 2) usage reports from 287 to member districts that are modeled on the TIES report, 3) a response from the White House declining the opportunity to meet with the Porcupine Sliders team, and (4) a parent letter expressing gratitude, knowing that every day her son will be “accepted for who he is and challenged for who he can become.”

## **7. INSTRUCTIONAL REPORT**

Superintendent Lewandowski introduced Jon Fila, Online/Mobile Learning Coordinator and Innovation Coach. Jon presented to the Board how digital curriculum resources are being gathered and made available to staff and students.

## **8. ADMINISTRATIVE SERVICE REPORTS**

### **Financial Report**

Mrs. Janet Johnson, Director of Finance Services, presented the monthly financial report for November 2011. *Motion by Ann Bremer, seconded by Michèle Kunz, to approve the monthly financial report as presented. All in favor. Motion carried unanimously.*

Janet briefly updated the Board on the status of the FY 11 audit report.

### **Facilities Report**

Board Facilities Committee Chair Robb, reported on the Facilities Committee Meeting held on November 15.

Mr. Tom Shultz, Director of Facilities presented and recommended approval of the Change Order for Soil Work in the Geothermal Field. *A motion was made by Ann Bremer, seconded by Michèle Kunz, to approve the Change Order for Soil Work in the Geothermal Field as presented. All in favor. Motion carried unanimously.*

### **Human Resources Report – Closed Session**

At the recommendation of Board Chair Bremer, *a motion was made by Ann Bremer, seconded by Carol Bomben, to close the meeting pursuant to Minnesota Statutes, section 13D.05, subdivisions 2 and 3, this agenda item will be closed for preliminary consideration of allegations against one or more of its employees, and, a discussion with its attorneys. All in favor. Motion carried unanimously.* The meeting was closed to the public at 7:13 PM.

### **Human Resources Report – Closed Session**

At the recommendation of Board Chair Bremer, *a motion was made by Ann Bremer, seconded by Carol Bomben, the school Board may hold a closed meeting to consider strategy for labor negotiations. All in favor. Motion carried unanimously.* The meeting was closed to the public at 7:13 PM. *A motion was made by Ann Bremer, seconded by Dean Henke, to reopen the general meeting. All in favor. Motion carried unanimously.* The general meeting reopened at 8:19 PM.

At the recommendation of Board Chair Bremer, *a motion was made by Ann Bremer, seconded by Carol Bomben, to approval of the separation agreement and the release of all claims. All in favor. Motion carried unanimously.*

## **9. BOARD BUSINESS**

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

### **Chair Report**

At the recommendation of Board Chair Bremer, *a motion was made by Nancy Rowley, seconded by Michèle Kunz, the approval of the nominating committee. All in favor. Motion carried unanimously.*

Board Chair Bremer presented a resolution motions: *Resolution motion by Ann Bremer, seconded by Michele Kunz, to waive the reading and approve to Trustee Appointment as provided by the printed documentation shared. The following voted in favor: Bremer, Henke, Rykken, Kunz, Thielsen, Ronbeck, Bomben, Robb, Rowley, and Peterson. There were no abstentions or no votes cast.*

At the recommendation of Board Chair Bremer, *a motion was made by Nancy Rowley, seconded by Michèle Kunz, the approval to send District 287 Board Chair to the American Association of School Administrators. All in favor. Motion carried unanimously.*

At the recommendation of Board Chair Bremer, *a motion was made by Carol Bomben, seconded by Carter Peterson, the approval to send District 287 Board Chair Ann Bremer and District 287 Board Vice-Chair Carol Bomben to the National School Boards Association Conference. All in favor. Motion carried unanimously.*

Chair Bremer updated the Board on the November 22 “Get on the Bus” event.

Chair Bremer announced the next scheduled “Local 2209/Board Breakfast” is Tuesday, January 10.

**AMSD Report**

Chair Bremer briefly updated the Board on AMSD.

**Once Around the Table**

**10. ADJOURNMENT**

*Motion was heard and seconded to adjourn the meeting. Meeting adjourned at 8:55 PM.*

The next general meeting will be held on January 26, 2012, at 6:30 PM in the DSC Board Room.

Submitted by  
Wauneen Mgeni  
Secretary to the Board

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

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

**ROUTINE HUMAN RESOURCES ACTIVITIES FOR THE INTERMEDIATE DISTRICT 287  
SCHOOL BOARD – January 26, 2012**

**LICENSED STAFF**

**1. New Hires:**

**A. Regular**

- 

**B. Reinstatement of Licensure Waivers**

- 

**C. Temporary**

- PAUL R. CAUSTON, Ramp Up Technical Tutor effective January 10, 2012 through May 31, 2012.
- TIMOTHY J. YEARNEAU, Ramp Up Technical Tutor effective January 11, 2012 through May 31, 2012.
- HOLLY DOLPH, Ramp Up Technical Tutor effective January 5, 2012 through May 31, 2012.
- RAINBOW ESPINOSA, Ramp Up Technical Tutor effective December 8, 2011 through May 31, 2012.
- TIKKIA D. OSBORNE, Ramp Up Technical Tutor effective January 11, 2012 through May 31, 2012.
- LAURIE J. ERICKSON, Ramp Up Technical Tutor effective January 17, 2012 through May 31, 2012.
- SANDRA L. GOETSCH, Ramp Up Technical Tutor effective January 23, 2012 through May 31, 2012.
- KELLY GRIESBACH, Ramp Up Technical Tutor effective January 10, 2012 through May 31, 2012.
- PAUL GUDNASON, Ramp Up Technical Tutor effective January 17, 2012 through May 31, 2012.
- THERESA M. GUTHRIE, Grant Coordinator effective October 16, 2011 through December 22, 2011.
- MARY B. HOGETVEDT, Ramp Up Technical Tutor effective January 18, 2012 through May 31, 2012.
- MICHAEL T. PERSZYK, Instructor at Sandburg Education Center, effective December 19, 2011 through March 9, 2012.
- ROSEMARY RUFFENACH, Grant Planning and Implementation at Prairie Center Alternative, effective November 23, 2011.

- MARY M. HUBERTY, Ramp Up Technical Tutor effective January 24, 2012 through May 31, 2012.
- CAROL D. JAMISON, Ramp Up Technical Tutor effective January 17, 2012 through May 31, 2012.
- JACQUES YOUAKIM, Online Math Instructor effective September 6, 2011 through January 30, 2012.
- MARY G. JOHNSON, Ramp Up Technical Tutor effective January 17, 2012 through May 31, 2012.
- MAUREEN JOHNSON, Ramp Up Technical Tutor effective January 17, 2012 through May 31, 2012.
- VENA JONES, Ramp Up Technical Tutor effective January 11, 2012 through May 31, 2012.
- GLENDA KIBAT, Ramp Up Technical Tutor effective January 5, 2012 through May 31, 2012.
- JESSE LESNAU, Grant Planning and Implementation at Sandburg Education Center, effective November 23, 2011.
- COLLEEN S. BAUMTROG, Executive Director of Administrative Services, additional 37 hours effective July 1, 2011 through January 21, 2012, to complete work related to Human Resources, NEC and other administrative issues.
- KRISTIE K. MAHAR-ORTIZ, Ramp Up Technical Tutor effective January 11, 2012 through May 31, 2012.
- MONICA MOMMSEN, Occupational Therapist at the District Service Center, effective December 2, 2011 through June 11, 2012.
- JULIE A. MURPHY, Ramp Up Technical Tutor effective January 10, 2012 through May 31, 2012.
- LAURE J. O'KEEFFE, Ramp Up Technical Tutor effective January 23, 2012 through May 31, 2012.
- PATTI SANNER, Ramp Up Technical Tutor effective January 23, 2012 through May 31, 2012.
- AARON BINGEA, Ramp Up Technical Tutor effective January 11, 2012 through May 31, 2012.
- JAN R. BOYER, Ramp Up Technical Tutor effective January 17, 2012 through May 31, 2012.
- ERLENE SCHWARTZ, Ramp Up Technical Tutor effective January 18, 2012 through May 31, 2012.
- JODY SOUTHERLING, Ramp Up Technical Tutor effective January 4, 2012 through May 31, 2012.

- SANDRA M. SHETKA, Ramp Up Technical Tutor effective January 17, 2012 through May 31, 2012.
- KATIE TWETEN, Ramp Up Technical Tutor effective January 5, 2012 through May 31, 2012.
- ROBERT J. WARD, Ramp Up Technical Tutor effective January 10, 2012 through May 31, 2012.
- MELISSA A. WINSHIP, Ramp Up Technical Tutor effective January 5, 2012 through May 31, 2012.
- EMILIA WOODS, Ramp Up Technical Tutor effective January 5, 2012 through May 31, 2012.
- CANDACE LOVETT, Ramp Up Technical Tutor effective January 11, 2012 through May 31, 2012.

**D. Substitutes**

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**2. Extended Leaves of Absence:**

**A. Unpaid**

- SUSAN R. HENKEMEYER, EBD Instructor at Northwest Tech Center, effective November 28, 2011.

**B. Military Leave**

- TRAVIS L. VOELS, Social Studies Instructor at the District Service Center, effective January 22, 2012 through February 2, 2012.

**3. Separations:**

**A. Dismissal**

- 

**B. Resignation**

- 

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

- JANET A. JOHNSON, Director of Finance at the District Service Center, effective June 30, 2012.
- LAURA KELLER-GAUTSCH, Executive Director of Special Education, effective June 30, 2012.

4. Other:

- A. RECOMMEND the Board's approval to credit, Amanda Dittbenner, EBD Instructor at Sandburg Education Center, with six (6) 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.

Cheryl Gorman	Barb Hagel	Donald Edmondson
Philip Balow	Thomas J. Beers	Mary Peters

- B. RECOMMEND the Board's approval to credit, Kelly Jones, DHH Instructor at the District Service Center, with seven (7) 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.

Susan Weiland	Cathleen Pinkosky	Cynthia Shelton	Jane Freeman
Barb Becker	Marcia Thompson	Margaret Oliver	

**NON-LICENSED STAFF:**

1. New Hires:

A. Regular

- PAUL WETTERLING, Skilled Facility Maintenance Worker at Edgewood Education Center, **new position**, effective December 1, 2011 – Grade VI Step 2 – 12 month 1.0 FTE.
- ANGELINA ROSLIK, Interpreter at the District Service Center, **additional position due to increased enrollment**, effective November 28, 2011 – Step 2 Lane 4 +BA Certification - .575 FTE.
- BRIAN BOLDT, Education Assistant at Northwest Tech Center, **refill for M. Roberts**, effective November 21, 2011 – Step 10 Lane 5 +BA - .875 FTE.
- BARTON KENDALL (current employee), Facilities Operations Manager at South Education Center and Bren Road Education Center, **new position**, effective January 1, 2012 – Grade V – 12 month.
- ZACHARY MAUPIN, Education Assistant at Sandburg Education Center, **refill for A. Freeman**, effective January 3, 2012 – Step 4 Lane 5 +BA - .875 FTE.
- SHELLY NARRAGON, Education Assistant at Bren Road Education Center, **additional position due to increased enrollment**, effective December 15, 2011 – Step 10 Lane 5 +BA - .875 FTE.
- HOWARD CRUTCHER, Education Assistant at Sandburg Education Center, **refill for R. Henderson**, effective January 3, 2012 – Step 11 Lane 5 +BA - .875 FTE.
- ANTONIO HOLMES, Education Assistant at Sandburg Education Center, **additional position due to increased enrollment**, effective January 3, 2012 – Step 2 Lane 5 +BA - .875 FTE.

- JILL BATMAN, Education Assistant at Northwest Tech Center, **additional position due to increased enrollment**, effective January 3, 2012 – Step 7 Lane 4 +90 credits - .875 FTE.
- ARIEL ZINK, Education Assistant at Northwest Tech Center, **additional position due to increased enrollment**, effective January 3, 2012 – Step 2 Lane 5 +BA - .875 FTE.
- ANDREW LILLION, Education Assistant at Sandburg Education Center, **refill for A. Lillion**, effective January 6, 2012 – Step 4 Lane 5 +BA - .875 FTE.

**B. Temporary**

- ERINN MORIARTY, Interpreter for Various Sites, effective December 9, 2011 through June 11, 2012.
- BRIDGET HUGHES, Education Assistant at South Education Center, effective December 19, 2011 through January 31, 2012.

**C. Substitutes**

- Sue Burtam                      Jay Diaferio                      Nikki McComb

**2. Extended Leaves of Absence:**

**A. Unpaid**

- 

**3. Separations:**

**A. Dismissal**

- 

**B. Resignation**

- BRIAN WHITSON, Education Assistant at South Education Center, effective January 6, 2012.
- RONDALE AUSTIN, Education Assistant at Sandburg Education Center, effective January 6, 2012.

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

- JOAN M REYNOLDS, Education Assistant at Northwest Tech Center, effective January 31, 2012.

**4. Other:**

- A.** RECOMMEND the Board's approval to credit, Pamela Taylor, Education Assistant at South Education Center, with one (1) day of additional sick leave. This day has been donated by the staff member listed below who has authorized the District to reduce their individual sick leave balance by one (1) day.

Garth Norberg

# Intermediate District 287

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

Date: January 17, 2012

To: Sandra Lewandowski, Superintendent

From: Thomas Shultz, Director of Facilities

**RE: Recommendation for Approval of Tenant Estoppel Certificate  
for Leased Site for NW Business Center**

A Tenant Estoppel Certificate has been received from our landlord, Timberland Partners for the purpose of obtaining different financing on the property located at 8601 73<sup>rd</sup> Avenue North, Brooklyn Park. The terms and conditions of the original lease have not changed and remain in effect until July 31, 2015 when the current lease will terminate. The site houses our VET North program.

This Tenant Estoppel Certificate is being presented for formal Board approval as a Consent Agenda item.

# Intermediate District 287

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

Date: January 17, 2012  
To: Sandra Lewandowski, Superintendent  
From: Thomas Shultz, Director of Facilities  
**RE: NEC Change Orders**

There are four Change Orders (CO) for the North Education Center construction project that reflects known changes to date. According to the Board-approved decision making process, *Levels of Authority*, those items that are less than \$10,000 may be approved by District Administration. All of the Change Orders fall within that dollar limit as follows:

### Administration Decision

Change Order #33	Reflects soil correction work in the north parking lot as directed by Braun Intertec	\$8,238.00
Change Order #34	Cost to add a second layer of drywall on each side of the wall per detail D4/A522 revisions detailed in ASI No. 31	\$793.00
Change Order #35	Cost to add two chases in the 3 <sup>rd</sup> floor restroom of Area B1 and two chases in the 3 <sup>rd</sup> floor restroom of Area B2 per ASI No. 33.	\$789.00
Change Order #36	Reroute of storm drain and added manhole along 55 <sup>th</sup> Avenue as detailed in ASI No. 40	<u>\$8,572.00</u>
The total of all four Change Orders		<u>\$18,392.00</u>

# Intermediate District 287

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

Date: January 20, 2012

To: Sandra Lewandowski

From: Thomas Shultz

**RE: Recommendation for lease renewal with The LINK at Edgewood Education Center**

I am recommending that the Board renew the one year lease with The LINK, a non-profit community organization, at the Edgewood Education Center located at 6601 Xylon Ave North, Brooklyn Park, MN. The lease term is from January 1, 2012 to December 31, 2012 for approximately 1,000 sf. Ft. of space and limited use of gymnasium and cafeteria. Revenue generated is \$1,000 per month.

# Responsive. Innovative. Solutions.

**YEAR 3 STRATEGIC PLAN  
PROGRESS REPORT  
2011**



**Intermediate District 287**

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# Intermediate District 287

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## A LETTER FROM THE SUPERINTENDENT

It is hard to believe that our school district is in the fourth year of work on our strategic plan! I am convinced we are on track to full implementation of our 5-year Strategic Plan by the end of 2013. This report details progress over the past year and provides evidence of success in all strategy areas. From my vantage point, our strategic work in 2011 is evidenced by the following examples:

Convening leaders in the region is producing collaboration and collective impact in the areas of raising graduation rates and in transportation systems.

Responsiveness to our members is a well understood priority practiced regularly by school board members and staff.

Innovation is increasingly evidenced in the culture throughout the district.

Transparency of district finances is ongoing and our most challenging goal.

Ongoing survey work of key leaders in member districts indicates that the Intermediate is vital to their own missions.

When our original core team was convened four years ago, we could not have envisioned the far reaching impact of their work and vision. Students, families and their member districts are the beneficiaries of the strategic plan they created. Whether by expanded online opportunities, personalized learning for at risk students or the availability of customized special education programs for the most complex learners, the strategic plan is coming alive in Intermediate District 287.

Sincerely,

Sandy Lewandowski  
Superintendent

Some strategic plans are an albatross. They hang around the neck of an organization as a purposeful way to slow down work under the guise of focusing attention.

Some strategic plans are distant relatives. We know we have their address somewhere but we haven't seen them in awhile, and frankly that's just fine with us.

Some strategic plans are an excuse. They provide a way to do what those in the organization wanted to do anyway regardless if those desires were really strategic or a reflection of customer and client requests.

Some strategic plans are a tow truck. They drag the inert from one place to another to wait for the next fix.

But then there are strategic plans that are a jet stream. They propel action along a sometimes-shifting path and are a force that will not be denied. They are a powerful driver of change. This is the type of plan that members of Intermediate District 287 helped design three years ago, and this is the kind of collaborative action that members continue to support as we embrace the watchwords: Responsive. Innovative. Solutions.

## **MISSION**

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

## **CORE VALUES**

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

## **MEMBER DISTRICTS**

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

# Strategy 1

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

## What We Accomplished

Because the electronic tool originally chosen to provide “data dashboard” information needed costly customization to perform across districts, we created a secure portion of the District 287 website to act as the dashboard. The web design includes member district pages, each with a log-in unique to the district. Pages will have information on that district’s (1) students enrolled in 287 programs, (2) estimated tuition costs, and (3) specific conditions of satisfaction and overall program use.

- The student enrollment portion of the member district pages has been piloted with the Minnesota Automated Reporting Student System (MARSS) coordinators from two districts.
- The tuition costs portion of the district pages will include a cost calculator in order to predict tuition costs under changing circumstances, much like a mortgage calculator.
- We have developed the cost calculator model template for each division and shared the concept behind the model with the business directors at the fall advisory meeting.

While the Cognos tool for displaying dashboard information will not be used as the data dashboard for member districts, it will be used within 287 for our internal decision making. Administrative team representatives from the special education and teaching and learning divisions are piloting Cognos as a dashboard and have determined needed data elements.



## Results Focus for the Year

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

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

District 287 administrators pilot real time customized data tools displaying financial, human resource and student data.

## What We Learned

We learned from the Strategic Core Team (stakeholders who met to review the plan in January 2011) that program costs are the most important data that member district staff would like to see. Where these costs are the greatest, they are also the most variable because special education program tuition rate setting and billing now is handled at the state level. Therefore the ability to predict costs both for the members and for 287 is challenging. Using the cost calculator solution on the 287 district's website to offer data dashboards will allow us to provide more cost information and not require the extensive customization required by the original dashboard solution.

We have lost time, however, not only because of the period during which it appeared Cognos could meet our external needs, but also because of the months it took as we searched for and began migration to a new web content management system that we thought would better provide us with additional flexibility and options for a robust dashboard. During the migration it became apparent that the new vendor could not accommodate our overall website needs, and in November 2011 we decided not to transition to a new content management system. We now have renewed confidence in our current vendor and are working to offer the member pages and begin programming the cost calculator.

## What's Next

We will gather from the member district special education and business manager key contacts their assessment of prototype member district pages and the cost calculator, confirming with them that data elements are correct.

We will add content to member district pages and assure that leaders in the member districts have access to this information.

# Strategy 2



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

## Results Focus for the Year

**A system is in place for member districts and 287 to engage in professional learning, information sharing, collaboration, identification of needs, and problemsolving.**

**An array of communication and meeting facilitation skills that develop and foster trusting relationships will be used among members and 287.**

**A clear, concise system of decisionmaking is established, understood, and used to meet the unique needs of individual districts.**

## What We Accomplished

- We have continued to convene the Hennepin County Superintendents and Commissioners to work toward achieving the collective goal of dramatically reducing the Countywide dropout rate. Over the last year, we have:

- shepherded resolutions of commitment to the goal being adopted by all school districts,
- hosted a cross-sector “innovation incubator” that set forth indicators of a successful model for reaching and reengaging dropouts,
- used the indicators of a successful model to begin redesigning our own Area Learning Center programs, and
- identified large cross-system barriers to graduation and brought together work groups to address them.

District 287 has been the consistent champion and driver to increase graduation rates. When it comes to graduation in Hennepin County “all our kids are all our kids.”

- Building on the success of last year’s pilot that involved two districts, we collected “conditions of satisfaction” from each member district. These unique lists encompass three decisionmaking areas between the district and 287: special education, teaching and learning, and finance. The conditions of satisfaction have been communicated among 287 staff to increase awareness of specific requests and areas of emphasis for each district.
- Our internal professional development focus has been to build staff capacity to meet the demands of the plan. In addition to requiring Transformation Systems training for administrators, teacher leaders, and itinerant teaching staff—training we also provide for members through our PREP (Practical Resources for Education Professionals) Center—we have begun a new emphasis on self-efficacy. Self-efficacy is the belief in one’s ability to positively adapt and change as circumstances change.

## What We Learned

We have changed the cycle we used in the pilot for collecting conditions of satisfaction and then checking in with districts on the extent to which they are satisfied. In the pilot, we followed the calendar year; however, all other planning with and reporting to member districts follows an academic year. Therefore, the conditions that were collected in winter 2011 are remaining the conditions for the complete academic year 2011-2012.

In the graduation initiative the need for the resilience that comes with self-efficacy has become apparent. Addressing specific needs of districts related to graduation rates while at the same time aiming for a collective goal pinpoints the challenge of the strategic plan that recognizes the need for tailored solutions while at the same time calling on the power of the collaborative to address our most persistent problems.

## What’s Next

Next year we will consider how the decision-making systems that are being put into place provide an overall accountability structure.

Related to communication, we will assess the extent of member district satisfaction with respect to their unique conditions of satisfaction, offer process communication training, and develop shared communication plans with all districts to further the Countywide graduation goal.

# Strategy 3



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

## Results Focus for the Year

**District 287 uses a responsive system that effectively designs, develops, and/or implements an array of innovative direct and indirect services.**

**District 287 engages in collaborative processes both internally and externally to share expertise, practices, and solutions that promote consistent quality and value.**

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

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

## What We Accomplished

We increased on-site coaching time to help staff adapt to new technology by building on the existing structure of the innovation coaches. Rather than create a separate infrastructure for technology with separate communication lines and coordination, we are more efficiently and effectively exploiting the “adjacent possible” (a term that embodies an important innovation concept) by incorporating additional staff time to the innovation coach structure.

Innovation coaches, working with staff and administration, implemented 90 projects in the 2010-11 school year. The coaches are on pace to facilitate more than 100 additional projects in the 2011-12 school year. An “innovation tracker” documents efforts ranging from individual classroom solutions to systemwide approaches to new service or product designs.

The Innovation Forum has over 350 members, 5,000 posts, and 1,000 conversations. This online forum has developed into a place for both internal and external educators to discuss educational ideas and move innovative projects forward.

## What We Learned

Innovation can be strategically guided and spread through a network of Innovation Coaches. The innovator’s mindset has become an integral element of District 287 workflow and culture. We seek information and opinions outside our regular work units, remind one another to suspend judgment during the inquiry stage of addressing a problem, and quickly prototype solutions.

Our work is not only about solving problems, it is also about making solutions known and leading others to the awareness of options. Within the District the innovation coaches form a diffusion network, consulting with one another on projects and working across program areas to coach and present information. Beyond the district, innovation coaches are actively diffusing projects and knowledge through an increased emphasis on sharing and presenting their work at statewide conferences (including those hosted by TIES, the Minnesota Department of Education, the Minnesota School Boards Association, and the Minnesota Association of School Administrators) and to member district groups.

## What’s Next

We will use the indicators of innovation that we have developed from research and an array of data gathered over the first three years to modify and refine the growth of innovation in the District. Our plan is to present an innovation report card with 2010-2011 and 2011-2012 data.

We will establish more explicit systems to facilitate the growth of innovation in District 287 and member districts, sharing expertise and diffusing innovation across the region.

# Measurement of Strategic Objectives

*Measurement of progress on the strategic plan comes through measurement of the strategic objectives. This provides the overall accountability structure for the plan.*

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

All districts determined their unique conditions of satisfaction in three areas: special education, teaching and learning, and finance. The extent of member satisfaction related to each of these conditions will be assessed at the end of the academic year.

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

This objective is assessed by each member district Superintendent who was asked to respond either affirmatively or negatively to the statement "I declare that Intermediate District 287 services are vital to ensuring that my member district can meet the unique learning needs of our students." The request was made in an email communication this fall from the District 287 Superintendent and included our second annual usage report specific to each district. All member Superintendents responded that yes, District 287 is vital to their ability to meet unique student needs.

## Measurement Results Focus for the Year

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

Dynamic and flexible measurement tools essential for assessing the strategic objectives are being used by District 287 and each member district.

## What We Accomplished

We found new and refined existing ways to assure staff understanding of the mission and the central role of customer service in achieving that mission and meeting our objectives by:

- providing examples of staff acting to further the mission in the Superintendent's six Welcome Back presentations to all staff during workshop week,
- providing administrative and supervisory staff with information to share with all site and itinerant staff on each member district's specific statements of their conditions of satisfaction,
- offering more training to build competency in communication skills, customer relationships, and conducting productive meetings, and
- coordinating Professional Learning Communities (PLCs) within the Administrative Team to emphasize communication and self-efficacy skills.

We used measurement tools to provide summative, year-end data on the two major objectives, and we also explored using other types of tools to give us formative, along-the-way data. One formative, or process, measure that we are piloting in several program areas is called NEOS. NEOS is an assessment of an individual's confidence in his or her self-efficacy over time. It measures one's perceived ability to be open, resourceful and persistent in the context given. We are encouraged that NEOS will offer us objective data on staff capacity to satisfy customer conditions of satisfaction and meet escalating client needs.

## What We Learned

Member districts have affirmed the vitality of the district.

Communication to the front line service providers about the conditions of satisfaction is essential, as is developing a common language for building relationships and trust.

We need to be vigilant in looking for ways to talk about the plan and its relationship to the daily work of all staff.

## What's Next

Using formative or process assessment is the next phase of measurement. We will standardize more on-the-spot data gathering, such as exit slips with parent meetings or staff consultations. These assessments will help guide our internal training and protocols for customer service and program adjustment.

The increased use of formative assessment as well as the information that is gathered on the extent to which we have met districts' conditions of satisfaction, will create the basis to address the remaining result for measurement: "A system is in place to make collaborative decisions based on aggregate data measuring satisfaction."

Story telling is a powerful tool to relay information about the conditions of satisfaction as well as celebrate successes that highlight and reinforce meeting needs. Web stories of students and staff that explicitly connect to one or more conditions of satisfaction will be emphasized this next year.

**RESPONSIVE. INNOVATIVE. SOLUTIONS.**

INTERMEDIATE DISTRICT 287

Strategic Plan Year 3 Progress Report 2011



**Intermediate District 287**

RESPONSIVE. INNOVATIVE. SOLUTIONS.

**1820 Xenium Lane  
Plymouth, MN 55441  
763.559.3535  
[www.district287.org](http://www.district287.org)**

# Intermediate District 287

## *Responsive. Innovative. Solutions*

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### INTER-OFFICE MEMORANDUM

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Date: January 20, 2012

To: Sandra Lewandowski, Superintendent

From: Janet Johnson, Rose Hobson, Gloria Wilder, and Jane Holmberg

**RE: What the Board Needs to Know about Food Service**

At the November Board meeting, there were several questions asked related to the FY 11 finance audit and the need to subsidize the mandatory food service program. Below we offer answers to these questions.

#### 1. Do we charge the same meal prices as member districts?

As the chart below shows, we charge the highest price for breakfast and are second only to Hopkins for the lunch price. Standard state and federal reimbursement rates are noted on the accompanying table.

School District	Breakfast	Lunch
District 287	2.00	3.00
Eden Prairie	Ala Carte prices	2.65
Edina	1.35	2.50
Hopkins	1.75	3.05
Minnetonka	Ala Carte prices	2.85
Orono	None served	2.50
Osseo	1.30	2.25
Richfield	1.00	2.60
Robbinsdale	1.30	2.55
St Louis Park	1.00	2.75
Wayzata	1.35	2.85
Westonka	1.75	2.60

Total Federal/State Reimbursement Per Meal	
<b>Paid Lunch</b>	<b>.38</b>
<b>Reduced - Lunch</b>	<b>2.49</b>
<b>Free Lunch</b>	<b>2.89</b>
<b>Paid Breakfast</b>	<b>.82</b>
<b>Reduced Breakfast</b>	<b>1.80</b>
<b>Free Breakfast</b>	<b>1.80</b>

**2. To what do we attribute the ongoing need to transfer funds to balance the food budget?**

As the Board has approved the transfer from the General Fund to the Food Service Fund since our food service program began in 2009, we have acknowledged that our program must be designed to address the needs of our special populations while also acknowledging the challenges of providing food service on a break even basis in the absence of a critical mass of students.

We do not realize the economies of scale that larger sites provide in other districts. This is borne out by the fact that in the instances in which we contract for food service at smaller sites, we subsidize the staff; however, in the largest location for which we contract, Sandburg, we do not need to subsidize the staff because there is sufficient economy of scale for Robbinsdale. Contacts from the Robbinsdale and Osseo food service have confirmed that at least 300 student meals need to be sold in a day in order to fully fund the food service program at a site.

Site	Breakfast	Lunch
<b>District 287 Provides Meals</b>		
BREN	35 to 40	65 to 70
Headway	12	0
SEC	50	125
<b>District 287 Contracts with a District to Provide Meals</b>		
North Vista - Robbinsdale	50	60
Sandburg - Robbinsdale	120	155
Edgewood - Osseo	50	120
Headway - Hopkins	0	66

**3. What do we speculate might happen after the Jobs funds are depleted?**

In FY 10, before the district had access to Federal Education Jobs funding, the equity transfer from the General Fund to Food Service was \$125,533.86. In FY 11, the amount of Federal Education Jobs funding used to offset food service costs was \$122,067.13 and the amount needed for the transfer from the General Fund to Food Service was \$57,738.37. We anticipate similar numbers in FY12, the last year that the Federal Education Jobs Funding is available.

The goal in using the Federal Education Jobs funding over this two-year time period has been to provide a bridge to the point when we will operate the food service at the North Education Center. Currently Robbinsdale operates the Sandburg site at a profit but we subsidize their staffing for North Vista. Combining the two sites and adding some students who are currently at Northwest Tech will give us an economy of scale and should eliminate the need to subsidize

Another consideration for next year are two possible new options for the Edgewood food service. Analyzing Osseo's net costs, we may be able to re-negotiate our contract so as not to provide a staff subsidy or we may make the decision to manage the food service operations through District 287. The increasing student numbers we are seeing at Edgewood supports exploring these changes.

Because our long-term facilities plan is to move satellite operations to larger facilities, we should continue a trend toward less need to subsidize food service.

#### **4. Are there other solutions?**

The administration continues to analyze all options that could help minimize the transfer from the General Fund while providing a necessary food service program for students. Cost savings in purchasing, use of commodities, and limited staff time already have been implemented, but we also are considering these options:

- One approach to food service across the district might be to go out for bid and contract with one entity. It is possible that one vendor may be able to meet our diverse service needs; however, when we did put out a bid two years ago, we did not receive a single vendor bid.
- Another option to providing meals cooked on site at smaller sites, might be to consider vending machines or transporting meals prepared at another location.

The impact that the number and location of sites and the site enrollment will be considered as we monitor our food service program and gain experience in operating food service at the North Education Center.

Please contact us if you have further questions.

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

Regular Meeting – January 26, 2012

**AGENDA SECTION:** ADMINISTRATIVE SERVICES REPORTS

**ITEM:** Approval of Routine Monthly Finance Report

**PRESENTED BY:** Janet A. Johnson, Director of Finance

**1. Background Information**

The December Budget vs. Actual Reports are presented for Board information and review. These reports indicate that year-to-date revenue in all funds excluding Fund 06, Building Construction, total \$35,222,149, or 42.4% of the Original Revenue Budget of \$83,032,508. 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, we are receiving cash payments at 60% of the entitlement. That compares to 90% in FY09, 73% in FY10, and 70% in FY11. Revenue will be made whole at the end of each fiscal year as we calculate all of our receivables and recognize the revenue receivable as part of the audit.

Year-to-date expenditures in all funds excluding Fund 06, Building Construction, total \$33,257,486, or 40.2% of the Original Expenditure Budget of \$82,644,155.

While we continue to have issues with the MDE Special Education Uniform Tuition billing system, the significant increase in cash recently is due to MDE’s recognition of the impact of their aid entitlement calculations and delayed appeal responses on District 287’s cash flow.

DDA

Attachments

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

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

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

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

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

REPORT: EXPREV 901 REVENUE SUMMARY BY FUND - Board Report  
 STATEMENT OF REVENUE  
 DIST 0287 Intermediate District 287 ACCOUNTING PERIOD 12/01/11 TO 12/31/11

RUN: TUE 011712 14:39 PAGE 1

ACCT STATUS: All Account Statuses  
 ZERO BALANCES: Suppress Zero Balances

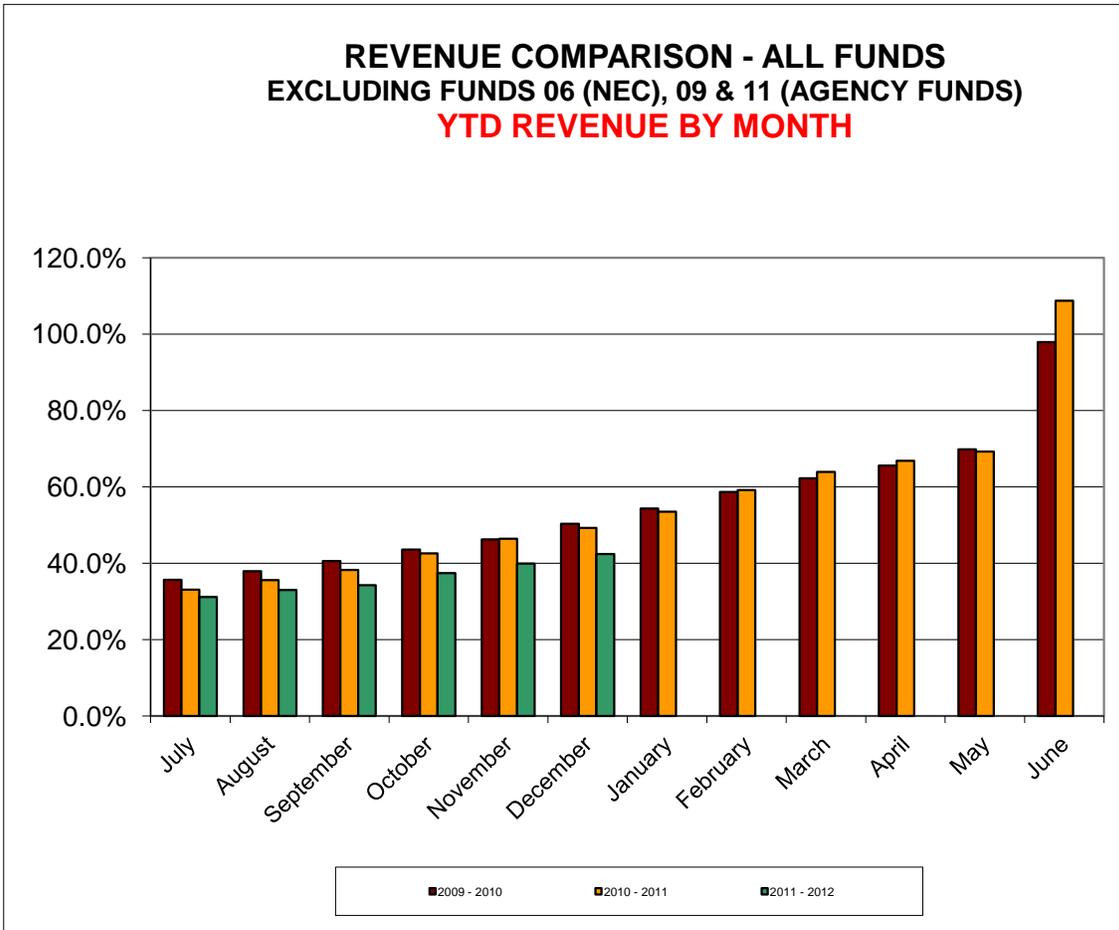
ACCOUNT RANGES: 01 TO 99-999  
 INCLUDE/EXCLUDES: EXL FD 09 09 EXL FD 11 11  
 FISCAL YEAR 201107

FD 01	PRIOR YEAR ACTUAL	REVISED BUDGET	12/01/11 12/31/11	RECEIVED THRU 12/31/11	REMAINING ON 12/31/11	PERCENT REMAINING
01 GENERAL FUND	23,037,509.80	18,012,404	19,760.91	8,752,958.27	9,259,445.73	51.40 %
02 FOOD SERVICE FUND	326,907.87	320,845	3,673.65	29,961.38	290,883.62	90.66 %
04 COMMUNITY SERVICE FUND	245,925.96	288,199	20,823.93	52,755.60	235,443.40	81.69 %
06 BUILDING CONSTRUCTION FUND	33,993,002.67	0	5,730.36	31,617.74	31,617.74-	0.00 %
07 DEBT SERVICE FUND	1,505,683.26	5,520,000	0.00	1,143,909.49	4,376,090.51	79.27 %
08 TRUST FUND	443,237.92	0	48,377.34	224,368.83	224,368.83-	0.00 %
10 SCHOLARSHIP FUND	51,361.84	0	545.00	545.00	545.00-	0.00 %
12 ALC-ACADEMIC	8,740,579.53	9,126,525	188,214.90	6,029,033.49	3,097,491.51	33.93 %
13 CAREER & TECH	1,816,221.93	1,860,719	50,000.00	1,242,100.41	618,618.59	33.24 %
14 SPECIAL EDUCATION	44,947,233.21	47,870,516	1,707,039.21	17,500,918.02	30,369,597.98	63.44 %
20 INTERNAL SERVICE FUND	528,232.56	0	72,459.17	237,171.39	237,171.39-	0.00 %
30 KEYSTONE ITD	68,349.00	0	0.00	0.00	0.00	0.00 %
41 DONATIONS	633.58	0	40.71	216.08	216.08-	0.00 %
51 STUDENT CLUBS	27,711.28	33,300	3,105.89	8,211.18	25,088.82	75.34 %
*** REPORT TOTALS:	115,732,590.41	83,032,508	2,119,771.07	35,253,766.88	47,778,741.12	57.54 %

# DISTRICT 287

## REVENUE COMPARISON - ALL FUNDS EXCL. 06 (NEC), 09 & 11 (AGENCY FUNDS)

Month	2009 - 2010		2010 - 2011		2011 - 2012	
	\$ Amount	% of Budget	\$ Amount	% of Budget	\$ Amount	% of Budget
July	26,328,904	35.7%	24,850,317	33.1%	25,873,696	31.2%
August	1,643,203	37.9%	1,917,864	35.6%	1,547,432	33.0%
September	1,997,224	40.6%	1,976,441	38.2%	1,014,685	34.2%
October	2,207,558	43.6%	3,267,074	42.6%	2,606,586	37.4%
November	1,982,827	46.3%	2,880,502	46.4%	2,065,709	39.9%
December	3,006,224	50.3%	2,114,810	49.2%	2,114,041	42.4%
January	2,910,074	54.3%	3,197,405	53.5%		
February	3,203,938	58.6%	4,262,556	59.1%		
March	2,630,766	62.2%	3,559,420	63.9%		
April	2,518,014	65.6%	2,208,715	66.8%		
May	3,090,652	69.8%	1,840,429	69.3%		
June	20,735,897	97.9%	29,664,054	108.7%		
<b>TOTAL</b>	<b>72,255,282</b>	<b>97.9%</b>	<b>81,739,588</b>	<b>108.7%</b>	<b>35,222,149</b>	<b>42.4%</b>
<b>BUDGET</b>	<b>73,818,687</b>		<b>75,178,488</b>		<b>83,032,508</b>	



REPORT: EXPREV 904 EXPENDITURE SUMMARY BY FUND - Board Rept  
 STATEMENT OF EXPENDITURES  
 DIST 0287 Intermediate District 287 ACCOUNTING PERIOD 12/01/11 TO 12/31/11

RUN: TUE 011712 14:40 PAGE 1

ACCT STATUS: All Account Statuses  
 ZERO BALANCES: Suppress Zero Balances

ACCOUNT RANGES: 01 TO 99-999  
 INCLUDE/EXCLUDES: EXL FD 09 09

EXL FD 11 11

FD	PRIOR YEAR ACTUAL	REVISED BUDGET	12/01/11 TO 12/31/11	EXPENDED THRU 12/31/11	FISCAL YEAR 201107 ENCUMBERED THRU 12/31/11	REMAINING ON 12/31/11	PERCENT REMAINING
01 GENERAL FUND	17,083,389.76	18,025,999	1,097,048.56	8,170,686.72	1,947,054.60	7,908,257.68	43.87 %
02 FOOD SERVICE	326,907.87	320,845	24,018.11	116,599.36	171,914.36	32,331.28	10.07 %
04 COMMUNITY SERVICE FUND	245,925.96	288,199	18,483.95	83,168.13	20,353.69	184,677.18	64.07 %
06 BUILDING CONSTRUCTION FUND	6,584,441.98	31,519,525	2,970,021.88	12,406,304.69	12,492,032.63	6,621,187.68	21.00 %
07 DEBT SERVICE FUND	1,501,117.32	5,520,000	0.00	2,237,659.62		3,282,340.38	59.46 %
08 TRUST FUND	440,950.06	0	48,377.34	224,574.03		224,574.03-	0.00 %
10 SCHOLARSHIP FUND	0.00	0	0.00	7,010.18		7,010.18-	0.00 %
12 ALC-ACADEMIC	8,597,462.06	9,126,525	883,324.07	3,915,401.24	663,198.35	4,547,925.41	49.83 %
13 CAREER & TECH	1,727,372.86	1,861,719	132,980.00	725,317.89	36,328.69	1,100,072.42	59.08 %
14 SPECIAL EDUCATION	43,586,629.61	47,467,568	3,997,083.52	17,613,583.16	948,506.08	28,905,478.76	60.89 %
20 INTERNAL SERVICE FUND	404,958.04	0	31,308.63	155,472.60		155,472.60-	0.00 %
30 KEYSTONE IDT	68,349.00	0	0.00	0.00		0.00	0.00 %
51 STUDENT CLUBS	37,219.06	33,300	2,247.50	8,012.64	1,669.80	23,617.56	70.92 %
*** REPORT TOTALS:	80,604,723.58	114,163,680	9,204,893.56	45,663,790.26	16,281,058.20	52,218,831.54	45.74 %

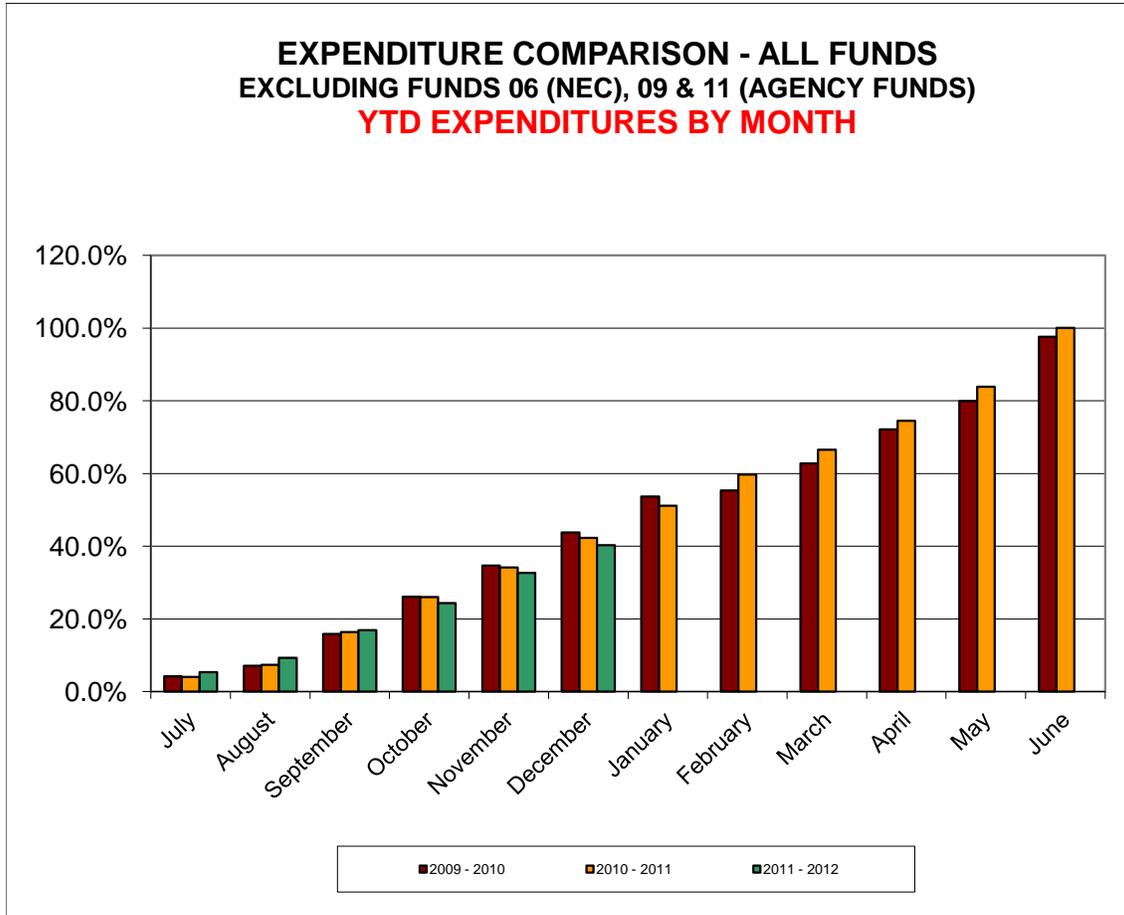
# DISTRICT 287

## EXPENDITURE COMPARISON - ALL FUNDS EXCL. 06 (NEC), 09 & 11 (AGENCY FUNDS)

Month	2009 - 2010		2010 - 2011		2011 - 2012	
	\$ Amount	% of Budget	\$ Amount	% of Budget	\$ Amount	% of Budget
July	3,100,407	4.3%	2,997,044	4.0%	4,426,791	5.4%
August	2,090,194	7.1%	2,470,164	7.4%	3,242,009	9.3%
September	6,381,272	15.9%	6,695,052	16.4% <sup>2</sup>	6,314,818	16.9%
October	7,468,578	26.1%	7,071,964	26.0%	6,114,673	24.3%
November	6,212,868	34.7%	6,026,323	34.1%	6,924,324	32.7%
December	6,626,034	43.8%	6,049,172	42.3%	6,234,872	40.2%
January	7,212,163	53.7%	6,554,858	51.2%		
February	1,226,463	55.4% <sup>1</sup>	6,315,161	59.7%		
March	5,379,804	62.8%	5,037,604	66.5%		
April	6,840,093	72.1%	5,900,120	74.5%		
May	5,634,133	79.9%	6,923,777	83.8%		
June	12,871,609	97.6%	11,979,044	100.0%		
<b>TOTAL</b>	<b>71,043,619</b>	<b>97.6%</b>	<b>74,020,282</b>	<b>100.0%</b>	<b>33,257,486</b>	<b>40.2%</b>
<b>BUDGET</b>	<b>72,817,617</b>		<b>74,008,146</b>		<b>82,644,155</b>	

<sup>1</sup> Insurance Costing correction from 7/1/08-2/28/09

<sup>2</sup> Includes \$1,132,399.50 payment for purchase of Hosterman land



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*Partner in Education*

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DATE: **January 17, 2012**

TO: Members of the School Board

FROM: Janet A. Johnson, Director of Finance

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

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

- |  |                                 |
|--|---------------------------------|
| 1. Claim payments for: <b>December 2011</b>  | Totaling <b>\$ 6,063,089.36</b> |
| a) Check #'s <b>485865 - 486219, 70009447 - 70009603</b><br>and Electronic Wire Transfers out - #'s <b>2281 - 2286, 3066, 80000222- 80000231</b> |                                 |
| 2. Payroll for: December 2011  | Totaling <b>\$ 2,383,343.43</b> |
| a) Check #'s <b>675441 - 675445</b><br>b) Direct Deposit #'s <b>200998 - 202909</b><br>and Electronic Wire Transfers out - #'s <b>4078</b>       |                                 |
| 3. Receipts for: December 2011   | Totaling <b>\$ 3,255,386.94</b> |
| a) Receipt #'s <b>129769 - 129957</b>  |                                 |
| 4. Investments at end of month   | Totaling <b>\$ -</b>            |

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

# Intermediate District 287

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

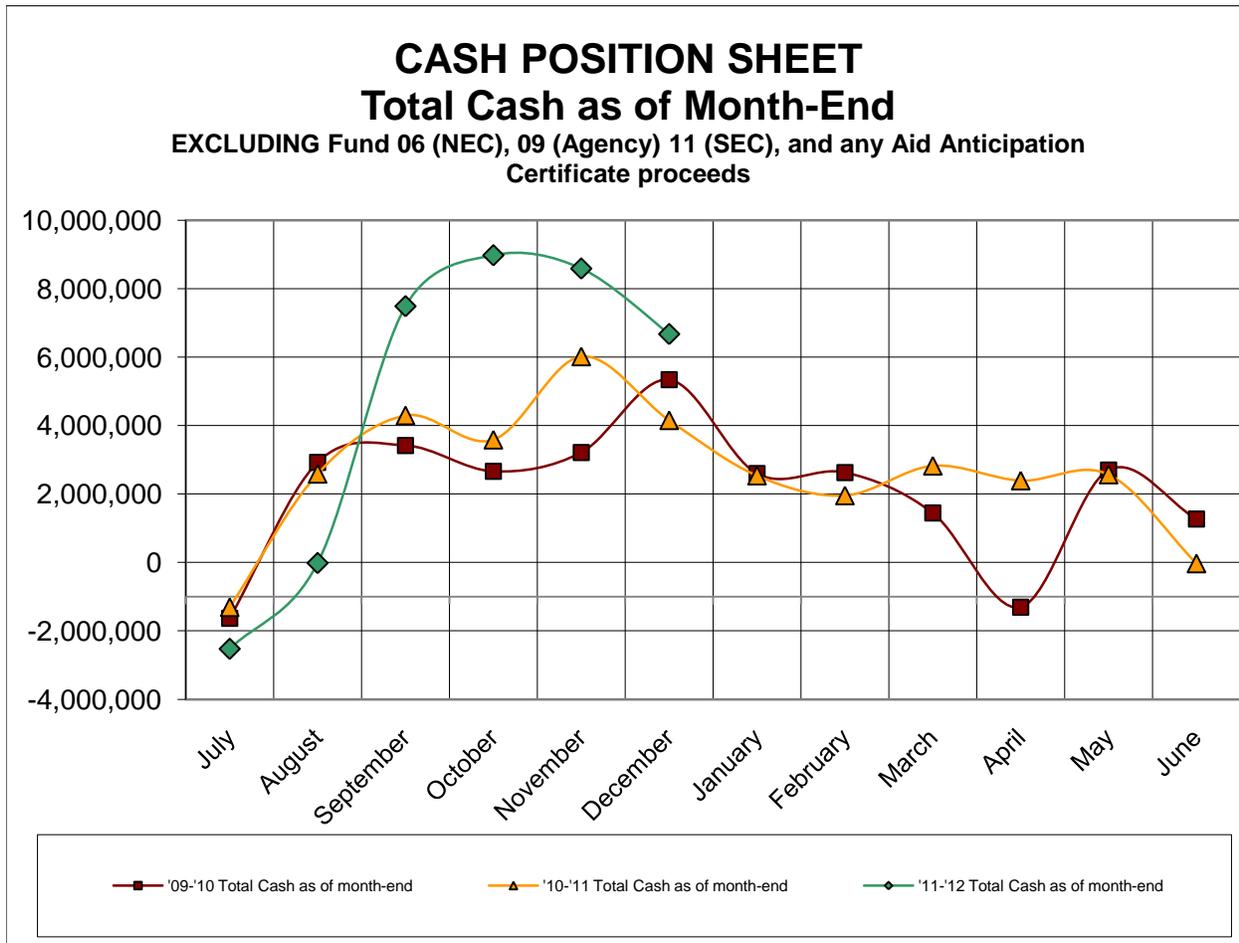
- EXCLUDING Fund 06 (NEC Construction), 09 (Agency) and 11 (SEC Construction)

<u>Date</u>	<u>'09-'10 Total Cash as of month-end</u>	<u>'10-'11 Total Cash as of month-end</u>	<u>'11-'12 Total Cash as of month-end</u>
July	-1,635,886	-1,311,376	-2,523,529
August	2,924,129	2,589,499	-15,086
September	3,420,767	4,297,117	7,492,933
October	2,663,437 <sup>1</sup>	3,587,135 <sup>2</sup>	8,982,957 <sup>3</sup>
November	3,215,281 <sup>1</sup>	6,023,170 <sup>2</sup>	8,595,697 <sup>3</sup>
December	5,343,251 <sup>1</sup>	4,155,869 <sup>2</sup>	6,678,835 <sup>3</sup>
January	2,595,593 <sup>1</sup>	2,536,880 <sup>2</sup>	
February	2,630,541 <sup>1</sup>	1,956,153 <sup>2</sup>	
March	1,441,697 <sup>1</sup>	2,824,310 <sup>2</sup>	
April	-1,306,262 <sup>1</sup>	2,391,598 <sup>2</sup>	
May	2,705,205 <sup>1</sup>	2,569,311 <sup>2</sup>	
June	1,270,575 <sup>1</sup>	-33,370 <sup>2</sup>	

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

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

<sup>3</sup> excludes Aid Anticipation Certif. proceeds of \$5,900,000.00 in July 2011



**INTERMEDIATE DISTRICT 287**

**DECEMBER 2011 ACTIVITY**

**WIRE TRANSFERS IN:**

DATE	AGENCY	TO	EF#	AMOUNT	DESCRIPTION
12/06/11	DHS-MMS	MSDLAF	240810	7,841.83	DHS-MMIS THIRD PARTY SETTLEMENT FY0910
12/09/11	TEACHERS RETIREMENT	MSDLAF	252861	162.89	TRA REFUND EMPLOYERS CONTRIBUTION/RUFFENACH
12/14/11	EDUC STATE AID	MSDLAF	259022	57,409.87	GENERAL ED AID FY1112
	EDUC STATE AID	MSDLAF	259022	1,480,694.97	SPECIAL ED AID FY1112
	ST CLOUD UNIVERSITY	MSDLAF	281760	75.00	STU TEACHING STIPEND
12/27/11	EDUC-FNS	MSDLAF	286885	47.86	CHILD NUTRITION REBATE
12/27/11	EDUC STATE AID	MSDLAF	31666	31,314.47	GENERAL ED AID FY1112

**MTD TOTALS** 1,577,546.89

**WIRE TRANSFERS OUT:**

DATE	FROM	AGENCY	WIRE #	AMOUNT	DESCRIPTION
12/15/11	MSDLAF	EBC	8000222	17,680.40	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	8000223	129,839.50	FEDERAL TAXES
	MSDLAF	EBC	8000224	51,830.91	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	8000225	267,028.72	FEDERAL TAXES
	MSDLAF	MN DEPT OF REV	8000226	72,143.10	STATE WITHHOLDING TAXES
	MSDLAF	US BANK		1,184,288.85	DIRECT DEPOSIT PAYROLL
12/27/11	MSDLAF	BANK CARD SERVICES	2281	541.41	MERCHANT CARD FEES NOV11
	MSDLAF	BANK OF MONTREAL	2282	54,892.55	P-CARDS NOV 2011
	MSDLAF	EBC	2283	25,781.44	EMPLOYEE & EMPLOYER 403B RETIREES
	MSDLAF	ING	2284	9,403.01	MN STATE RETIREMENT SYSTEMS
12/29/11	MSDLAF	US BANK		1,189,875.59	DIRECT DEPOSIT PAYROLL
	MSDLAF	US BANK	2285	126.39	ARP FEE VOUCHER ACCT OCT11
	MSDLAF	CHS	2286	48,377.34	CHS FLEX PAYMENTS DEC11
	MSDLAF	EBC	8000227	51,830.91	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	8000228	269,268.14	FEDERAL TAXES
	MSDLAF	MN DEPT OF REV	8000229	72,830.76	STATE WITHHOLDING TAXES
	MSDLAF	EBC	8000230	17,655.26	EMPLOYEE & EMPLOYER 403B
	MSDLAF	US BANK	8000231	130,314.88	FEDERAL TAXES
	MSDLAF	US BANK	3066	53.09	ARP FEES RECEIPT ACCT OCT11
	MSDLAF	US BANK	4078	60.43	ARP FEES PAYROLL ACCT OCT11

**MTD TOTALS** 3,593,822.68



**DONATIONS**  
**INTERMEDIATE DISTRICT 287**  
**2011-2012**

December 2011

DON. DATE	DESCRIPTION	VIN#	EST VALUE	DONOR	SS# OR FED ID#	CAMPUS	PROGRAM
12/20/11	CHECK		\$ 9,500.00	3M FOUNDATION			DESTINATION IMAGINATION
12/30/11	CHECK		\$ 20.00	BOWERS, DEBRA			KEN DANIELS SCHOLARSHIP
12/30/11	CHECK		\$ 50.00	BRUMMOND, KATHLEEN			KEN DANIELS SCHOLARSHIP
12/30/11	CHECK		\$ 25.00	CASMER, KATHLEEN			KEN DANIELS SCHOLARSHIP
12/6/11	CHECK		\$ 20.00	ESPESETH, JERI & ARNE		SEC	SUN
12/27/11	CHECK		\$ 50.00	FISHER-WARD, FAYE		EDGEWOOD	STUDENT CLUB
12/30/11	CEHCK		\$ 50.00	GRONEMANN, JOHN			KEN DANIELS SCHOLARSHIP
12/30/11	CHECK		\$ 15.00	HAMMER, JEFFREY			KEN DANIELS SCHOLARSHIP
12/15/11	CHECK & FOOD ITEMS		\$ 25.00	JIRAK, TIM		SANDBURG	BACKPACK BUDDIES
12/30/11	CHECK		\$ 10.00	JOHNSON, MARVIN			KEN DANIELS SCHOLARSHIP
12/30/11	CHECK		\$ 25.00	KUNZ, MICHELE			KEN DANIELS SCHOLARSHIP
12/6/11	CHECK		\$ 25.00	LOPRESTI, THERESE & SAM		SEC	PHASE, INTERSECT & SUN
12/6/11	CHECK		\$ 30.00	LUX, ELISA & FRED		SEC	PHASE, INTERSECT & SUN
12/30/11	CHECK		\$ 50.00	MURPHY, PATRICIA			KEN DANIELS SCHOLARSHIP
12/30/11	CHECK		\$ 65.00	MUYRES, JUDITH			KEN DANIELS SCHOLARSHIP
12/15/11	CHECK		\$ 20.00	RM MECHANICAL, INC.,		SANDBURG	BACKPACK BUDDIES
12/20/11	2002 SATURN	1G8ZH52812Z260450	\$ 500.00	STOA, JERILYN BETH		EPC	AUTO MECHANICS
12/6/11	CHECK		\$ 25.00	STOERING, DEANNA & MIKE		SEC	PHASE, INTERSECT & SUN
12/30/11	CHECK		\$ 25.00	SUSSENGUTH, NEIL			KEN DANIELS SCHOLARSHIP
12/30/11	CHECK		\$ 15.00	TIMMERS-CHAPMAN, GWENDA			KEN DANIELS SCHOLARSHIP
11/21/11	CHECK		\$ 50.00	YOYO DONUTS & COFFEE BAR		BREN	EXPLORE
			\$ 10,595.00				

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

Regular Meeting – January 26, 2012

**AGENDA SECTION: ADMINISTRATIVE SERVICES**

**ITEM: Recommendation for Board Acceptance of the  
Audited Financial Report for the Year Ended  
June 30, 2011**

**PRESENTED BY: Janet A. Johnson, Director of Finance**

**1. Background Information**

Jim Eichten, Managing Partner of MMKR, Certified Public Accountants & Co., P.A. will present the District’s audited Financial Report for the year ended June 30, 2011.

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

**3. RECOMMENDED ACTION: The Board accepts the audited financial report for the year ended June 30, 2011.**

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

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

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

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

**Financial Report**

**Year Ended  
June 30, 2011**

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INTERMEDIATE DISTRICT NO. 287

Board of Directors and Administration  
as of June 30, 2011

**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
Arlene Bush	Bloomington	Director
Donald Draayer	Minnetonka	Director
Dean Henke	Osseo	Director
Linda Johnson	Robbinsdale	Director
Michèle Kunz	Orono	Director
Carter Peterson	Wayzata	Director
Peyton Robb	Edina	Director
Laura Ronbeck	Hopkins	Director
Pam Rykken	St. Louis Park	Director

**ADMINISTRATION**

Sandy Lewandowski	Superintendent
Colleen Baumtrog	Executive Director of Administrative Services
Jane Holmberg	Executive Director of Teaching and Learning
Laura Keller-Gautsch	Executive Director of Special Education
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, 2011, 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, 2010 and, in our report dated December 29, 2010, 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 of the notes to basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" during the year ended June 30, 2011.

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, 2010, from which such partial information was derived.

(continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2011 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

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

December 27, 2011

## INTERMEDIATE DISTRICT NO. 287

### Management's Discussion and Analysis Year Ended June 30, 2011

This section of Intermediate District No. 287's (the District) annual financial report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2011. We encourage readers to consider the financial information presented here in conjunction with other components of the District's annual financial report.

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

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

- Independent Auditor's Report;
- 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.

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

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

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

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

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

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

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service Special Revenue, Community Service Special Revenue, and 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 combining and individual fund statements and schedules section.

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

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

The District maintains the following kinds of funds:

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

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

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current and other assets	\$ 32,764,488	\$ 26,085,675
Restricted assets	28,652,100	-
Capital assets, net of accumulated depreciation	<u>55,735,531</u>	<u>49,700,596</u>
<b>Total assets</b>	<b><u>\$ 117,152,119</u></b>	<b><u>\$ 75,786,271</u></b>
<b>Liabilities</b>		
Current and other liabilities	\$ 18,306,042	\$ 17,739,277
Long-term liabilities, including due within one year	<u>85,077,930</u>	<u>53,462,761</u>
<b>Total liabilities</b>	<b><u>\$ 103,383,972</u></b>	<b><u>\$ 71,202,038</u></b>
<b>Net assets</b>		
Invested in capital assets, net of related debt	\$ 3,970,656	\$ 2,415,671
Restricted	506,878	183,762
Unrestricted	<u>9,290,613</u>	<u>1,984,800</u>
<b>Total net assets</b>	<b><u>\$ 13,768,147</u></b>	<b><u>\$ 4,584,233</u></b>

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

The District's total net assets increased by \$9,183,914 during the year ended June 30, 2011. The amount invested in capital assets, net of related debt increased by \$1,554,985, mainly due to the relationship of debt retirement as compared to depreciation on capital assets. Restricted net assets increased by \$323,116, mainly due to an increase in assets restricted by state funding obligations. The unrestricted portion of net assets increased \$7,305,813 in the current year. This was due to an increase in revenue from state sources from the state's special education tuition billing process.

The significant increases in restricted assets and long-term liabilities 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>2011</u>	<u>2010</u>
<b>Revenue</b>		
Program revenues		
Charges for services	\$ 31,551,418	\$ 32,677,313
Operating grants and contributions	47,437,971	37,212,152
General revenues		
General grants and aids	1,501,117	–
Other general revenues	84,243	192,654
Investment earnings	70,322	13,112
<b>Total revenue</b>	<u>80,645,071</u>	<u>70,095,231</u>
<b>Expenses</b>		
Career and technical education	1,701,554	1,799,980
Academic education	8,685,176	7,414,031
Special education	43,571,799	42,834,001
Student clubs	37,220	33,230
Administrative support services and operations and maintenance	14,456,449	14,177,454
Food service	313,772	271,290
Community service	245,600	302,778
Interest and fiscal charges on debt	2,449,587	1,862,426
<b>Total expenses</b>	<u>71,461,157</u>	<u>68,695,190</u>
<b>Change in net assets</b>	<u>\$ 9,183,914</u>	<u>\$ 1,400,041</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.

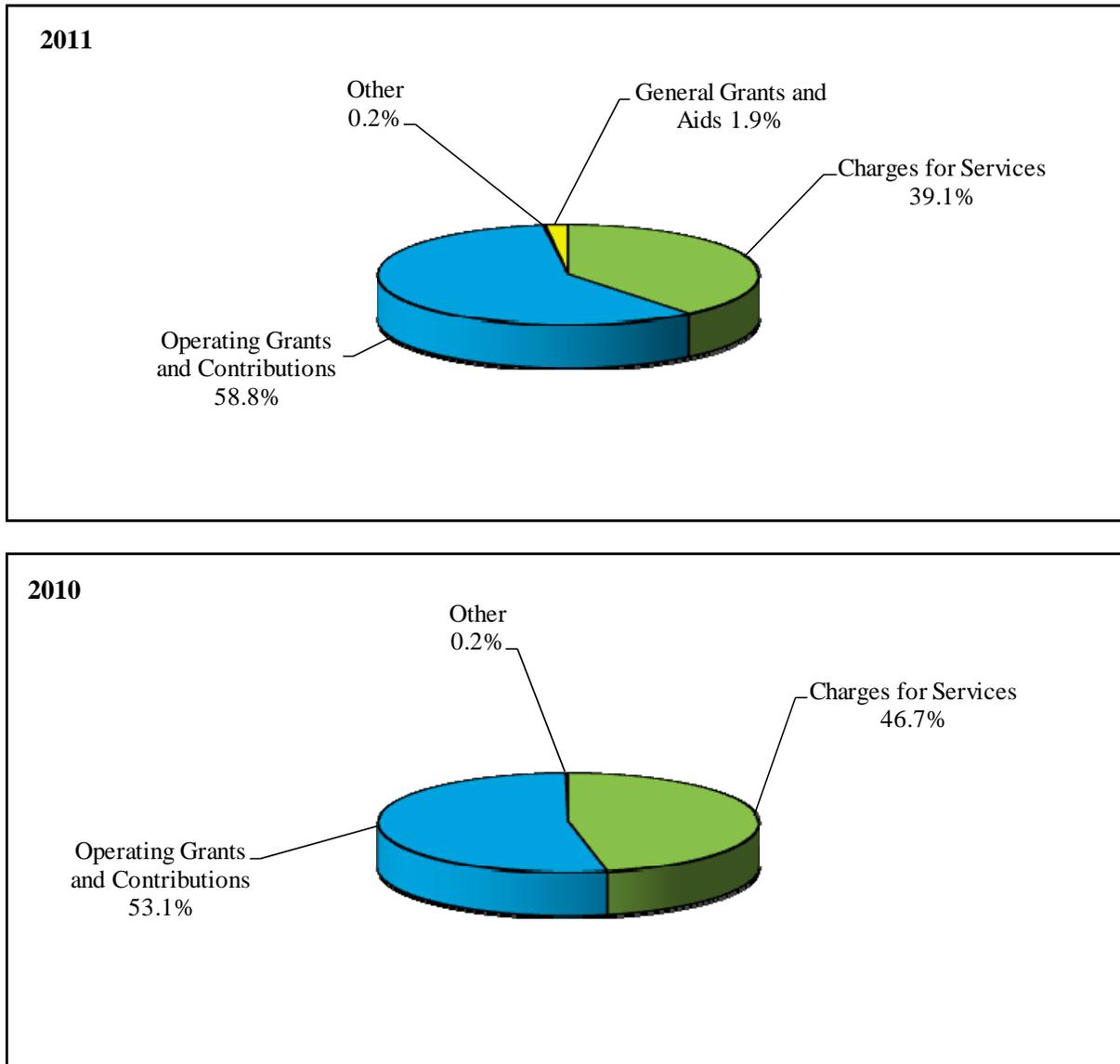
The District's total revenues were \$80,645,071 for the year ended June 30, 2011. Charges for services account for 39.1 percent of total revenues for the year while operating grants and contributions accounted for 58.8 percent. General grants and aids accounted for 1.9 percent of the total revenue and is mainly from pass-through levies for debt service.

The total cost of all programs and services was \$71,461,157. The District's expenses are predominantly related to providing education services to students. In 2010–2011, 75.7 percent of the District's expenses were devoted to this purpose. Of the 20.2 percent of total expenses for the year in administrative support services and operations and maintenance, 1.3 percent are in administrative; 9.4 percent are business and instructional support services, including technology; and 9.5 percent are in building operations and maintenance.

Interest and fiscal charges on debt are higher in fiscal 2011 due to the issuance of several certificates of participation in the last two fiscal years.

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

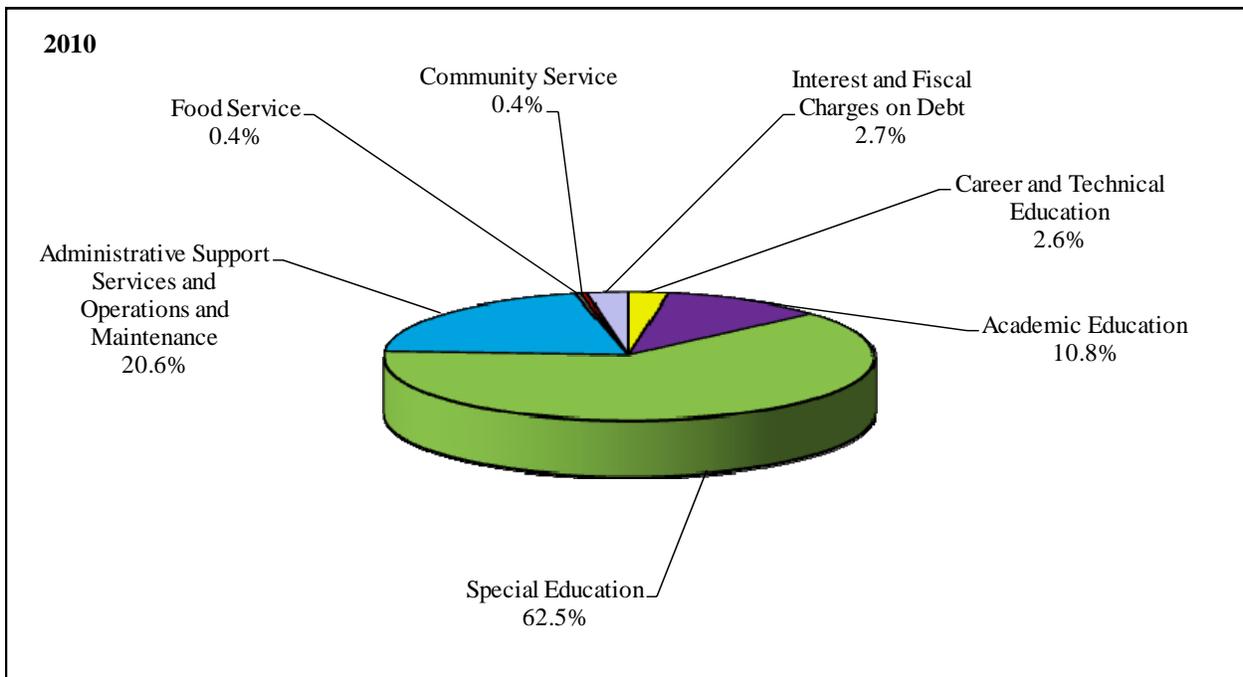
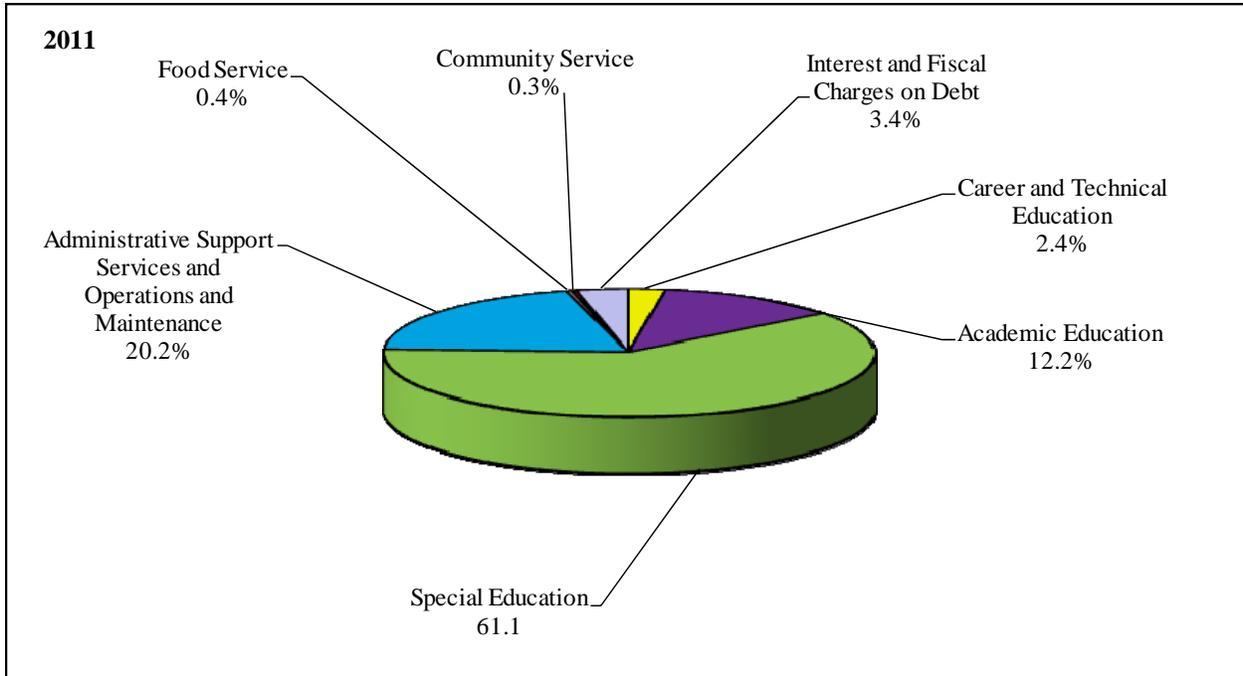
**Figure A – Sources of Revenues for Fiscal Years 2011 and 2010**



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 Minnesota Department of Education’s (MDE) special education tuition billing calculations for three fiscal years—2009, 2010, and 2011. 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 2011 and 2010**



The District's expenses are predominately related to categories that relate directly to providing instruction, which includes: special education, academic education, and career and technical education, comprising 75.7 percent of the total. Of the 20.2 percent of total expenses for the year in administrative support services and operations and maintenance, 1.3 percent are in administrative; 9.4 percent are business and instructional support services, including technology; and 9.5 percent are in building operations and maintenance. An additional 3.4 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:

	2011		2010	
	Total Cost of Services	Net (Expenses Over) Revenues From Services	Total Cost of Services	Net (Expenses Over) Revenues From Services
Governmental activities				
Career and technical education	\$ 1,701,554	\$ 104,581	\$ 1,799,980	\$ 6,343
Academic education	8,685,176	36,727	7,414,031	(624,137)
Special education	43,571,799	1,422,478	42,834,001	88,543
Student clubs	37,220	(9,508)	33,230	(2,424)
Administrative support services and operations and maintenance	14,456,449	8,473,678	14,177,454	3,784,843
Food service	313,772	(44,603)	271,290	(123,089)
Community service	245,600	(5,534)	302,778	(73,378)
Interest and fiscal charges on debt	2,449,587	(2,449,587)	1,862,426	(1,862,426)
<b>Total</b>	<b>\$ 71,461,157</b>	<b>\$ 7,528,232</b>	<b>\$ 68,695,190</b>	<b>\$ 1,194,275</b>

The improved net cost of services within special education and operations and maintenance categories is mainly the result of increased state aid from the state's tuition billing system.

#### **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:

	2011	2010	Increase (Decrease)
	Major funds		
General	\$ 16,487,675	\$ 8,949,859	\$ 7,537,816
Capital Projects – Building Construction Fund	27,054,799	(353,761)	27,408,560
Nonmajor funds			
Community Service Special Revenue	3	3	–
Debt Service Fund	4,566	–	4,566
<b>Total governmental funds</b>	<b>\$ 43,547,043</b>	<b>\$ 8,596,101</b>	<b>\$ 34,950,942</b>

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 separation and 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. An additional \$5.7 million was used to establish an assigned fund balance for MDE special education state aid tuition appeal. This is in recognition of the potential for additional calculation changes in this area by the MDE as well as the need to work closely with member district business managers to determine the best long-term disposition of these dollars.

### Analysis of the General Fund

Table 5 presents a summary of General Fund revenues:

	<u>2011</u>	<u>2010</u>	Amount of Increase (Decrease)
Local sources			
Pass-through levies	\$ 4,923,538	\$ 6,823,078	\$ (1,899,540)
Tuition	24,119,591	23,511,263	608,328
Investment earnings	5,493	13,112	(7,619)
Other	3,545,046	2,735,809	809,237
State sources	44,274,425	35,631,298	8,643,127
Federal sources	1,698,976	1,003,070	695,906
	<u>\$ 78,567,069</u>	<u>\$ 69,717,630</u>	<u>\$ 8,849,439</u>
Total General Fund revenues			

The District received approximately \$4.9 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 2011, there were prior year state aid adjustments from the MDE that caused the amount of tuition billed by the MDE on behalf of the District to increase. State sources also increased due to compensatory aid being generated and paid directly to the District. Federal sources increased due to the Education Jobs Fund program.

Table 6 presents a summary of General Fund expenditures:

	2011	2010	Amount of Increase (Decrease)
Salaries	\$ 41,244,648	\$ 38,758,428	\$ 2,486,220
Employee benefits	14,037,924	13,798,746	239,178
Purchased services	9,765,226	9,749,889	15,337
Supplies and materials	1,084,341	1,014,559	69,782
Other expenditures	695,554	427,351	268,203
Capital expenditures	1,458,238	869,915	588,323
Debt service	2,682,545	3,771,156	(1,088,611)
<b>Total General Fund expenditures</b>	<b>\$ 70,968,476</b>	<b>\$ 68,390,044</b>	<b>\$ 2,578,432</b>

Salary and benefits increased due to normal inflationary increases. The decrease in debt service reflects the move of these costs to the Debt Service Fund for certificates of participation principal and interest payments.

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

	2007	2008	2009	2010	2011
Unreserved – unassigned/undesignated fund balance	\$ 2,796,598	\$ 2,889,686	\$ 4,691,375	\$ 3,778,052	\$ 4,757,797
Unassigned/undesignated fund balance as a percentage of noncapital related expenditures	5.0%	4.9%	6.9%	5.5%	6.7%

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 \$4,757,797 at June 30, 2011 represents 6.7 percent of annual expenditures. The District continues to monitor its fund balances closely. The Board of Director's policy sets a goal of 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:

	Original Budget	Final Budget	Actual	Over (Under) Final Budget	
				Amount	Percent
Revenue	\$ 74,989,445	\$ 74,544,188	\$ 78,567,069	\$ 4,022,881	5.4%
Expenditures	\$ 72,745,014	\$ 73,385,453	\$ 70,968,476	\$ (2,416,977)	(3.3%)

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 revenue to be over budget are the adjustments totaling about \$6.0 million from the MDE covering three fiscal years of special education tuition billing through the MDE system. Another factor affecting the over budget revenue amount was that the District established a Debt Service Fund. Revenue previously reflected in the General Fund of about \$1.5 million for debt payments was reflected in the Debt Service Fund for fiscal year 2011. The budget in neither the General Fund nor the Debt Service Fund was amended to reflect this change.

Over half of the under budget amount in expenditures reflects continued cost containment efforts across almost all areas of the budget. The remaining amount is again due to the movement of debt payments to the Debt Service Fund and not amending either the General Fund or Debt Service Fund budgets to reflect the change.

### **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 \$27,054,799 is related to the District issuing certificates of participation for the construction 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, 2011 and 2010:

	2011	2010	Net Change
Land	\$ 10,865,963	\$ 9,669,366	\$ 1,196,597
Buildings	41,799,437	41,686,261	113,176
Equipment	2,823,913	2,623,116	200,797
Construction in progress	5,458,349	-	5,458,349
Assets held under capital lease	1,820,432	1,820,432	-
Less accumulated depreciation	(7,032,563)	(6,098,579)	(933,984)
<b>Total</b>	<b>\$ 55,735,531</b>	<b>\$ 49,700,596</b>	<b>\$ 6,034,935</b>
Depreciation expense	\$ 1,122,702	\$ 1,071,482	\$ 51,220

The significant increase in the land and construction in progress categories is due to the purchase of land and 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:

	2011	2010	Increase (Decrease)
Capital leases payable	\$ 26,280,398	\$ 27,125,261	\$ (844,863)
Certificates of participation payable	53,720,000	20,665,000	33,055,000
Premium/(discount) on debt issued	96,177	39,150	57,027
Deferred charges on debt issued	(1,272,335)	(544,486)	(727,849)
Severance benefits payable	4,731,848	5,017,828	(285,980)
Compensated absences payable	375,937	377,608	(1,671)
Net OPEB obligation	960,472	637,113	323,359
Net pension obligation	185,433	145,287	40,146
<b>Total</b>	<b>\$ 85,077,930</b>	<b>\$ 53,462,761</b>	<b>\$ 31,615,169</b>

The increase in certificates of participation payable is due to the financing for the construction of NEC. 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. This member district has been decreasing its involvement in special education programs over the last few years. This decrease in involvement has been managed within the budget planning processes and is offset by enrollment increases from other member and non-member districts. The situation reinforces the District's need to control costs and deliver services efficiently.

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

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Services Office, Intermediate District No. 287, 1820 North Xenium Lane, Plymouth, Minnesota 55441.

**BASIC FINANCIAL STATEMENTS**

INTERMEDIATE DISTRICT NO. 287

Statement of Net Assets  
as of June 30, 2011  
(With Partial Comparative Information as of June 30, 2010)

	Governmental Activities	
	2011	2010
<b>Assets</b>		
Cash and temporary investments	\$ 3,764,135	\$ 6,394,714
Receivables		
Accounts and interest	628,731	377,078
Due from other governmental units	28,256,161	19,208,965
Inventory	1,850	1,526
Prepaid items	113,611	103,392
Restricted assets – temporarily restricted		
Cash and investments for capital projects	28,652,100	–
Capital assets, net of depreciation		
Not depreciated	18,144,744	11,489,798
Depreciated, net of accumulated depreciation	37,590,787	38,210,798
Total capital assets, net of accumulated depreciation	<u>55,735,531</u>	<u>49,700,596</u>
Total assets	<u>\$ 117,152,119</u>	<u>\$ 75,786,271</u>
<b>Liabilities</b>		
Aid anticipation certificates	\$ 3,590,000	\$ 4,895,000
Salaries and compensated absences payable	2,157,696	932,041
Accounts and contracts payable	2,495,498	852,979
Due to other governmental units	2,124,866	2,598,904
Unearned revenue	7,231,493	8,028,922
Accrued interest payable	706,489	431,431
Long-term liabilities		
Due within one year	3,027,302	2,422,202
Due in more than one year	82,050,628	51,040,559
Total long-term liabilities	<u>85,077,930</u>	<u>53,462,761</u>
Total liabilities	103,383,972	71,202,038
<b>Net assets</b>		
Invested in capital assets, net of related debt	3,970,656	2,415,671
Restricted for		
State funding restrictions	506,878	183,762
Unrestricted	9,290,613	1,984,800
Total net assets	<u>13,768,147</u>	<u>4,584,233</u>
Total liabilities and net assets	<u>\$ 117,152,119</u>	<u>\$ 75,786,271</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Activities  
 Year Ended June 30, 2011  
 (With Partial Comparative Information for the Year Ended June 30, 2010)

Functions/Programs	2011			2010	
	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	\$ 1,701,554	\$ 1,786,911	\$ 19,224	\$ 104,581	\$ 6,343
Academic education	8,685,176	6,157,786	2,564,117	36,727	(624,137)
Special education	43,571,799	13,748,945	31,245,332	1,422,478	88,543
Student clubs	37,220	26,306	1,406	(9,508)	(2,424)
Administrative support services and operations and maintenance	14,456,449	9,673,347	13,256,780	8,473,678	3,784,843
Food service	313,772	33,724	235,445	(44,603)	(123,089)
Community service	245,600	124,399	115,667	(5,534)	(73,378)
Interest and fiscal charges on debt	2,449,587	—	—	(2,449,587)	(1,862,426)
Total governmental activities	<u>\$71,461,157</u>	<u>\$31,551,418</u>	<u>\$ 47,437,971</u>	7,528,232	1,194,275
General revenues					
General grants and aids				1,501,117	—
Other general revenues				84,243	192,654
Investment earnings				70,322	13,112
Total general revenues				<u>1,655,682</u>	<u>205,766</u>
Change in net assets				9,183,914	1,400,041
Net assets – beginning				<u>4,584,233</u>	<u>3,184,192</u>
Net assets – ending				<u>\$ 13,768,147</u>	<u>\$ 4,584,233</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Balance Sheet  
Governmental Funds  
as of June 30, 2011

(With Partial Comparative Information as of June 30, 2010)

	General Fund	Capital Project –	Nonmajor Funds	Total Governmental Funds	
		Building Construction Fund		2011	2010
<b>Assets</b>					
Cash and temporary investments	\$ 3,497,462	\$ –	\$ 34,336	\$ 3,531,798	\$ 6,245,364
Cash and investments held by trustee	–	28,652,100	–	28,652,100	–
Receivables					
Accounts and interest	584,983	39,746	4,002	628,731	377,078
Due from other funds	4,473	–	–	4,473	174,465
Due from other governmental units	28,224,514	–	31,647	28,256,161	19,208,965
Inventory	–	–	1,850	1,850	1,526
Prepaid items	113,611	–	–	113,611	103,392
<b>Total assets</b>	<b>\$ 32,425,043</b>	<b>\$ 28,691,846</b>	<b>\$ 71,835</b>	<b>\$ 61,188,724</b>	<b>\$ 26,110,790</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Aid anticipation certificates	\$ 3,590,000	\$ –	\$ –	\$ 3,590,000	\$ 4,895,000
Salaries and compensated absences payable	2,141,273	–	7,379	2,148,652	882,710
Due to other funds	–	–	4,473	4,473	174,465
Accounts and contracts payable	846,353	1,637,047	12,098	2,495,498	852,979
Accrued interest payable	46,699	–	–	46,699	81,709
Due to other governmental units	2,082,707	–	42,159	2,124,866	2,598,904
Unearned revenue	7,230,336	–	1,157	7,231,493	8,028,922
<b>Total liabilities</b>	<b>15,937,368</b>	<b>1,637,047</b>	<b>67,266</b>	<b>17,641,681</b>	<b>17,514,689</b>
<b>Fund balances</b>					
Nonspendable	113,611	–	–	113,611	103,392
Restricted	474,895	27,054,799	4,569	27,534,263	142,273
Assigned	11,141,372	–	–	11,141,372	4,926,145
Unassigned	4,757,797	–	–	4,757,797	3,424,291
<b>Total fund balances</b>	<b>16,487,675</b>	<b>27,054,799</b>	<b>4,569</b>	<b>43,547,043</b>	<b>8,596,101</b>
<b>Total liabilities and fund balances</b>	<b>\$ 32,425,043</b>	<b>\$ 28,691,846</b>	<b>\$ 71,835</b>	<b>\$ 61,188,724</b>	<b>\$ 26,110,790</b>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Reconciliation of the Balance Sheet to the  
Statement of Net Assets  
Governmental Funds  
as of June 30, 2011  
(With Partial Comparative Information as of June 30, 2010)

	<u>2011</u>	<u>2010</u>
Total fund balances – governmental funds	\$ 43,547,043	\$ 8,596,101
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	62,768,094	55,799,175
Accumulated depreciation	(7,032,563)	(6,098,579)
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.		
	(659,790)	(349,722)
Long-term liabilities are included in net assets, but are excluded from fund balances until due and payable.		
Capital leases payable	(26,280,398)	(27,125,261)
Certificates of participation payable	(53,720,000)	(20,665,000)
Unamortized premium/discount on debt issued	(96,177)	(39,150)
Deferred charges on debt issued	1,272,335	544,486
Severance benefits payable	(4,731,848)	(5,017,828)
Compensated absences payable	(375,937)	(377,608)
Net other post-employment benefit obligation	(960,472)	(637,113)
Net pension obligation	(185,433)	(145,287)
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>223,293</u>	<u>100,019</u>
Total net assets – governmental activities	<u><u>\$ 13,768,147</u></u>	<u><u>\$ 4,584,233</u></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, 2011  
 (With Partial Comparative Information for the Year Ended June 30, 2010)

	General Fund	Capital Project –	Nonmajor Funds	Total Governmental Funds	
		Building Construction Fund		2011	2010
<b>Revenue</b>					
Local sources					
Pass-through levies	\$ 4,923,538	\$ –	\$ 1,459,177	\$ 6,382,715	\$ 6,823,078
Tuition	24,119,591	–	72,863	24,192,454	23,645,278
Investment earnings	5,493	60,263	4,566	70,322	13,112
Other	3,545,046	–	85,602	3,630,648	2,816,000
State sources	44,274,425	–	5,942	44,280,367	35,636,162
Federal sources	1,698,976	–	386,768	2,085,744	1,161,601
Total revenue	<u>78,567,069</u>	<u>60,263</u>	<u>2,014,918</u>	<u>80,642,250</u>	<u>70,095,231</u>
<b>Expenditures</b>					
Current					
Career and technical education	1,703,274	–	–	1,703,274	1,790,305
Academic education	8,580,049	–	–	8,580,049	7,081,001
Special education	43,433,884	–	–	43,433,884	41,957,754
Student clubs	37,220	–	–	37,220	33,230
Administrative support services and operations and maintenance	14,531,504	–	–	14,531,504	13,756,598
Food service	–	–	326,907	326,907	273,735
Community service	–	–	245,926	245,926	302,880
Capital outlay	–	6,235,161	–	6,235,161	5,720,996
Debt service					
Principal	844,863	–	810,000	1,654,863	1,596,854
Interest and fiscal charges	1,837,682	349,281	691,117	2,878,080	2,174,302
Total expenditures	<u>70,968,476</u>	<u>6,584,442</u>	<u>2,073,950</u>	<u>79,626,868</u>	<u>74,687,655</u>
Excess (deficiency) of revenue over expenditures	7,598,593	(6,524,179)	(59,032)	1,015,382	(4,592,424)
<b>Other financing sources (uses)</b>					
Refunding certificates of participation issued	–	–	–	–	15,975,000
Certificates of participation issued	–	33,865,000	–	33,865,000	5,250,000
Debt issuance premiums (discounts)	–	67,739	–	67,739	(505,336)
Payments on refunded debt	–	–	–	–	(15,352,429)
Transfers in	–	–	63,598	63,598	219,084
Transfers (out)	(63,598)	–	–	(63,598)	(219,084)
Sale of capital assets	2,821	–	–	2,821	51,994
Total other financing sources (uses)	<u>(60,777)</u>	<u>33,932,739</u>	<u>63,598</u>	<u>33,935,560</u>	<u>5,419,229</u>
Net change in fund balances	7,537,816	27,408,560	4,566	34,950,942	826,805
<b>Fund balances (deficit)</b>					
Beginning of year	<u>8,949,859</u>	<u>(353,761)</u>	<u>3</u>	<u>8,596,101</u>	<u>7,769,296</u>
End 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>

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, 2011  
(With Partial Comparative Information for the Year Ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
Total net change in fund balances – governmental funds	\$ 34,950,942	\$ 826,805
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	7,157,637	5,730,762
Depreciation expense	(1,122,702)	(1,071,482)
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)	(21,225,000)
Repayment of long-term debt principal does not affect the change in net assets. However, it reduces fund balances.		
Capital lease payable	844,863	16,389,283
Certificates of participation payable	810,000	560,000
Interest on long-term debt is included in the change in net assets as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	(310,068)	311,876
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net assets. However, only the sale proceeds are included in the change in fund balances.		
	–	(108,877)
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.		
	123,274	35,884
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.		
	670,822	505,336
Certain expenses are included in the change in net assets, but do not require the use of current funds, and are not included in the change in fund balances.		
Severance benefits payable	285,980	(122,517)
Compensated absences payable	1,671	(84,252)
Net other post-employment benefit obligation	(323,359)	(344,598)
Net pension obligation	(40,146)	(3,179)
Change in net assets – governmental activities	<u>\$ 9,183,914</u>	<u>\$ 1,400,041</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, 2011

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 6,074,148	\$ 6,453,612	\$ 4,923,538	\$ (1,530,074)
Tuition	25,945,877	25,155,856	24,119,591	(1,036,265)
Investment earnings	15,000	10,000	5,493	(4,507)
Other	3,199,714	2,825,841	3,545,046	719,205
State sources	38,422,798	38,256,589	44,274,425	6,017,836
Federal sources	1,331,908	1,842,290	1,698,976	(143,314)
Total revenue	<u>74,989,445</u>	<u>74,544,188</u>	<u>78,567,069</u>	<u>4,022,881</u>
<b>Expenditures</b>				
Current				
Career and technical education	1,811,176	1,886,486	1,703,274	(183,212)
Academic education	7,902,871	8,479,397	8,580,049	100,652
Special education	44,609,030	44,038,032	43,433,884	(604,148)
Student clubs	28,800	28,800	37,220	8,420
Administrative support services and operations and maintenance	14,303,756	15,157,087	14,531,504	(625,583)
Debt service				
Principal	1,776,681	1,647,363	844,863	(802,500)
Interest and fiscal charges	2,312,700	2,148,288	1,837,682	(310,606)
Total expenditures	<u>72,745,014</u>	<u>73,385,453</u>	<u>70,968,476</u>	<u>(2,416,977)</u>
Excess of revenue over expenditures	2,244,431	1,158,735	7,598,593	6,439,858
<b>Other financing sources (uses)</b>				
Transfers (out)	(287,288)	(33,664)	(63,598)	(29,934)
Sale of capital assets	—	—	2,821	2,821
Total other financing sources (uses)	<u>(287,288)</u>	<u>(33,664)</u>	<u>(60,777)</u>	<u>(27,113)</u>
Net change in fund balances	<u>\$ 1,957,143</u>	<u>\$ 1,125,071</u>	<u>7,537,816</u>	<u>\$ 6,412,745</u>
<b>Fund balances</b>				
Beginning of year			<u>8,949,859</u>	
End of year			<u>\$ 16,487,675</u>	

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Net Assets  
Proprietary Fund  
Internal Service Fund  
as of June 30, 2011  
(With Partial Comparative Information as of June 30, 2010)

	<u>2011</u>	<u>2010</u>
Assets		
Current assets		
Cash and temporary investments	\$ 232,337	\$ 149,350
Liabilities		
Salaries and benefits payable	<u>9,044</u>	<u>49,331</u>
Net assets		
Unrestricted	<u>\$ 223,293</u>	<u>\$ 100,019</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, 2011  
 (With Partial Comparative Information for the Year Ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
Operating revenue		
Contributions from governmental funds	\$ 528,233	\$ 429,114
Operating expenses		
Dental benefit claims and expenses	<u>404,959</u>	<u>393,230</u>
Change in net assets	123,274	35,884
Net assets		
Beginning of year	<u>100,019</u>	<u>64,135</u>
End of year	<u><u>\$ 223,293</u></u>	<u><u>\$ 100,019</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, 2011  
 (With Partial Comparative Information for the Year Ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 528,233	\$ 429,114
Payments for dental claims	<u>(445,246)</u>	<u>(392,577)</u>
Net cash provided by operating activities	82,987	36,537
Cash and temporary investments		
Beginning of year	<u>149,350</u>	<u>112,813</u>
End of year	<u>\$ 232,337</u>	<u>\$ 149,350</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 123,274	\$ 35,884
Increase (decrease) in claims payable	<u>(40,287)</u>	<u>653</u>
Net cash provided by operating activities	<u>\$ 82,987</u>	<u>\$ 36,537</u>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Statement of Fiduciary Net Assets  
as of June 30, 2011

	Employee Benefit Trust Fund	Scholarship Private-Purpose Trust Fund	Agency Funds
<b>Assets</b>			
Cash and investments	\$ 65,400	\$ 51,361	\$ 319,823
Cash and investments held by trustee	-	-	1,976,429
Due from other governmental units	-	-	168,528
Prepaid items	2,800	-	-
<b>Total assets</b>	<b>68,200</b>	<b>51,361</b>	<b>\$ 2,464,780</b>
<b>Liabilities</b>			
Accounts and contracts payable	59,553	-	\$ 256,889
Due to other governmental units	-	-	2,207,891
<b>Total liabilities</b>	<b>59,553</b>	<b>-</b>	<b>\$ 2,464,780</b>
<b>Net assets</b>			
Held in trust for flexible benefits	<u>\$ 8,647</u>		
Held in trust for scholarships		<u>\$ 51,361</u>	

Statement of Changes in Fiduciary Net Assets  
Year Ended June 30, 2011

	Employee Benefit Trust Fund	Scholarship Private-Purpose Trust Fund
<b>Additions</b>		
Plan member contributions	\$ 443,238	\$ -
Donations	-	51,361
<b>Total additions</b>	<b>443,238</b>	<b>51,361</b>
<b>Deductions</b>		
Benefits to plan members	440,950	-
<b>Change in net assets</b>	<b>2,288</b>	<b>51,361</b>
<b>Net assets</b>		
Beginning of year	6,359	-
<b>End of year</b>	<b>\$ 8,647</b>	<b>\$ 51,361</b>

See notes to basic financial statements

INTERMEDIATE DISTRICT NO. 287

Notes to Basic Financial Statements

June 30, 2011

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

**A. Organization**

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

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

**B. Reporting Entity**

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

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

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

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

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

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

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

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

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

### D. Fund Financial Statement Presentation

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's Internal Service Fund is charges to employees for insurance. 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 severance and health benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

### Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (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**

The budget for each fund is prepared on the same basis of accounting as the financial statements. Each June, the Board of Directors adopts an annual budget for the following fiscal year for the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, Capital Projects – Building Construction Fund, and Debt Service Fund. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the Food Service Special Revenue Fund, Capital Projects – Building Construction Fund, and the Debt Service Fund by \$28,435, \$6,572,292, and \$1,501,117, respectively.

### **F. Cash and Investments**

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the South Education Construction Agency Fund, an escrow account is established for future capital outlays. In the Capital Projects – Building Construction Fund, the cash is restricted for the construction of the North Education Center (NEC). 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 \$2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary, ranging from 20 to 50 years for buildings, and 4 to 15 years for equipment.

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

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

### **K. Unearned Revenue**

The District bills member districts for fiscal 2012 services in advance to maintain adequate cash flow throughout the year. The District has recorded these amounts as unearned revenue until the services are provided.

### **L. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, 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 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, 2011 represents services performed during the 2010–2011 fiscal year.

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

### P. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal 2011.

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 \$9,044 reported in the Internal Service Fund at June 30, 2011 is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the loss can be reasonably estimated. Changes in the Internal Service Fund's claim liability were:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
June 30, 2011	\$ 49,331	\$ 404,959	\$ 445,246	\$ 9,044
June 30, 2010	\$ 48,678	\$ 393,230	\$ 392,577	\$ 49,331

## 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. Change in Accounting Principle

For the year ended June 30, 2011, the District has implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The District is implementing this standard retroactively, meaning prior year fund balance classifications have been restated. More information on these fund balance classifications is included elsewhere in these notes.

### W. 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, 2010, 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.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The District’s deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District’s deposits was a deficit of (\$2,409,924) while the balance on the bank records was \$0. At June 30, 2011, 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 \$500 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.

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

**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, 2011, the District’s investments portfolio includes the following percentages of specific issuers:

Repurchase agreement	
Bayern LB, New York	70.1%

**D. Summary Information**

The following table presents the District’s deposit and investment balances at June 30, 2011, and information relating to potential investment risks:

Investment Type	Credit Risk		Interest Rate Risk	Carrying Value
	Credit Rating	Rating Agency	Maturity Date	
Repurchase agreement (U.S. treasuries and U.S. agency underlying securities) Bayern LB, New York	AAA	S&P	1 to 5 years	\$ 26,086,336
Commercial paper	A-1+	S&P	< 1 year	4,053,044
Negotiable certificates of deposit	N/A	N/A	< 1 year	1,233,637
Negotiable certificates of deposit	N/A	N/A	1 to 5 years	729,171
<b>Investment pools/mutual funds</b>				
Minnesota School District Liquid Asset Fund				
Liquid portfolio	AAAm	S&P	N/A	4,484,088
Max portfolio	AAAm	S&P	N/A	603,551
Wells Fargo Government Money Market Securities	AAAm	S&P	N/A	13,621
First American Government Obligations	AAAm	S&P	N/A	35,224
<b>Total investments</b>				<b>37,238,672</b>
Deposits				(2,409,924)
Cash on hand				500
<b>Total cash and investments</b>				<b>\$ 34,829,248</b>

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	\$ 3,764,135
Restricted assets – cash and investments for capital projects – Statement of Net Assets	28,652,100
Cash and investments – Statement of Fiduciary Net Assets	
Employee Benefit Trust Fund	65,400
Scholarship Private-Purpose Trust Fund	51,361
Agency Fund	319,823
Cash and investments held by trustee – Statement of Fiduciary Net Assets	
Agency Fund	<u>1,976,429</u>
 Total cash and investments	 <u><u>\$ 34,829,248</u></u>

## NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 9,669,366	\$ 1,196,597	\$ –	\$ 10,865,963
Assets held under capital leases	1,820,432	–	–	1,820,432
Construction in progress	–	5,458,349	–	5,458,349
Total capital assets, not depreciated	<u>11,489,798</u>	<u>6,654,946</u>	<u>–</u>	<u>18,144,744</u>
Capital assets, depreciated				
Buildings	41,686,261	113,176	–	41,799,437
Equipment	2,623,116	389,515	(188,718)	2,823,913
Total capital assets, depreciated	<u>44,309,377</u>	<u>502,691</u>	<u>(188,718)</u>	<u>44,623,350</u>
Less accumulated depreciation for				
Buildings	(3,873,567)	(902,102)	–	(4,775,669)
Equipment	(2,225,012)	(220,600)	188,718	(2,256,894)
Total accumulated depreciation	<u>(6,098,579)</u>	<u>(1,122,702)</u>	<u>188,718</u>	<u>(7,032,563)</u>
Net capital assets, depreciated	<u>38,210,798</u>	<u>(620,011)</u>	<u>–</u>	<u>37,590,787</u>
Total capital assets, net	<u><u>\$ 49,700,596</u></u>	<u><u>\$ 6,034,935</u></u>	<u><u>\$ –</u></u>	<u><u>\$ 55,735,531</u></u>

Depreciation expense for the year ended June 30, 2011 was charged to the following governmental functions:

Career and technical education	\$ 11,661
Academic education	349,581
Special education	415,020
Administrative support services and operations and maintenance	<u>346,440</u>
 Total depreciation expense	 <u><u>\$ 1,122,702</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, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
10/29/2009	09/30/2010	2.50%	\$ 4,895,000	\$ –	\$ 4,895,000	\$ –
10/14/2010	09/01/2011	2.00%	–	3,590,000	–	3,590,000
			<u>\$ 4,895,000</u>	<u>\$ 3,590,000</u>	<u>\$ 4,895,000</u>	<u>\$ 3,590,000</u>

Interest and fiscal charges of \$92,860 were charged to the General Fund in fiscal 2011.

**NOTE 5 – LONG-TERM LIABILITIES**

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

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>	<u>Due Within One Year</u>
Capital leases payable	\$ 27,125,261	\$ –	\$ 844,863	\$ 26,280,398	\$ 889,086
Certificates of participation payable	20,665,000	33,865,000	810,000	53,720,000	1,305,000
Unamortized premium/discount on debt issued	39,150	67,739	10,712	96,177	–
Deferred charges on debt issued	(544,486)	(799,438)	(71,589)	(1,272,335)	–
Severance benefits payable	5,017,828	343,177	629,157	4,731,848	457,279
Compensated absences payable	377,608	67,302	68,973	375,937	375,937
Net other post-employment benefit obligation (See Note 7)	637,113	821,151	497,792	960,472	–
Net pension obligation (See Note 8)	145,287	46,497	6,351	185,433	–
	<u>\$ 53,462,761</u>	<u>\$ 34,411,428</u>	<u>\$ 2,796,259</u>	<u>\$ 85,077,930</u>	<u>\$ 3,027,302</u>

**B. Descriptions of Long-Term Liabilities**

**1. Capital Leases Payable** – The following capital leases are outstanding as of June 30, 2011:

<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	\$ 76,600
Technology	02/14/2006	4.78%	\$ 1,400,000	03/15/2013	450,064
South Education Center – construction	10/10/2006	5.30%	\$ 25,400,000	11/01/2032	25,753,734
Total capital leases payable					<u>\$ 26,280,398</u>

The assets acquired through the capital leases have been recorded in capital assets within building and equipment costs of \$25,075,568, and assets held under capital lease of \$1,820,432. The building and equipment costs are depreciated using the straight-line method over the life of the leases. The lease obligations will be repaid through the General Fund. 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, 2011:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Certificates of participation payable					
Refunding Certificate of Participation – 2009A (Bren Road)	07/15/2009	1.65–5.00%	\$ 8,570,000	02/01/2025	\$ 7,590,000
Refunding Certificate of Participation – 2010C (SEC Land)	06/30/2010	2.00–4.25%	\$ 7,405,000	02/01/2028	7,290,000
Certificate of Participation – 2010A	01/07/2010	2.40%	\$ 3,200,000	02/01/2020	2,925,000
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>4,075,000</u>
Total certificates of participation payable					<u>\$ 53,720,000</u>

The certificates of participation will be repaid by the General Fund and the Debt Service Fund. In fiscal 2011, the District sold two certificates of participation to finance the construction of the North Education Center Building. 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
2012	\$ 889,086	\$ 1,377,946	\$ 1,305,000	\$ 3,021,131
2013	935,630	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
2017–2021	4,838,500	5,303,482	7,825,000	11,987,976
2022–2026	6,275,569	3,858,559	8,310,000	10,197,703
2027–2031	8,113,336	1,989,380	30,900,000	5,429,200
2032–2033	2,877,143	153,672	–	–
	<u>\$ 26,280,398</u>	<u>\$ 17,748,497</u>	<u>\$ 53,720,000</u>	<u>\$ 41,101,962</u>

**NOTE 6 – FUND BALANCES**

During fiscal 2011, the District retroactively implemented the requirements of a new accounting pronouncement, GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.”

The following is a breakdown of equity components of governmental funds which are defined earlier in the report.

	General Fund	Capital Projects – Building Construction Fund	Nonmajor Funds	Total
<b>Nonspendable</b>				
Prepaid items	\$ 113,611	\$ –	\$ –	\$ 113,611
<b>Restricted</b>				
Health and safety	1,236	–	–	1,236
Basic skills	141,390	–	–	141,390
Safe school	332,269	–	–	332,269
Projects funded by COP	–	27,054,799	–	27,054,799
Community service	–	–	3	3
Debt service	–	–	4,566	4,566
Total restricted	474,895	27,054,799	4,569	27,534,263
<b>Assigned</b>				
Severance	3,535,991	–	–	3,535,991
MDE appeal	5,711,435	–	–	5,711,435
Property	771,861	–	–	771,861
Student clubs	31,980	–	–	31,980
NEC	1,090,105	–	–	1,090,105
Total assigned	11,141,372	–	–	11,141,372
<b>Unassigned</b>				
	4,757,797	–	–	4,757,797
<b>Total</b>	<b>\$ 16,487,675</b>	<b>\$ 27,054,799</b>	<b>\$ 4,569</b>	<b>\$ 43,547,043</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 6 percent of the District’s General Fund operating budget, excluding operating capital programs. At June 30, 2011, the total fund balance of the General Fund was 23.3 percent of total current year expenditures.

## **NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS 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 730 active plan participants and 43 retired plan participants. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

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

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

### **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 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:

Annual required contribution	\$ 832,510
Interest on net OPEB obligation	25,485
Adjustment to annual required contribution	<u>(36,844)</u>
Annual OPEB cost (expense)	821,151
Contributions made	<u>497,792</u>
Increase in net other post-employment benefit obligation	323,359
Net other post-employment benefit obligation – beginning of year	<u>637,113</u>
Net other post-employment benefit obligation – end of year	<u><u>\$ 960,472</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 20, 2009	\$ 481,823	\$ 189,308	39.3%	\$ 292,515
June 30, 2010	\$ 790,451	\$ 445,853	56.4%	\$ 637,113
June 30, 2011	\$ 821,151	\$ 497,792	60.6%	\$ 960,472

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

**D. Funded Status and Funding Progress**

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

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 (CONTINUED)**

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

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

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.0 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 4.0 percent rate of projected salary increases; an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after nine years. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period at July 1, 2009 for the various amortization periods ranged from 28 to 30 years.

## **NOTE 8 – PENSION BENEFITS PLAN**

### **A. Plan Description**

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

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

### **B. Funding Policy**

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

## NOTE 8 – PENSION BENEFITS PLAN (CONTINUED)

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

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

Annual required contribution	\$	49,088
Interest on net pension obligation		5,811
Adjustment to annual required contribution		<u>(8,402)</u>
Annual pension cost (expense)		46,497
Contributions made		<u>6,351</u>
Increase in net pension obligation		40,146
Net pension obligation – beginning of year		<u>145,287</u>
Net pension obligation – end of year	\$	<u><u>185,433</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, 2009	\$ 418,680	\$ 276,572	66.1%	\$ 142,108
June 30, 2010	\$ 38,152	\$ 34,973	91.7%	\$ 145,287
June 30, 2011	\$ 46,497	\$ 6,351	13.7%	\$ 185,433

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

### D. Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$364,568, and the actuarial value of assets was \$0, resulting in an UAAL of \$364,568. The covered payroll (annual payroll of active employees covered by the plan) was \$33,086,201 and the ratio of the UAAL to the covered payroll was 1.1 percent.

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

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

**E. Actuarial Methods and Assumptions**

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

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.0 percent investment rate of return (net of administrative expenses) based on the District's own investments and a 4.0 percent salary increase for all members. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period at July 1, 2009 for the various amortization periods ranged from 28 to 30 years.

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

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

**Teachers' Retirement Association (TRA)**

**A. Plan Description**

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

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

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

## **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 4–5.5 percent per year.

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

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

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

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

### **B. Funding Policy**

Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. These statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 5.5 percent and 9.0 percent, respectively, of their annual covered salary as employee contributions. The TRA employer contribution rates are 5.5 percent for Coordinated Plan members and 9.5 percent for Basic Plan members. Total covered payroll salaries for all TRA members state-wide during the fiscal years June 30, 2010, 2009, and 2008 were approximately \$3.79 billion, \$3.76 billion, and \$3.65 billion, respectively.

The District's contributions for the years ended June 30, 2011, 2010, and 2009 were \$1,367,156, \$1,302,876, and \$1,303,810, 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 web at [mnpera.org](http://mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

## **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 6.0 percent, respectively, of their annual covered salary in 2010. The contribution rate for Coordinated Plan members increased to 6.25 percent effective January 1, 2011. The District was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members and 7.00 percent for Coordinated Plan members. Employer contribution rates for the Coordinated Plan increased to 7.25 percent effective January 1, 2011.

The District's contributions to GERP for the years ended June 30, 2011, 2010, and 2009 were \$990,611, \$912,890, and \$830,999, 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 \$2,054,120 for operating leases during the year ended June 30, 2011. 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
2012	\$ 913,295
2013	398,760
2014	93,981
2015	50,218
2016	4,189
	<u>\$ 1,460,443</u>

**NOTE 12 – SUBSEQUENT EVENTS**

In July 2011, the District issued \$5,900,000 of Aid Anticipation Certificates of Indebtedness, Series 2011B. The certificates will mature on August 26, 2012 and bear an interest rate of 1.1 percent.

**NOTE 13 – INTERFUND TRANSFERS AND BALANCES**

**A. Interfund Transfers**

At June 30, 2011, the District’s Food Service Special Revenue Fund and Community Service Special Revenue Fund received a transfer in of \$57,738 and \$5,860, respectively, from the General Fund. These transfers were made to fund current year operations in these funds.

**B. Interfund Balances**

During the year ended June 30, 2011, the Community Service Special Revenue Fund had interfund borrowing of \$4,473 from the General Fund. This borrowing was used for cash flow purposes.

## **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, 2011, the District had commitments totaling \$22,954,526 under various construction contracts for which the work was not yet completed.

### **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.

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 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, 2011, the District reported a balance due from other governmental units of approximately \$20 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 2011 and 2010 have not been finalized. The amount of the receivable and revenue recorded for fiscal 2011 for state special education aid is calculated using preliminary information available to the District.

The District has reported a \$5,711,435 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, 2011

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

**Other Post-Employment Benefits Plan**

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

**Pension Benefits Plan**

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

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

COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds  
 Combining Balance Sheet  
 as of June 30, 2011

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Debt Service Fund	Total
<b>Assets</b>				
Cash and temporary investments	\$ 29,770	\$ -	\$ 4,566	\$ 34,336
Receivables				
Accounts and interest	-	4,002	-	4,002
Due from other governmental units	18,943	12,704	-	31,647
Inventory	1,850	-	-	1,850
	<u>50,563</u>	<u>16,706</u>	<u>4,566</u>	<u>71,835</u>
<b>Total assets</b>	<b>\$ 50,563</b>	<b>\$ 16,706</b>	<b>\$ 4,566</b>	<b>\$ 71,835</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Salaries and compensated absences payable	\$ 2,895	\$ 4,484	\$ -	\$ 7,379
Due to other funds	-	4,473	-	4,473
Accounts and contracts payable	5,262	6,836	-	12,098
Due to other governmental units	42,159	-	-	42,159
Unearned revenue	247	910	-	1,157
<b>Total liabilities</b>	<u>50,563</u>	<u>16,703</u>	<u>-</u>	<u>67,266</u>
<b>Fund balances</b>				
Restricted	-	3	4,566	4,569
	<u>-</u>	<u>3</u>	<u>4,566</u>	<u>4,569</u>
<b>Total liabilities and fund balances</b>	<b>\$ 50,563</b>	<b>\$ 16,706</b>	<b>\$ 4,566</b>	<b>\$ 71,835</b>

INTERMEDIATE DISTRICT NO. 287

Nonmajor Governmental Funds  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Year Ended June 30, 2011

	Food Service Special Revenue Fund	Community Service Special Revenue Fund	Debt Service Fund	Total
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ -	\$ -	\$ 1,459,177	\$ 1,459,177
Tuition	-	72,863	-	72,863
Investment earnings	-	-	4,566	4,566
Other	34,066	51,536	-	85,602
State sources	5,942	-	-	5,942
Federal sources	229,161	115,667	41,940	386,768
Total revenue	<u>269,169</u>	<u>240,066</u>	<u>1,505,683</u>	<u>2,014,918</u>
<b>Expenditures</b>				
Current				
Food service	326,907	-	-	326,907
Community service	-	245,926	-	245,926
Debt service	-	-	1,501,117	1,501,117
Total expenditures	<u>326,907</u>	<u>245,926</u>	<u>1,501,117</u>	<u>2,073,950</u>
Excess (deficiency) of revenue over expenditures	(57,738)	(5,860)	4,566	(59,032)
<b>Other financing sources</b>				
Transfers in	<u>57,738</u>	<u>5,860</u>	<u>-</u>	<u>63,598</u>
Net change in fund balance	-	-	4,566	4,566
<b>Fund balances</b>				
Beginning of year	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
End of year	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 4,566</u>	<u>\$ 4,569</u>

INTERMEDIATE DISTRICT NO. 287

General Fund  
Comparative Balance Sheet  
as of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and temporary investments	\$ 3,497,462	\$ 6,191,203
Receivables		
Accounts and interest	584,983	374,136
Due from other funds	4,473	174,465
Due from other governmental units	28,224,514	19,181,418
Prepaid items	<u>113,611</u>	<u>103,392</u>
Total assets	<u>\$ 32,425,043</u>	<u>\$ 26,024,614</u>
Liabilities and Fund Balances		
Liabilities		
Aid anticipation certificates	\$ 3,590,000	\$ 4,895,000
Salaries and compensated absences payable	2,141,273	879,012
Accounts and contracts payable	846,353	628,557
Accrued interest payable	46,699	81,709
Due to other governmental units	2,082,707	2,562,064
Unearned revenue	<u>7,230,336</u>	<u>8,028,413</u>
Total liabilities	15,937,368	17,074,755
Fund balances		
Nonspendable for prepaid items	113,611	103,392
Restricted for health and safety	1,236	1,236
Restricted for basic skills	141,390	10,742
Restricted for safe schools	332,269	130,292
Assigned for severance	3,535,991	3,100,950
Assigned for MDE appeal	5,711,435	-
Assigned for property	771,861	783,706
Assigned for student clubs	31,980	41,489
Assigned for NEC	1,090,105	1,000,000
Unassigned	<u>4,757,797</u>	<u>3,778,052</u>
Total fund balances	<u>16,487,675</u>	<u>8,949,859</u>
Total liabilities and fund balances	<u>\$ 32,425,043</u>	<u>\$ 26,024,614</u>

INTERMEDIATE DISTRICT NO. 287

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		Over (Under) Budget	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 6,453,612	\$ 4,923,538	\$ (1,530,074)	\$ 6,823,078
Tuition	25,155,856	24,119,591	(1,036,265)	23,511,263
Investment earnings	10,000	5,493	(4,507)	13,112
Other	2,825,841	3,545,046	719,205	2,735,809
State sources	38,256,589	44,274,425	6,017,836	35,631,298
Federal sources	1,842,290	1,698,976	(143,314)	1,003,070
Total revenue	<u>74,544,188</u>	<u>78,567,069</u>	<u>4,022,881</u>	<u>69,717,630</u>
<b>Expenditures</b>				
Current				
Career and technical education	1,886,486	1,703,274	(183,212)	1,790,305
Academic education	8,479,397	8,580,049	100,652	7,081,001
Special education	44,038,032	43,433,884	(604,148)	41,957,754
Student clubs	28,800	37,220	8,420	33,230
Administrative support services and operations and maintenance	15,157,087	14,531,504	(625,583)	13,756,598
Debt service				
Principal	1,647,363	844,863	(802,500)	1,596,854
Interest and fiscal charges	2,148,288	1,837,682	(310,606)	2,174,302
Total expenditures	<u>73,385,453</u>	<u>70,968,476</u>	<u>(2,416,977)</u>	<u>68,390,044</u>
Excess of revenue over expenditures	1,158,735	7,598,593	6,439,858	1,327,586
<b>Other financing sources (uses)</b>				
Refunding certificates of participation issued	—	—	—	15,975,000
Debt issuance premiums (discounts)	—	—	—	(622,571)
Payments on refunded debt	—	—	—	(15,352,429)
Transfers (out)	(33,664)	(63,598)	(29,934)	(219,084)
Sale of capital assets	—	2,821	2,821	51,994
Total other financing sources (uses)	<u>(33,664)</u>	<u>(60,777)</u>	<u>(27,113)</u>	<u>(167,090)</u>
Net change in fund balances	<u>\$ 1,125,071</u>	<u>7,537,816</u>	<u>\$ 6,412,745</u>	<u>1,160,496</u>
<b>Fund balances</b>				
Beginning of year		<u>8,949,859</u>		<u>7,789,363</u>
End of year		<u>\$ 16,487,675</u>		<u>\$ 8,949,859</u>

INTERMEDIATE DISTRICT NO. 287

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account  
 Year Ended June 30, 2011

	Career and Technical Education Account	Academic Education Account	Special Education Account	District-Wide Account	Severance and Property Account	Student Clubs Account	Total
<b>Revenue</b>							
<b>Local sources</b>							
Pass-through levies	\$ -	\$ 272,224	\$ -	\$ 4,651,314	\$ -	\$ -	\$ 4,923,538
Tuition	1,585,547	5,088,509	13,702,859	3,742,676	-	-	24,119,591
Investment earnings (charges)	566	5	5,137	(215)	-	-	5,493
Other	220,156	1,392,259	96,515	1,808,406	-	27,710	3,545,046
State sources	-	1,584,842	31,143,353	11,546,230	-	-	44,274,425
Federal sources	9,952	402,744	-	1,286,280	-	-	1,698,976
Total revenue	1,816,221	8,740,583	44,947,864	23,034,691	-	27,710	78,567,069
<b>Expenditures</b>							
<b>Current</b>							
Career and technical education	1,703,274	-	-	-	-	-	1,703,274
Academic education	-	8,580,049	-	-	-	-	8,580,049
Special education	-	-	43,433,884	-	-	-	43,433,884
Student clubs	-	-	-	-	-	37,220	37,220
Administrative support services and operations and maintenance	-	-	-	14,519,659	11,845	-	14,531,504
<b>Debt service</b>							
Principal	21,168	15,299	134,132	674,264	-	-	844,863
Interest and fiscal charges	2,935	2,121	18,596	1,814,030	-	-	1,837,682
Total expenditures	1,727,377	8,597,469	43,586,612	17,007,953	11,845	37,220	70,968,476
Excess (deficiency) of revenue over expenditures	88,844	143,114	1,361,252	6,026,738	(11,845)	(9,510)	7,598,593
<b>Other financing sources (uses)</b>							
Intrafund transfers	(39,945)	(141,105)	(201,437)	(52,554)	435,041	-	-
Transfers (out)	-	-	-	(63,598)	-	-	(63,598)
Sale of capital assets	-	-	-	2,821	-	-	2,821
Total other financing sources (uses)	(39,945)	(141,105)	(201,437)	(113,331)	435,041	-	(60,777)
Net change in fund balances	48,899	2,009	1,159,815	5,913,407	423,196	(9,510)	7,537,816
<b>Fund balances (deficit)</b>							
Beginning of year	286,616	(786,083)	5,363,702	159,480	3,884,656	41,488	8,949,859
End of year	\$ 335,515	\$ (784,074)	\$ 6,523,517	\$ 6,072,887	\$ 4,307,852	\$ 31,978	\$ 16,487,675

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, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		Over (Under) Budget	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Tuition	\$ 1,656,457	\$ 1,585,547	\$ (70,910)	\$ 1,596,392
Investment earnings	–	566	566	1,515
Other	224,629	220,156	(4,473)	201,465
Federal sources	15,166	9,952	(5,214)	9,176
Total revenue	<u>1,896,252</u>	<u>1,816,221</u>	<u>(80,031)</u>	<u>1,808,548</u>
<b>Expenditures</b>				
Career and technical education				
Salaries and wages	1,097,897	1,072,651	(25,246)	1,116,188
Employee benefits	302,822	297,443	(5,379)	305,361
Purchased services	338,918	224,116	(114,802)	248,391
Supplies and materials	112,859	84,049	(28,810)	97,748
Capital expenditures	29,115	23,011	(6,104)	22,517
Other	4,875	2,004	(2,871)	100
Debt service				
Principal	21,168	21,168	–	20,191
Interest and fiscal charges	2,935	2,935	–	3,911
Total expenditures	<u>1,910,589</u>	<u>1,727,377</u>	<u>(183,212)</u>	<u>1,814,407</u>
Excess (deficiency) of revenue over expenditures	(14,337)	88,844	103,181	(5,859)
<b>Other financing sources (uses)</b>				
Intrafund transfers	–	(39,945)	(39,945)	(40,811)
Net change in fund balances	<u>\$ (14,337)</u>	<u>48,899</u>	<u>\$ 63,236</u>	<u>(46,670)</u>
<b>Fund balances</b>				
Beginning of year		<u>286,616</u>		<u>333,286</u>
End of year		<u>\$ 335,515</u>		<u>\$ 286,616</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, 2011

(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		Over (Under) Budget	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 298,013	\$ 272,224	\$ (25,789)	\$ 266,056
Tuition	6,095,928	5,088,509	(1,007,419)	5,383,293
Investment earnings	–	5	5	2,111
Other	795,794	1,392,259	596,465	645,047
State sources	1,015,075	1,584,842	569,767	476,414
Federal sources	307,608	402,744	95,136	22,044
Total revenue	<u>8,512,418</u>	<u>8,740,583</u>	<u>228,165</u>	<u>6,794,965</u>
<b>Expenditures</b>				
Academic education				
Salaries and wages	5,372,856	5,573,151	200,295	4,893,471
Employee benefits	1,582,699	1,646,516	63,817	1,425,166
Purchased services	1,164,268	1,084,466	(79,802)	584,354
Supplies and materials	231,430	156,685	(74,745)	142,588
Capital expenditures	50,204	37,871	(12,333)	20,050
Other	77,940	81,360	3,420	15,372
Debt service				
Principal	7,799	15,299	7,500	14,593
Interest and fiscal charges	2,121	2,121	–	2,827
Total expenditures	<u>8,489,317</u>	<u>8,597,469</u>	<u>108,152</u>	<u>7,098,421</u>
Excess (deficiency) of revenue over expenditures	23,101	143,114	120,013	(303,456)
Other financing (uses)				
Intrafund transfers	–	(141,105)	(141,105)	(157,792)
Net change in fund balances	<u>\$ 23,101</u>	<u>2,009</u>	<u>\$ (21,092)</u>	<u>(461,248)</u>
Fund balances (deficit)				
Beginning of year		<u>(786,083)</u>		<u>(324,835)</u>
End of year		<u>\$ (784,074)</u>		<u>\$ (786,083)</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, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		Over (Under) Budget	2010
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Tuition	\$ 13,513,131	\$ 13,702,859	\$ 189,728	\$ 13,470,937
Investment earnings	10,000	5,137	(4,863)	13,101
Other	141,425	96,515	(44,910)	474,128
State sources	31,709,358	31,143,353	(566,005)	28,997,808
Federal sources	–	–	–	13,620
Total revenue	<u>45,373,914</u>	<u>44,947,864</u>	<u>(426,050)</u>	<u>42,969,594</u>
<b>Expenditures</b>				
Special education				
Current				
Salaries and wages	30,322,472	30,026,253	(296,219)	28,640,270
Employee benefits	10,778,304	10,595,471	(182,833)	10,686,427
Purchased services	2,023,148	1,814,317	(208,831)	1,907,778
Supplies and materials	587,958	523,203	(64,755)	469,130
Capital expenditures	204,304	291,217	86,913	221,190
Other	121,846	183,423	61,577	32,959
Debt service				
Principal	134,132	134,132	–	127,943
Interest and fiscal charges	18,596	18,596	–	24,785
Total expenditures	<u>44,190,760</u>	<u>43,586,612</u>	<u>(604,148)</u>	<u>42,110,482</u>
Excess of revenue over expenditures	1,183,154	1,361,252	178,098	859,112
<b>Other financing sources (uses)</b>				
Intrafund transfers	–	(201,437)	(201,437)	(682,317)
Sale of assets	–	–	–	51,394
Total other financing sources (uses)	<u>–</u>	<u>(201,437)</u>	<u>(201,437)</u>	<u>(630,923)</u>
Net change in fund balances	<u>\$ 1,183,154</u>	<u>1,159,815</u>	<u>\$ (23,339)</u>	<u>228,189</u>
<b>Fund balances</b>				
Beginning of year		<u>5,363,702</u>		<u>5,135,513</u>
End of year		<u>\$ 6,523,517</u>		<u>\$ 5,363,702</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, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		2010	
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenue</b>				
Local sources				
Pass-through levies	\$ 6,155,599	\$ 4,651,314	\$ (1,504,285)	\$ 6,557,022
Tuition	3,890,340	3,742,676	(147,664)	3,060,641
Investment earnings (charges)	–	(215)	(215)	(3,615)
Other	1,635,193	1,808,406	173,213	1,384,362
State sources	5,532,156	11,546,230	6,014,074	6,157,076
Federal sources	1,519,516	1,286,280	(233,236)	958,230
Total revenue	<u>18,732,804</u>	<u>23,034,691</u>	<u>4,301,887</u>	<u>18,113,716</u>
<b>Expenditures</b>				
Administrative support services and operations and maintenance				
Current				
Salaries and wages	4,533,060	4,572,593	39,533	4,108,499
Employee benefits	1,516,037	1,498,494	(17,543)	1,381,792
Purchased services	7,134,280	6,642,327	(491,953)	7,009,366
Supplies and materials	388,333	320,404	(67,929)	305,093
Capital expenditures	1,261,383	1,106,139	(155,244)	606,158
Other	323,994	379,702	55,708	315,130
Debt service				
Principal	1,484,264	674,264	(810,000)	1,434,127
Interest and fiscal charges	2,124,636	1,814,030	(310,606)	2,142,779
Total expenditures	<u>18,765,987</u>	<u>17,007,953</u>	<u>(1,758,034)</u>	<u>17,302,944</u>
Excess (deficiency) of revenue over expenditures	(33,183)	6,026,738	6,059,921	810,772
<b>Other financing sources (uses)</b>				
Refunding certificates of participation issued	–	–	–	15,975,000
Debt issuance premiums (discounts)	–	–	–	(622,571)
Payments on refunded debt	–	–	–	(15,352,429)
Intrafund transfers	–	(52,554)	(52,554)	(96,506)
Transfers (out)	(33,664)	(63,598)	(29,934)	(219,084)
Sale of assets	–	2,821	2,821	600
Total other financing sources (uses)	<u>(33,664)</u>	<u>(113,331)</u>	<u>(79,667)</u>	<u>(314,990)</u>
Net change in fund balances	<u>\$ (66,847)</u>	<u>5,913,407</u>	<u>\$ 5,980,254</u>	<u>495,782</u>
<b>Fund balances (deficit)</b>				
Beginning of year		<u>159,480</u>		<u>(336,302)</u>
End of year		<u>\$ 6,072,887</u>		<u>\$ 159,480</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, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures				
Administrative support services and operations and maintenance				
Allocated costs	-	11,845	11,845	30,560
Excess (deficiency) of revenue over expenditures	-	(11,845)	(11,845)	(30,560)
Other financing sources				
Intrafund transfers	-	435,041	435,041	977,426
Net change in fund balances	\$ -	423,196	\$ 423,196	946,866
Fund balances				
Beginning of year		3,884,656		2,937,790
End of year		\$ 4,307,852		\$ 3,884,656

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, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011			2010
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ 28,800	\$ 27,710	\$ (1,090)	\$ 30,807
Expenditures				
Student clubs				
Pupil support services	<u>28,800</u>	<u>37,220</u>	<u>8,420</u>	<u>33,230</u>
Net change in fund balances	<u>\$ —</u>	<u>(9,510)</u>	<u>\$ (9,510)</u>	<u>(2,423)</u>
Fund balances				
Beginning of year		<u>41,488</u>		<u>43,911</u>
End of year		<u>\$ 31,978</u>		<u>\$ 41,488</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, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		2010	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other – primarily meal sales	\$ 36,059	\$ 34,066	\$ (1,993)	\$ 36,046
State sources	4,700	5,942	1,242	4,864
Federal sources	224,049	229,161	5,112	107,291
Total revenue	<u>264,808</u>	<u>269,169</u>	<u>4,361</u>	<u>148,201</u>
Expenditures				
Current				
Food service	<u>298,472</u>	<u>326,907</u>	<u>28,435</u>	<u>273,735</u>
Excess (deficiency) of revenue over expenditures	(33,664)	(57,738)	(24,074)	(125,534)
Other financing sources				
Transfers in	<u>33,664</u>	<u>57,738</u>	<u>24,074</u>	<u>125,534</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, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		Over (Under) Budget	2010
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 105,000	\$ 72,863	\$ (32,137)	\$ 134,015
Other	126,647	51,536	(75,111)	44,145
Federal sources	104,181	115,667	11,486	51,240
Total revenue	<u>335,828</u>	<u>240,066</u>	<u>(95,762)</u>	<u>229,400</u>
Expenditures				
Current				
Community service	<u>290,557</u>	<u>245,926</u>	<u>(44,631)</u>	<u>302,880</u>
Excess (deficiency) of revenue over expenditures	45,271	(5,860)	(51,131)	(73,480)
Other financing sources				
Transfers in	<u>-</u>	<u>5,860</u>	<u>5,860</u>	<u>93,550</u>
Net change in fund balances	<u>\$ 45,271</u>	<u>-</u>	<u>\$ (45,271)</u>	<u>20,070</u>
Fund balances (deficit)				
Beginning of year		<u>3</u>		<u>(20,067)</u>
End of year		<u>\$ 3</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, 2011  
 (With Comparative Actual Amounts for the Year Ended June 30, 2010)

	2011		Over (Under) Budget	2010
	Budget	Actual		Actual
Revenue				
Other	\$ -	\$ 60,263	\$ 60,263	\$ -
Expenditures				
Capital outlay				
Capital expenditures	12,150	6,235,161	6,223,011	5,720,996
Debt service				
Interest and fiscal charges	-	349,281	349,281	-
Total expenditures	<u>12,150</u>	<u>6,584,442</u>	<u>6,572,292</u>	<u>5,720,996</u>
Excess (deficiency) of revenue over expenditures	(12,150)	(6,524,179)	(6,512,029)	(5,720,996)
Other financing sources				
Certificates of participation issued	-	33,865,000	33,865,000	5,250,000
Debt issuance premiums (discounts)	-	67,739	67,739	117,235
Total other financing sources	<u>-</u>	<u>33,932,739</u>	<u>33,932,739</u>	<u>5,367,235</u>
Net change in fund balances	<u>\$ (12,150)</u>	27,408,560	<u>\$ 27,420,710</u>	(353,761)
Fund balances (deficit)				
Beginning of year		<u>(353,761)</u>		<u>-</u>
End of year		<u>\$ 27,054,799</u>		<u>\$ (353,761)</u>

INTERMEDIATE DISTRICT NO. 287

Debt Service Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenue</b>			
Local sources			
Pass-through levies	\$ -	\$ 1,459,177	\$ 1,459,177
Investment earnings	-	4,566	4,566
Federal sources	-	41,940	41,940
Total revenue	<u>-</u>	<u>1,505,683</u>	<u>1,505,683</u>
<b>Expenditures</b>			
Debt service			
Principal	-	810,000	810,000
Interest	-	512,375	512,375
Fiscal charges and other	-	178,742	178,742
Total expenditures	<u>-</u>	<u>1,501,117</u>	<u>1,501,117</u>
Net change in fund balances	<u>\$ -</u>	<u>4,566</u>	<u>\$ 4,566</u>
<b>Fund balances</b>			
Beginning of year		<u>-</u>	
End of year		<u>\$ 4,566</u>	

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Fiduciary Net Assets  
 Agency Funds  
 as of June 30, 2011

	South Education Construction	Keystone	Edgewood Building	Total
<b>Assets</b>				
Cash and investments	\$ 231,462	\$ 88,361	\$ -	\$ 319,823
Cash and investments held by trustee	1,972,797	-	3,632	1,976,429
Due from other governmental units	-	168,528	-	168,528
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 2,204,259</u>	<u>\$ 256,889</u>	<u>\$ 3,632</u>	<u>\$ 2,464,780</u>
<b>Liabilities</b>				
Accounts and contracts payable	\$ -	\$ 256,889	\$ -	\$ 256,889
Due to other governmental units	2,204,259	-	3,632	2,207,891
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 2,204,259</u>	<u>\$ 256,889</u>	<u>\$ 3,632</u>	<u>\$ 2,464,780</u>

INTERMEDIATE DISTRICT NO. 287

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 Year Ended June 30, 2011

	Balance – July 1, 2010	Additions	Deletions	Balance – June 30, 2011
<b>South Education Construction</b>				
Assets				
Cash and investments	\$ 231,462	\$ –	\$ –	\$ 231,462
Cash and investments held by trustee	1,957,356	23,532	8,091	1,972,797
Total assets	<u>\$ 2,188,818</u>	<u>\$ 23,532</u>	<u>\$ 8,091</u>	<u>\$ 2,204,259</u>
Liabilities				
Accounts and contracts payable	\$ 8,091	\$ –	\$ 8,091	\$ –
Due to other governmental units	2,180,727	23,532	–	2,204,259
Total liabilities	<u>\$ 2,188,818</u>	<u>\$ 23,532</u>	<u>\$ 8,091</u>	<u>\$ 2,204,259</u>
<b>Keystone</b>				
Assets				
Cash and investments	\$ –	\$ 88,361	\$ –	\$ 88,361
Due from other governmental units	721,176	–	552,648	168,528
Total assets	<u>\$ 721,176</u>	<u>\$ 88,361</u>	<u>\$ 552,648</u>	<u>\$ 256,889</u>
Liabilities				
Checks issued, but not presented for payment	\$ 292,574	\$ 88,361	\$ 380,935	\$ –
Accounts and contracts payable	428,602	–	171,713	256,889
Total liabilities	<u>\$ 721,176</u>	<u>\$ 88,361</u>	<u>\$ 552,648</u>	<u>\$ 256,889</u>
<b>Edgewood</b>				
Assets				
Cash and investments held by trustee	\$ 62,011	\$ –	\$ 58,379	\$ 3,632
Liabilities				
Due to other governmental units	\$ 62,011	\$ –	\$ 58,379	\$ 3,632
<b>Totals</b>				
Assets				
Cash and investments	\$ 231,462	\$ 88,361	\$ –	\$ 319,823
Cash and investments held by trustee	2,019,367	23,532	66,470	1,976,429
Due from other governmental units	721,176	–	552,648	168,528
Total assets	<u>\$ 2,972,005</u>	<u>\$ 111,893</u>	<u>\$ 619,118</u>	<u>\$ 2,464,780</u>
Liabilities				
Checks issued, but not presented for payment	\$ 292,574	\$ 88,361	\$ 380,935	\$ –
Accounts and contracts payable	436,693	–	179,804	256,889
Due to other governmental units	2,242,738	23,532	58,379	2,207,891
Total liabilities	<u>\$ 2,972,005</u>	<u>\$ 111,893</u>	<u>\$ 619,118</u>	<u>\$ 2,464,780</u>

SUPPLEMENTAL INFORMATION

(UNAUDITED)

INTERMEDIATE DISTRICT NO. 287

Government-Wide Revenue by Type  
Last Nine 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%

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

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

INTERMEDIATE DISTRICT NO. 287

Government-Wide Expenses by Function  
Last Nine 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%

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

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

INTERMEDIATE DISTRICT NO. 287

General Fund Revenue by Source  
Last Ten Fiscal Years

<u>Year Ended June 30,</u>	<u>Pass-Through Levies</u>	<u>Tuition</u>	<u>Federal Revenue</u>	<u>State Revenue</u>	<u>Other Revenue</u>	<u>Total</u>
2002	\$ —	\$ 44,420,375	\$ 3,082,337	\$ 219,320	\$ 3,798,370	\$ 51,520,402
2003	—	42,778,773	2,302,717	129,047	3,937,814	49,148,351
2004	—	39,429,451	951,089	3,691	4,720,625	45,104,856
2005	—	43,441,164	936,502	737,618	4,783,694	49,898,978
2006	—	49,739,735	1,183,461	339,795	3,561,285	54,824,276
2007	—	53,841,584	1,316,431	187,727	2,997,819	58,343,561
2008	—	54,145,979	1,209,303	523,268	3,286,217	59,164,767
2009	6,134,620	28,370,605	314,578	33,178,712	2,441,764	70,440,279
2010	6,823,078	23,511,263	1,003,070	35,631,298	2,748,921	69,717,630
2011	4,923,538	24,119,591	1,698,976	44,274,425	3,550,539	78,567,069

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, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
<b>U.S. Department of Agriculture</b>		
Passed through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	\$ 32,156
National School Lunch Program	10.555	<u>74,937</u>
Total child nutrition cluster		107,093
<b>U.S. Department of Education</b>		
Direct		
Funds for the Improvement of Education	84.215	309,231
Passed through Minnesota Department of Education		
Special Education – Grants to States	84.027	33,516
ARRA – Education Technology State Grants	84.386	342,110
Mathematics and Science Partnerships	84.366	816,979
Improving Teacher Quality State Grants	84.367	21,550
English Language Acquisition Grants	84.365	41,917
Education Jobs Fund	84.410	345,425
ARRA – State Energy Program	84.041	16,033
Passed through Independent School District No. 284		
Career and Technical Education – Basic Grants to States	84.048	<u>9,952</u>
Total federal awards		<u><u>\$ 2,043,806</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 \$2,101 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.

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, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2011. 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 27, 2011.

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, Radosovich, & Co., P.A.*

December 27, 2011

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, 2011. 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, 2011.

(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.

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, Radosedich, & Co., P.A.*

December 27, 2011

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, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2011.

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

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

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

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

December 27, 2011

INTERMEDIATE DISTRICT NO. 287

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

**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	
ARRA – Education Technology State Grants	84.386
Education Jobs Fund	84.410

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, 2011

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

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

None.

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

None.

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

No audit findings for the year ended June 30, 2010 were reported.

INTERMEDIATE DISTRICT NO. 287

Uniform Financial Accounting and Reporting Standards  
Compliance Table  
June 30, 2011

		Audit	UFARS	Audit - UFARS
<b>General Fund</b>				
Total revenue		\$ 78,567,069	\$ 78,567,069	\$ -
Total expenditures		\$ 70,968,476	\$ 70,968,475	\$ 1
Nonspendable				
460	Nonspendable fund balance	\$ 113,611	\$ 113,611	\$ -
Restricted/reserve				
403	Staff development	\$ -	\$ -	\$ -
405	Deferred maintenance	\$ -	\$ -	\$ -
406	Health and safety	\$ 1,236	\$ 1,236	\$ -
407	Capital projects levy	\$ -	\$ -	\$ -
408	Cooperative revenue	\$ -	\$ -	\$ -
411	Severance pay	\$ -	\$ -	\$ -
413	Projects funded by COP	\$ -	\$ -	\$ -
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	\$ 141,390	\$ 141,390	\$ -
445	Career and technical programs	\$ -	\$ -	\$ -
446	First grade preparedness	\$ -	\$ -	\$ -
449	Safe schools levy	\$ 332,269	\$ 332,269	\$ -
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	\$ 11,141,372	\$ 11,141,373	\$ (1)
Unassigned				
422	Unassigned fund balance	\$ 4,757,797	\$ 4,757,797	\$ -
<b>Food Service</b>				
Total revenue		\$ 269,169	\$ 269,170	\$ (1)
Total expenditures		\$ 326,907	\$ 326,908	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ -	\$ -	\$ -
Restricted				
452	OPEB liability not in trust	\$ -	\$ -	\$ -
464	Restricted fund balance	\$ -	\$ -	\$ -
Unassigned				
463	Unassigned fund balance	\$ -	\$ -	\$ -
<b>Community Service</b>				
Total revenue		\$ 240,066	\$ 240,066	\$ -
Total expenditures		\$ 245,926	\$ 245,926	\$ -
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	\$ 3	\$ 3	\$ -
Unassigned				
463	Unassigned fund balance	\$ -	\$ -	\$ -

INTERMEDIATE DISTRICT NO. 287

Uniform Financial Accounting and Reporting Standards

Compliance Table (continued)

June 30, 2011

		Audit	UFARS	Audit - UFARS
<b>Building Construction</b>				
Total revenue		\$ 60,263	\$ 60,264	\$ (1)
Total expenditures		\$ 6,584,442	\$ 6,584,442	\$ -
Nonspendable				
460	Nonspendable fund balance	\$ -	\$ -	\$ -
Restricted/reserve				
407	Capital projects levy	\$ -	\$ -	\$ -
409	Alternative facility program	\$ -	\$ -	\$ -
413	Project funded by COP	\$ 27,054,799	\$ 27,054,799	\$ -
Restricted				
464	Restricted fund balance	\$ -	\$ -	\$ -
Unassigned				
463	Unassigned fund balance	\$ -	\$ -	\$ -
<b>Debt Service</b>				
Total revenue		\$ 1,505,683	\$ 1,505,683	\$ -
Total expenditures		\$ 1,501,117	\$ 1,501,117	\$ -
Nonspendable				
460	Nonspendable fund balance	\$ -	\$ -	\$ -
Restricted/reserve				
425	Bond refundings	\$ -	\$ -	\$ -
451	QZAB payments	\$ -	\$ -	\$ -
Restricted				
464	Restricted fund balance	\$ 4,566	\$ 4,566	\$ -
Unassigned				
463	Unassigned fund balance	\$ -	\$ -	\$ -
<b>Trust</b>				
Total revenue		\$ 494,599	\$ 494,600	\$ (1)
Total expenditures		\$ 440,950	\$ 440,950	\$ -
422	Net assets	\$ 60,008	\$ 60,009	\$ (1)
<b>Internal Service</b>				
Total revenue		\$ 528,233	\$ 528,233	\$ -
Total expenditures		\$ 404,959	\$ 404,958	\$ 1
422	Net assets	\$ 223,293	\$ 223,293	\$ -
<b>OPEB Revocable Trust Fund</b>				
Total revenue		\$ -	\$ -	\$ -
Total expenditures		\$ -	\$ -	\$ -
422	Net assets	\$ -	\$ -	\$ -
<b>OPEB Irrevocable Trust Fund</b>				
Total revenue		\$ -	\$ -	\$ -
Total expenditures		\$ -	\$ -	\$ -
422	Net assets	\$ -	\$ -	\$ -
<b>OPEB Debt Service Fund</b>				
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, 2011



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

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, 2011. 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 27, 2011

## 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, 2011. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the 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, 2011:

- 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 reported no findings based on our testing of the District's compliance with Minnesota laws and regulations.

### **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. For the year ended June 30, 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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 basic financial statements in the proper period.

## **ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS**

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

Special education state aid includes an adjustment related to tuition billings to 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 2011 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 GASB Statement Nos. 27 and 45. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, and employee turnover.

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

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

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

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.

## **OTHER RECOMMENDATIONS**

During the testing of payroll, two of the twenty-five employees selected did not have proper documentation retained to support the federal income tax withholdings reported. We recommend the district review their policies and procedures to ensure proper documentation in this area is being retained.

## **MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the management representation letter dated December 27, 2011.

## FUNDING PUBLIC EDUCATION IN MINNESOTA

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

### BASIC GENERAL EDUCATION REVENUE

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

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

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2002	\$ 4,068	2.6 %
2003	\$ 4,601	2.6 % (1)
2004	\$ 4,601	– %
2005	\$ 4,601	– %
2006	\$ 4,783	4.0 %
2007	\$ 4,974	4.0 %
2008	\$ 5,074	2.0 %
2009	\$ 5,124	1.0 %
2010	\$ 5,124	– %
2011	\$ 5,124	– %
2012	\$ 5,174	1.0 %
2013	\$ 5,224	1.0 %

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

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

The table above does not reflect temporary funding changes such as the \$51 per pupil unit one-time additional general education aid school districts and charter schools received in 2008–2009, or the technology and operating capital aid received by school districts and charter schools in 2007–2008 (\$40 per pupil unit) and 2008–2009 (\$55 per pupil unit). It also does not reflect the one-time replacement of a portion of a district’s general education aid with federal fiscal stabilization funds in fiscal 2010.

## **STATE OUTLOOK**

The 2011 legislative session began with the Governor and Legislature facing a projected budget deficit of \$6.2 billion (later revised down to \$5.0 billion in the February 2011 Economic Forecast) for the 2012–2013 biennium. In addition, the 2010 election had dramatically changed the state’s political landscape. A Democratic Governor was in power for the first time since 1991, while the Republicans had majority control of both the House and the Senate for the first time since 1971. Predictably, as the session progressed it became clear that the Governor and Legislature were having difficulty agreeing on a state budget for the next biennium. Shortly after the 2011 regular session ended, the Governor vetoed eight major state appropriation bills and the omnibus tax bill passed by the Legislature, which left the majority of state agencies without a budget for the next fiscal year. This resulted in a shutdown of “nonessential” state agencies that began July 1, 2011 and effectively ended with the passing of appropriation bills in a special session on July 19th and 20th.

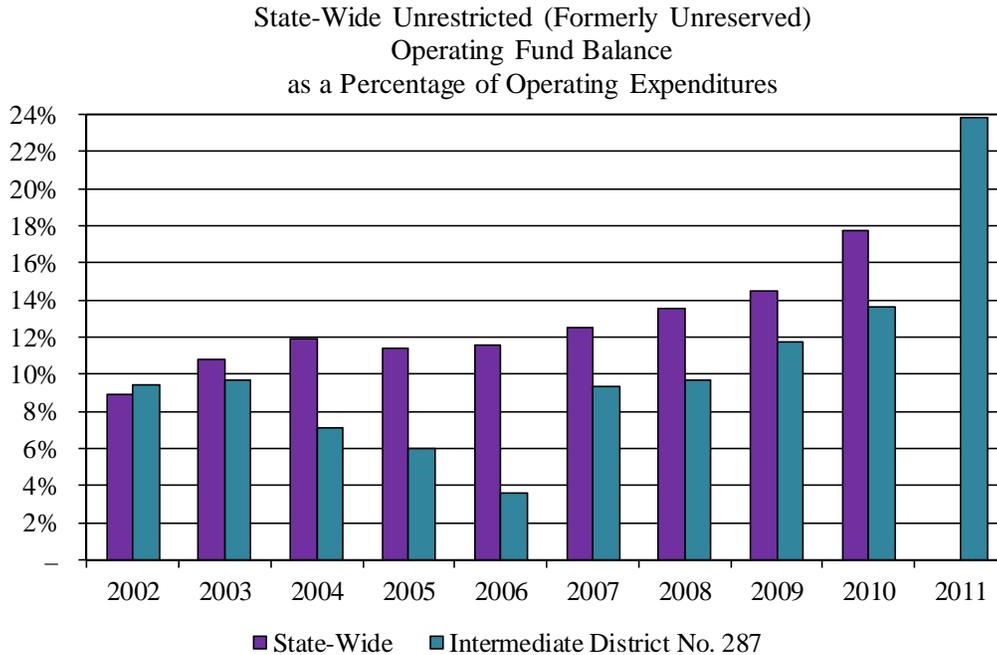
The large projected budget deficit facing the 2011 Legislature was typical of the financial challenges the state has experienced in recent years. Unfavorable economic conditions have caused a steady deterioration of the state’s financial condition, which has resulted in series of cuts and holdbacks in state aids to local governments and other entities. As was the case in the last biennium, the adopted state budget 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, further explained in the Legislative Summary section of this report, included delaying an even higher percentage of estimated state aid payments to school districts and charter schools, and a small expansion of the “tax shift,” which accelerates the recognition of district tax levy revenue with an offsetting 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 are intended to be revenue neutral. While these shifts have spared districts from deeper aid cuts in the short-term, some argue that their use does not address the state’s budget woes, but only delays them. If the economy remains sluggish, further state budget shortfalls are likely.

## **EFFECT ON INTERNAL CONTROLS**

These circumstances have resulted in a sustained cycle of budget reductions for many Minnesota school districts and charter schools, forcing many to make significant staffing cuts or reassignments. In some cases, such measures have weakened internal controls by reducing the segregation of accounting duties or delaying the performance of key control procedures. Unfortunately, the economic downturn has also placed additional financial strain on many individuals, elevating the risk of fraud and theft. Recent communications from the Minnesota Office of the State Auditor have reported a substantial increase in incidents of fraud and theft involving local governments. A comprehensive and functioning system of internal controls is critical to safeguarding public assets and producing the accurate and timely financial information necessary to effectively manage a school district. When faced with difficult budgetary decisions, we encourage our clients to be mindful of these factors and to continue to make sound financial controls a priority.

## 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 2011.

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, 2010, this ratio was 13.6 percent for the District, as compared to a state-wide average of 17.7 percent. The District's unrestricted operating fund balance as a percentage of operating expenditures was 23.8 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:

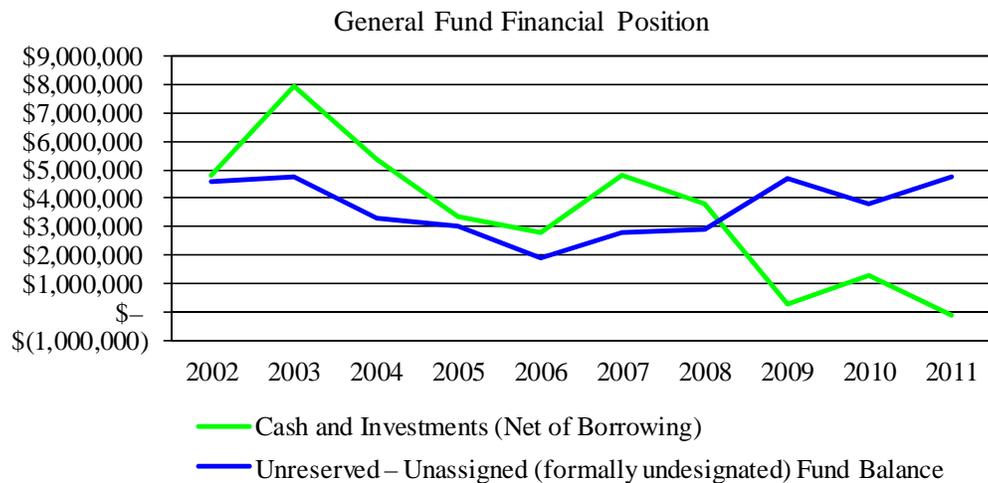
	Year Ended June 30,			
	2008	2009	2010	2011
Revenue	\$ 59,164,767	\$ 70,440,279	\$ 69,717,630	\$ 78,567,069
Expenditures (not including lease expenditures)	58,486,441	67,985,739	68,390,044	70,968,476
Excess of revenue over expenditures	678,326	2,454,540	1,327,586	7,598,593
Other financing sources (uses)	(135,499)	(155,476)	(167,090)	(60,777)
Net change in fund balance	542,827	2,299,064	1,160,496	7,537,816
Fund balances				
Beginning of year	4,947,472	5,490,299	7,789,363	8,949,859
End of year	<u>\$ 5,490,299</u>	<u>\$ 7,789,363</u>	<u>\$ 8,949,859</u>	<u>\$ 16,487,675</u>
Fund balances				
Nonspendable for prepaid items	\$ -	\$ -	\$ 103,392	\$ 113,611
Restricted for health and safety	1,245	1,243	1,236	1,236
Restricted for basic skills	-	-	10,742	141,390
Restricted for safe schools levy	-	115,044	130,292	332,269
Assigned for severance	1,635,989	2,123,524	3,100,950	3,535,991
Assigned for MDE appeal	-	-	-	5,711,435
Assigned for property	922,305	814,266	783,706	771,861
Assigned for student clubs	41,074	43,911	41,489	31,980
Assigned for North Education Center	-	-	1,000,000	1,090,105
Unassigned	<u>2,889,686</u>	<u>4,691,375</u>	<u>3,778,052</u>	<u>4,757,797</u>
Total fund balances	<u>\$ 5,490,299</u>	<u>\$ 7,789,363</u>	<u>\$ 8,949,859</u>	<u>\$ 16,487,675</u>
Unassigned General Fund				
balances as a percentage of expenditures	<u>4.9%</u>	<u>6.9%</u>	<u>5.5%</u>	<u>6.7%</u>
Total fund balances as a percentage				
of expenditures	<u>9.4%</u>	<u>11.5%</u>	<u>13.1%</u>	<u>23.2%</u>

The District completed the year with a net increase in General Fund balance of \$7,537,816. This compares to a budget which projected an increase in fund balance of \$1,125,071.

The District continues to assign fund balance for property, severance, student clubs and amounts related to the building of the North Education Center (NEC). The District also has assigned amounts related to the District's appeals with the MDE on the funding of 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.

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 6.7 percent for fiscal 2011. 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 6 percent.

The following graph summarizes the level of cash and investments, net of borrowing, and unreserved – 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, 2011. 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 2011 in relation to the District’s fund balance are the direct result of the negative impact the District is experiencing as a result of the change to the state’s special education tuition billing system.

Changes in funding structure and state aid payment schedules have also significantly affected 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 and 70–30 for fiscal 2011. Beginning in fiscal 2012, a further delay in aid payments will occur with the schedule changing to 60–40.

Because of these two factors, the District’s General Fund was in a deficit cash flow position (net of borrowing) at the end of the fiscal year.

#### **STATE TUITION BILLING REVENUE**

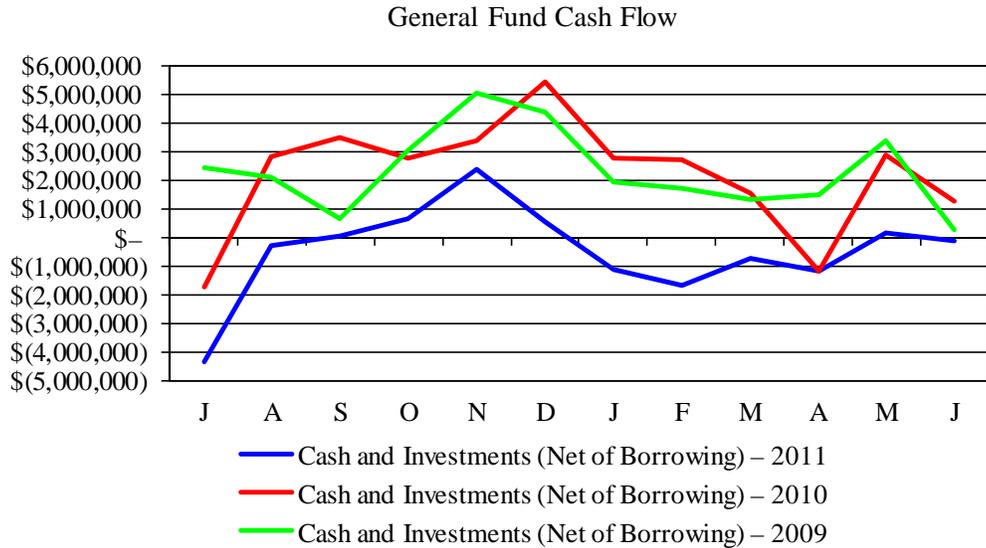
At June 30, 2011, the District reported a balance due from other governmental units of approximately \$20 million related to amounts receivable from the MDE for state aids from the state’s special education tuition billing process.

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 2011 and 2010 have not been finalized. The amount of the receivable and revenue recorded for fiscal 2011 for state special education aid is calculated using preliminary information available to the District.

The District has reported a \$5,711,435 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 \$6.7 million for fiscal 2011.

The District also pre-bills the member districts for estimated current year services for areas not covered by the state special education tuition billing system. At the end of the fiscal year, all billings are finalized and pre-billings are credited against these year-to-date bills. This type of billing system causes significant changes in cash balances from month to month and from year-end to year-end.

As the table above reflects, the District's General Fund would have been in a deficit cash flow position (net of borrowing) for a significant portion of fiscal 2011.

## 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,			
	2008	2009	2010	2011
Revenue and other financing sources	\$ 44,253,319	\$ 43,835,531	\$ 43,020,988	\$ 44,947,864
Expenditures and other financing uses	43,848,645	41,446,051	42,792,799	43,788,049
Excess (deficiency)	404,674	2,389,480	228,189	1,159,815
Fund balances				
Beginning of year	2,341,359	2,746,033	5,135,513	5,363,702
End of year	<u>\$ 2,746,033</u>	<u>\$ 5,135,513</u>	<u>\$ 5,363,702</u>	<u>\$ 6,523,517</u>

In fiscal 2011, the Special Education Account revenues and other financing sources exceeded expenditures and other financing uses by \$1,159,815, while the District's budget expected a surplus of \$1,183,154.

Special Education Account revenue increased about \$1.9 million, or about 4.5 percent. Most of this increase was in state sources, which increased about \$2.1 million due to increased revenue from the state special education tuition billing system.

Expenditures (excluding other financing uses) increased about \$1,000,000. Most of the increased costs were due to increases in salaries of about 4.8 percent due to normal salary inflationary increases.

## Career and Technical Education Account

	Year Ended June 30,			
	2008	2009	2010	2011
Revenue and other financing sources	\$ 2,973,031	\$ 2,082,716	\$ 1,808,548	\$ 1,816,221
Expenditures and other financing uses	3,133,998	2,006,377	1,855,218	1,767,322
Excess (deficiency)	(160,967)	76,339	(46,670)	48,899
Fund balances				
Beginning of year	417,914	256,947	333,286	286,616
End of year	\$ 256,947	\$ 333,286	\$ 286,616	\$ 335,515

In fiscal 2011, the Career and Technical Education Account fund balance increased by \$48,899, which compares to a budgeted decrease of (\$14,337).

Revenues in this account increased \$7,673, or 0.4 percent. Expenditures (excluding other financing uses) in this account decreased \$87,030, or 4.8 percent, mostly in lower salaries and benefits costs due to cutbacks made in response to declining program revenues.

## Academic Education Account

	Year Ended June 30,			
	2008	2009	2010	2011
Revenue and other financing sources	\$ 7,576,436	\$ 7,079,992	\$ 6,794,965	\$ 8,740,583
Expenditures and other financing uses (net of capital lease activity)	7,727,055	7,291,533	7,256,213	8,738,574
Excess (deficiency)	(150,619)	(211,541)	(461,248)	2,009
Fund balances (deficit)				
Beginning of year	37,325	(113,294)	(324,835)	(786,083)
End of year	\$ (113,294)	\$ (324,835)	\$ (786,083)	\$ (784,074)

The Academic Education Accounts fund balance increased \$2,009 in fiscal year 2011. This compares to a budgeted increase in fund balance of \$23,101.

Revenue in this account increased \$1.9 million, or 28.6 percent, in fiscal 2011. Revenue increased in state sources by \$1,108,428, mainly due to state special education aid being allocated to this account in fiscal 2011. Other revenue increased \$747,212 due to a new contracts entered into with another school district and Hennepin County for additional programming.

Expenditures and other financing uses (excluding capital lease expenditures) in this account increased by \$1.5 million. 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,			
	2008	2009	2010	2011
Revenue	\$ 4,325,089	\$ 17,450,559	\$ 18,113,716	\$ 23,034,691
Expenditures	4,188,345	17,572,549	17,302,944	17,007,953
Other financing sources (uses)	<u>(135,499)</u>	<u>(215,557)</u>	<u>(314,990)</u>	<u>(113,331)</u>
Excess (deficiency)	1,245	(337,547)	495,782	5,913,407
Fund balances (deficit)				
Beginning of year	<u>–</u>	<u>1,245</u>	<u>(336,302)</u>	<u>159,480</u>
End of year	<u>\$ 1,245</u>	<u>\$ (336,302)</u>	<u>\$ 159,480</u>	<u>\$ 6,072,887</u>

The District-Wide Account fund balance increased \$5,913,407 in fiscal 2011. This compares to a budgeted decrease in fund balance of \$66,847. This difference mainly occurred due to better than expected results in state special education tuition billing state aid from fiscal years 2009, 2010, and 2011. In total, revenue from state sources exceeded budget projections by \$6,014,074.

Revenue in this account increased \$4.9 million in fiscal 2011. Most of this increase was the result of increased revenue from state sources from state special education state aid formulas. This caused the District to receive an additional \$5.4 million in special education state aid in fiscal 2011.

Expenditures in this account decreased \$283,146, or 1.6 percent. This was mostly due to debt service expenditures totaling \$1.5 million are now being accounted for in the Debt Service Fund. Salary expenditures increased \$464,094, mainly due to the addition of personnel and normal salary increases. Capital expenditures also increased \$499,981.

## **OTHER GOVERNMENTAL FUNDS**

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

The District's Food Service Special Revenue Fund expenditures exceeded revenue by \$57,738. 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 expenditures exceeded revenue by \$5,860. A permanent transfer was made from the General Fund to eliminate this deficit.

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. Total fund balance of \$27,054,799 is related to the District issuing certificates of participation for the construction of the NEC project.

### **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, 2011, the fund had unrestricted net assets of \$223,293, an increase of \$123,274 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,		
	2009	2010	2011
Total fund balances – governmental funds	\$ 7,769,296	\$ 8,596,101	\$ 43,547,043
Net assets – governmental activities			
Net book value of capital assets	45,150,193	49,700,596	55,735,531
Capital lease obligations	(43,514,544)	(27,125,261)	(26,280,398)
Certificates of participation	–	(20,665,000)	(53,720,000)
Severance and compensated absences payable	(5,188,667)	(5,395,436)	(5,107,785)
Net OPEB and pension benefit obligations	(434,623)	(782,400)	(1,145,905)
Internal service fund net assets	64,135	100,019	223,293
Accrued interest payable	(661,598)	(349,722)	(659,790)
Net debt issuance premiums, discounts, and deferred charges	–	505,336	1,176,158
Total net assets – governmental activities	<u>\$ 3,184,192</u>	<u>\$ 4,584,233</u>	<u>\$ 13,768,147</u>
Net assets			
Invested in capital assets, net of related debt	\$ 1,635,649	\$ 2,415,671	\$ 3,970,656
Restricted	160,198	183,762	506,878
Unrestricted	<u>1,388,345</u>	<u>1,984,800</u>	<u>9,290,613</u>
Total net assets	<u>\$ 3,184,192</u>	<u>\$ 4,584,233</u>	<u>\$ 13,768,147</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 increased by \$9,183,914 during the year ended June 30, 2011. The amount invested in capital assets, net of related debt increased by \$1,554,985, mainly due to the relationship of debt retirement as compared to depreciation on capital assets. The unrestricted portion of net assets increased \$7,305,813 in the current year. This was due to an increase in the General Fund balance, mainly due to an increase in revenue from state sources from the special education tuition billing process.

## 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 PENSION EXPOSURE DRAFTS**

In June, 2011 GASB issued two exposure drafts on accounting and reporting for pensions, one for the reporting of pension benefits within the financial statements of participating employers and the other for pension plan financial reporting. These two exposure drafts are intended to update or replace the current guidance for pension reporting in GASB Statement Nos. 25 and 27.

The exposure drafts propose a variety of changes in financial statement presentation, measurement, and required disclosures relating to pension benefits. Included are proposed major changes in how employers that participate in cost-sharing defined benefit pension plans, such as TRA and PERA, account for pension benefit expenses and liabilities. Currently, employers participating in such plans recognize pension expenses and liabilities only to the extent of their contractually required annual contributions to the plan. The exposure draft proposes that those employers recognize their proportionate share of the collective net pension liability and collective pension expense for all participating employers. If adopted, this guidance could have a significant impact on the financial statements of the participating employers, as participants in plans with a substantial unfunded liability would be required to report their proportionate share of the unfunded liability in their government-wide financial statements.

The proposed effective dates for both exposure drafts are for periods beginning after June 15, 2012, if certain conditions are met, otherwise for periods beginning after June 30, 2013.

## **FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (TRANSPARENCY ACT)**

Effective October 1, 2010, the Transparency Act requires federal award recipients to report specific data, including compensation data in certain circumstances, related to subawards. One of the key requirements of the Transparency Act was the creation of a single, searchable website that provides the public with greater access to information on federal spending. The Transparency Act requires recipients to report first-tier subaward and executive compensation data for new federal grants as of October 1, 2010, if the initial award is equal to or over \$25,000. Pass-through entities (primary recipients) must report subaward data through the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) by the end of the month following the month in which the subaward obligation is made. For a more detailed discussion of the Transparency Act see Part 3, Section L of the 2011 Office of Management and Budget (OMB) A-133 Compliance Supplement available at [www.whitehouse.gov/omb](http://www.whitehouse.gov/omb). The OMB has issued several documents that provide guidance on the Transparency Act, including *Open Government Directive – Federal Spending Transparency* and *Subaward and Compensation Data Reporting* available at [www.whitehouse.gov/omb/open](http://www.whitehouse.gov/omb/open).

## 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) 2011 was \$5,124. The allowance will increase \$50 each of the next two years, to \$5,174 for FY 2012, and \$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.

**Compensatory Pilot Project Formula Aid** – The 20 largest school districts in the state in terms of adjusted pupil units may be eligible to 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.

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

**State Aid Payment Deferral** – State aids normally paid on a 90–10 schedule were changed to a 73–27 schedule for FY 2010 and 70–30 for FY 2011. Beginning in FY 2012, these aids will be paid on a 60–40 payment schedule, which will also apply to 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.

**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 awards. Beginning in FY 2012, school districts and charter schools will no longer generate pupil units and the associated funding for early graduates participating in these programs.

**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.

**Licensed School Support Staff** – The requirement for school districts to reserve \$3 per pupil of the safe schools levy proceeds for licensed school support staff, as well the maintenance of effort requirement relating to school counselors and other licensed support staff, have been eliminated.

**Uses of Operating Capital Revenue** – The use of operating capital revenue has been expanded to include costs associated with leasing vehicles, and costs directly associated with closing a school facility, including moving and storage costs.

**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.

**Teacher Contract Deadline** – The January 15 deadline for settling teacher contracts and the related penalty have been eliminated.

**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 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 \$85 times the school's enrollment from October 1 of the previous year times the school's proficiency index (the percent of third graders meeting or exceeding proficiency on the reading Minnesota Comprehensive Assessments (MCA) test, averaged across the previous three test administrations). Growth aid equals \$85 times the school's enrollment on the previous October 1 times the percentage of fourth graders making medium or high growth on the 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 for FY 2012 and FY 2013. The integration revenue statute is repealed in FY 2014, and the base appropriation for a new program is established for FY 2014 and FY 2015. The Commissioner of Education will convene a 12-member Integration Revenue Replacement Advisory Task Force to develop recommendations for repurposing integration revenue funds to create and sustain opportunities for students to achieve improved educational outcomes.

**Property Tax Revenue Recognition Change (Tax Shift)** – Beginning in FY 2011, 48.6 percent of property taxes levied for the next school year will be recognized as revenue in the current year, and state aids will be reduced by that same amount. The shift calculation was changed to use gross levies before state tax credits are deducted. Shifted amounts will be repaid (decreased) when the state attains certain specific financial goals, and the aid payment schedule is restored to 90–10.

**Homestead Market Value Credit** – The homestead market value credit, 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 neutralized 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 (instead of the lesser of \$80 times the District's ADM in Grades 10 through 12, or 25 percent of approved expenditures).

**Fund Transfers** – For FY 2012 and FY 2013 only, 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.

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

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

# Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

**GROUP:** Facilities Committee

**DATE:** December 20, 2011

**TIME:** 8:30 – 10:30 AM

**LOCATION:** DSC Board Room

**PROTOCOLS:**

Decisions will be made via consensus on the agenda items.

**CONVENER:** Tom Shultz

**FACILITATOR:** Peyton Robb

**ATTENDING:** Colleen Baumtrog, Don Draayer, Janet Johnson, Michèle Kunz, Sandy Lewandowski, Peyton Robb, Tom Shultz, Mark Thiede (TSP), Rick Wessling (TSP), Patrick McEvoy (J.E. Dunn)

**LONG TERM PURPOSE**

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

AGENDA ITEMS	OUTCOMES	TIME BUDGETED	ACTION
1. J.E. Dunn Construction Update	<ul style="list-style-type: none"> <li>Committee members will receive construction update</li> </ul>	20 minutes Patrick McEvoy Project Manager	Patrick McEvoy provided the construction update: <ul style="list-style-type: none"> <li>All brickwork done – 100% complete</li> <li>Roof complete except for canopies</li> <li>Finishing mechanical work in Area A</li> <li>Area C to follow with mechanical work, then Areas B1 and B2 for demountable walls</li> <li>Rough-in for Areas B1 and B2 ongoing</li> <li>Prime coat and painting ongoing in area A</li> <li>All windows in; Areas A and C completely closed in</li> <li>Temporary heating available in building</li> <li>Areas with copper are lockable</li> <li>Demountable walls currently being fabricated in Calgary.</li> </ul>
2. Weekly Risk Report, WRR	<ul style="list-style-type: none"> <li>Committee members will understand the most recent Weekly Risk Report (WRR)</li> </ul>	15 minutes Jeff Walker Site Supt.  Patrick McEvoy Project Manager	Current issues addressed: <ul style="list-style-type: none"> <li>#45 Design issue due to storm drain on south side – reroute of storm drain is ready to go. Will be completed spring of 2012.</li> <li>#49 Remedial work directed by Braun in 3 locations of north side parking lot complete. Curb will be completed spring of 2012.</li> <li>It was noted that the \$298,809 figure for <i>Actual Cost Impacts</i> does not include the demountable walls.</li> </ul>
3. Change Orders	<ul style="list-style-type: none"> <li>Committee will review and approve Change Order #32 for \$102,262.00 and recommend approval by the full Board</li> </ul>	30 minutes  Tom Shultz Mark Thiede	Discussion ensued concerning large dollar amount change order #32 resulting from discovery of depth of wells and height of the building presenting an unacceptable risk due to higher levels of internal pressure in the well piping. To correct this risk, an enhanced design was required to assist in keeping

			<p>the pipe pressure levels at acceptable levels.</p> <p>It did not appear on earlier risk reports because of too many variables; this has been an on-going study since March.</p> <p>It was noted that no product had to be returned, and cost incurred did not include paying for anything twice. There was no damage to the project as a result.</p> <p><b>A motion to approve Change Order #32 for \$102,262 and send to the full Board for approval in January was made by Don Draayer, seconded by Michèle Kunz and passed unanimously.</b></p> <p>It was further noted that going forward this Committee would prefer to be informed of large dollar amount change orders prior to all figures / issues being addressed.</p>
4. Change Orders and Contingency Funds	<ul style="list-style-type: none"> <li>Members will learn the industry standard for change orders, contingency amounts and the total number of change orders for SEC and the % of contingency for SEC compared to NEC</li> </ul>	<p>15 minutes</p> <p>Tom Shultz Mark Thiede</p>	<p>A comparison of contingency funds between the construction of SEC and construction of NEC showed the number of COs to be 94/32 respectively. It was noted that the 94 figure for SEC did not include Field Change Orders and other types of change orders reported differently.</p> <p>The NEC contingency budget was set up to be ½ the size of the contingency budget for SEC, while the NEC project itself is 45% larger at a cost of 55% less than SEC.</p>
5. NEC Finance Report	<ul style="list-style-type: none"> <li>The group will discuss the monthly NEC Finance Report and approve of its use each month.</li> </ul>	<p>30 minutes</p> <p>Janet Johnson</p>	<p>The remaining contingency balance is \$251,655 as of 12/20/11. The following points were made</p> <ul style="list-style-type: none"> <li>Currently earning .3% interest on bank funds</li> <li>The German bank holding the construction bonds has been downgraded by Moody; however, 106% is collateralized by Wells Fargo</li> <li>The German bank holding the construction bonds has not been downgraded by Fitch</li> <li>Janet will present this information to the full Board at the January 2012 meeting.</li> </ul>
6. Official Naming of NEC	<ul style="list-style-type: none"> <li>Pursuant to Board Policy: FUP140 – <i>Facilities Use and Planing Policy</i> which states that, “It is also the Board’s responsibility to name District facilities. The Board will give consideration to suggestions from citizens groups and staff.”</li> </ul>	<p>20 minutes</p> <p>Tom Shultz Colleen Baumtrog</p>	<p>There was a brief discussion concerning the official naming of the new building. It was decided to retain the name of <i>North Education Center</i> to remain consistent.</p> <p><b>A motion to recommend that the name of the new district building be the <i>North Education Center</i> was made by Don Draayer, seconded by Michèle Kunz and passed unanimously. It will be presented to the full Board for approval in January.</b></p>

	The Committee will affirm the name of the new North Education Center and recommend that full Board approve this at the January Board meeting.		
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**HANDOUTS:**

1. [Weekly Risk Detail](#)
2. [Weekly Risk Summary](#)
3. [Change Order Memo](#)
4. [SEC/NEC Contingency Memo](#)
5. [NEC Monthly Finance Report](#)
6. [Official Name Memo](#)

NO	DATE ENTERED	<b>RISK DETAILS</b> 1. What is the risk / why was it unexpected? 2. What will be done / what is plan to minimize this risk? 3. Who is responsible for resolving the issue? 4. What is an estimated impact of the risk? 5. Any updates to this risk (if applicable)	PLANNED RESOLUTION DATE	ACTUAL DATE RESOLVED	OVERALL DURATION IMPACT	OVERALL COST IMPACT	CHANGE ORDER NUMBER	PM SATISFACTION RATING
45	10/7/11	<b>RISK DETAILS</b> 1. The storm drain on the south side as shown is located between a fiber optic truck line and a high pressure main. The fiber optic line was not accounted for in the design and conflicts with the piping run location. 10/14/11 Update - the fiber optic line was not included in the original survey used to prepare the plans, so the risk category has been changed to UNFORESEEN IMPACT. 2. We are currently working on identify options for the design team to consider in rerouting the line. This would include running it in the street, relocating the line north and moving the pond or getting as easement from the property owner to the east. 3. The project team 4. The impact is still being researched. 5. 10/14/11 Update. Design revisions have been reviewed. The current option is to route the pipe run further east and then turn into the street. This option will require an easement from the neighboring property. ISD 287 is working on it. The work is being priced. We are still waiting to hear on the easement. 10/30/11 - ISD still working on the easement issue with Robbinsdale. 11/4/11 - Easement agreement reached with Robbinsdale. Working to get final ISD approval. 11/18/11 - Work proceeding, pricing for issues to be submitted next week.  12/2/11 - Price has been submitted for review. Last update until CO issued. 12/20/11 - Change Order No. 35 issued for signature	10/19/11	11/18/11	0	\$8,572		
49	10/28/11	<b>RISK DETAILS</b> 1. During grading of the north side parking lot, we are still hitting areas with wet conditions needing corrective work. It is unforeseen because we were able to compact fill for geothermal piping, but Braun directed remedial work in the three locations. 2. Braun has provided a fix for reworking the areas with issues. We are minimizing the risk by using on site materials. 3. As noted above, the issue has been resolved and work is ongoing. 4. Pricing is being compiled. 5. Pricing submitted at the same time of the report.	11/4/11	11/15/11	0	\$8,238		
63	12/9/11	No risks identified this week.						
64	12/16/11	<b>RISK DETAILS</b> 1. Allowance items 10 and 16 were reviewed and budgeted prior to the contract issuance based on rough descriptions of the changes. When the formal drawings were issued, the changes that were actually made came in over budget. 2. The design was reviewed and adjusted based on ASI 17 and 17R 3. The project team. 4. See pricing to the right. The change order has been issued.	8/31/11	12/13/11	0	\$102,262	32	

NO	DATE ENTERED	<b>RISK DETAILS</b> 1. What is the risk / why was it unexpected? 2. What will be done / what is plan to minimize this risk? 3. Who is responsible for resolving the issue? 4. What is an estimated impact of the risk? 5. Any updates to this risk (if applicable)	PLANNED RESOLUTION DATE	ACTUAL DATE RESOLVED	OVERALL DURATION IMPACT	OVERALL COST IMPACT	CHANGE ORDER NUMBER	PM SATISFACTION RATING
65	12/23/11	<b>RISK DETAILS</b> 1. Building inspector driven change to exterior building wall detail due to code requirement. 2. Wall detail was revised to meet the requirements of the code. 3. Project Team 4. Not applicable. 5. Change Order No. 33 issued for changes.	12/20/11	12/20/11	0	\$793	33	
66	12/23/11	<b>RISK DETAILS</b> 1. The plumbing for the third floor restrooms landed on the structural beam below the floor. 2. The resolution required added partitions for the plumbing sue to code requirements for layout of room. 3. Project Team 4. Not applicable. 5. Change Order No. 34 issued for changes.	12/20/11	12/20/11	0	\$789	34	
67	12/30/11	No risks identified this week.						
68	1/6/12	No risks identified this week.						

# Intermediate District 287

## Weekly Risk Report

January 6, 2012

Project Name: <b>North Education Center</b>	Risk Rating: <b>1.0</b>
Project ID: <b>12/1/2010</b>	Percent Complete: <b>70%</b>
Contractor: <b>JE Dunn</b>	Overall PM Risk Satisfaction: <b>9.6</b>
Project Type: <b>General Construction</b>	Risks: <b>41</b>
Award Method: <b>RFP - PIPS Best Value</b>	Risks Unresolved: <b>1</b>
	Risks resolved but no Change Order: <b>3</b>

### Cost Analysis

### Schedule Analysis

Allocated Funds: \$27,100,000  
 Awarded Cost: \$25,987,230

Notice to Proceed Date: 3/24/2011  
 Original Completion Date: 8/24/2012

Potential Cost Increases: \$402,653  
 Potential Final Cost \$26,792,536

Potential Project Delays: 0  
 Potential Completion Date 8/24/2012

Actual Cost Increases: \$402,653  
**Actual Final Cost:** \$26,389,883  
 Percent Increase in Cost 1.5%

Actual Project Delays: 0  
**Actual Completion Date:** 08/24/12  
 Percent Delayed 0.0%

Contractor Change Order Rate 0.0%  
 Non-Contractor Change Order Rate 1.5%

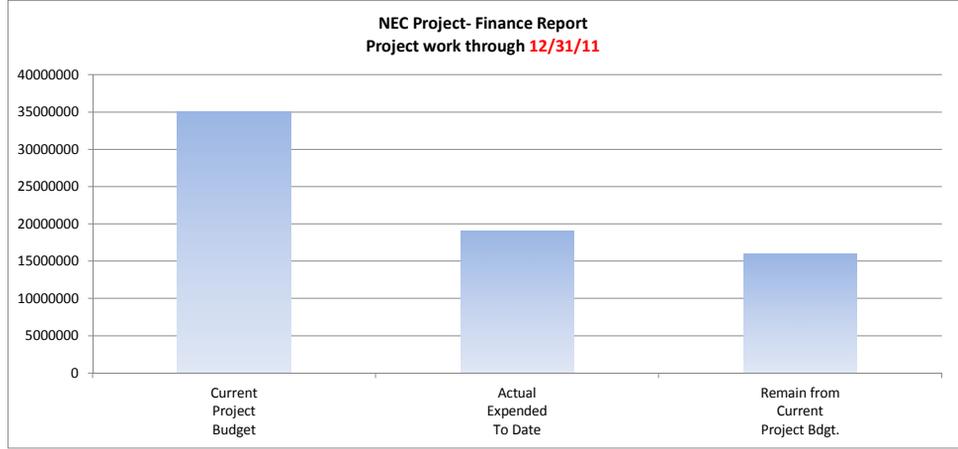
Contractor Delay Rate 0.0%  
 Non Contractor Delay Rate 0.0%

Project Schedule Analysis	Total Number of Risks	Potential Schedule Impacts	Potential Cost Impacts	Actual Schedule Impacts	Actual Cost Impacts
1) NO RISKS	25	0	\$ -	0	\$ -
2) CLIENT ISSUE / IM	7	0	\$ -	0	\$ 4,603
3) CONTRACTOR ISS	0	0	\$ -	0	\$ -
4) DESIGN ISSUE / IM	28	0	\$ -	0	\$ 292,014
5) UNFORESEEN IMP	6	0	\$ -	0	\$ 106,036
	<b>41</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$402,653</b>

NEC Project- Finance Report:

(thru 12/31/11)

Crs	Category	Original Project Budget	Approved Contingency Use	Current Project Budget	Actual Expended To Date	Remain from Current Project Bdg.
500	Land Purchase	1,175,000	-	1,175,000	1,182,400	(7,400)
500	Construction Cost	27,475,252	1,105,958	28,581,210	16,019,756	12,561,454
501	Design & Consultant Fees	2,208,411	-	2,208,411	1,684,388	524,023
502	Owner Administrative Costs	311,066	-	311,066	230,735	80,331
503	Furnishings, Fixtures & Equipment	2,572,239	-	2,572,239	-	2,572,239
500	Construction Contingency	1,357,613	(1,105,958)	251,655	n/a	251,655
		<b>35,099,581</b>	<b>-</b>	<b>35,099,581</b>	<b>19,117,278</b>	<b>15,982,303</b>



Contingency Use:

Description	Amt.	To	Aprvl. Date	Approved By
<b>Beginning Balance</b>	<b>1,357,613</b>			
- Tree removal for site prep	\$ 3,150	Doboszinski & Sons	9/23/2010	Admin
- Site fencing	11,800	Hansen Bros. Fence	4/19/2011	Committee
- Soil correction- Phase I	36,570	Doboszinski & Sons	4/28/2011	Comm/Board
- Hydrant removal- east side	2,486	Doboszinski & Sons	4/28/2011	Admin
- AIA Chg Ord'r 1- sewer pipe size	2,886	JE Dunn	7/19/2011	Admin
- AIA Chg Ord'r 2- door revisions	2,145	JE Dunn	7/19/2011	Admin
- AIA Chg Ord'r 3- allow. items 1 & 2	7,788	JE Dunn	7/19/2011	Admin
- AIA Chg Ord'r 4- electr. revisions	(2,405)	JE Dunn	7/19/2011	Admin
- AIA Chg Ord'r 5- kitchen exhaust	(2,300)	JE Dunn	7/19/2011	Admin
- AIA Chg Ord'r 6- ductwork revisions	(1,437)	JE Dunn	7/19/2011	Admin
- AIA Chg Ord'r 7- changes in ERU #2	38,189	JE Dunn	7/28/2011	Comm/Board
- AIA Chg Ord'r 8- pipe chase/cabbling	1,621	JE Dunn	8/10/2011	Admin
- AIA Chg Ord'r 9- door change	1,551	JE Dunn	8/10/2011	Admin
- Demountable wall upgrade	664,409	Hendricksen PSG	8/25/2011	Comm/Board
- AIA Chg Ord'r 10- enlarge frames	10,417	JE Dunn	8/25/2011	Committee
- AIA Chg Order 11- Fin tube radiation/pumps	(6,923)	JE Dunn	9/14/2011	Admin
- AIA Chg Order 12- VAV/HVAC ducts	24,795	JE Dunn	9/20/2011	Committee
- AIA Chg Order 13- Sanitary/Storm Sewer	14,738	JE Dunn	9/20/2011	Committee
- AIA Chg Order 14- Fire Alarm requirements	11,058	JE Dunn	9/20/2011	Committee
- AIA Chg Order 15- HVAC Duct Revisions	5,476	JE Dunn	9/14/2011	Admin
- AIA Chg Order 16- MN Health Dept. revisions	3,258	JE Dunn	9/14/2011	Admin
- AIA Chg Order 17- Voids at geothermal wells	63,789	JE Dunn	9/22/2011	Comm/Board
- AIA Chg Order 18- Upsize transformer cable	32,241	JE Dunn	9/22/2011	Comm/Board
- AIA Chg Order NA- Floor level testing	3,283	Braun Intertec	10/18/2011	Admin
- AIA Chg Order 19- Add conduit & wire	6,678	JE Dunn	10/18/2011	Admin
- AIA Chg Order 20- Add flashing to transition	7,719	JE Dunn	10/18/2011	Admin
- AIA Chg Order 21- Parapet walls in areas B1 & B2	6,849	JE Dunn	11/15/2011	Admin
- AIA Chg Order 22- Insulation of kitchen exhaust duct	16,805	JE Dunn	11/15/2011	Committee
- AIA Chg Order 23- Sensors removed from rooms	(1,095)	JE Dunn	11/15/2011	Admin
- AIA Chg Order 24- Wet conditions from summer (soil)	25,437	JE Dunn	11/15/2011	Comm/Board
- AIA Chg Order 25- Structural wall changes	1,651	JE Dunn	11/15/2011	Admin
- AIA Chg Order 26- Door hardware changes	1,359	JE Dunn	11/15/2011	Admin
- AIA Chg Order 27- Disconnect changed to fused	710	JE Dunn	11/15/2011	Admin
- AIA Chg Order 28- Delete outlet/change circuiting	940	JE Dunn	11/15/2011	Admin
- AIA Chg Order 29- Change light in room B115	670	JE Dunn	11/15/2011	Admin
- AIA Chg Order 30- Add mesh to terazzo	1,205	JE Dunn	11/15/2011	Admin
- AIA Chg Order 31- Adt'l. rough in for voice/data	6,184	JE Dunn	11/15/2011	Admin
- AIA Chg Order 32- Misc. changes to mechanical room	102,262	JE Dunn	12/20/2011	Comm/Board
<b>Total approved to-date</b>	<b>1,105,958</b>			
- AIA Chg Order 33- Code adjustments at exterior wall	793	JE Dunn		Pending
- AIA Chg Order 34- Restroom layout revision on 3rd floor	789	JE Dunn		Pending
- AIA Chg Order 35- Re-route storm drain along 55th Ave.	8,572	JE Dunn		Pending
- AIA Chg Order 36- Corrective work on North parking lot	8,238	JE Dunn		Pending
<b>Total pending to-date</b>	<b>18,392</b>			

01/17/12 - Balance \$ 233,263

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

Regular Meeting – January 26, 2012

AGENDA SECTION: Administrative Services / Facilities Report

ITEM: Approval of Change Order for NEC

PRESENTED BY: Thomas Shultz, Director of Facilities

**1. Background Information**

Change Order #32 – Costs resulting from the discovery of depth of wells and height of the building presenting an unacceptable risk due to higher levels of internal pressure in the well piping. To correct this risk, an enhanced design was required to assist in keeping the pipe pressure levels at acceptable levels. The design also provides increased energy efficiencies to the system.

**Total**      \$ 102,262.00

**2. Fiscal Impact/Funding Source: Consistent with the financing plan using Taxable Certificates of Participation, Series 2010E (Qualified School Construction Bonds – Direct Pay) and Tax Exempt Certificates of Participation, Series 2011A. This amount will be deducted from the contingency.**

**3. RECOMMENDED ACTION: Recommendation for Board approval for one (1) NEC construction change order for the total amount of \$102,262.**

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

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

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

# Intermediate District 287

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

Date: December 20, 2011  
To: Sandra Lewandowski, Superintendent  
From: Thomas Shultz, Director of Facilities  
RE: **Recommendation for Board Approval of NEC Change Order Exceeding \$25,000**

At the December 20 Board Facilities Committee meeting, Change Order #32 was presented for recommendation to the full Board for approval. A motion was made, seconded and passed unanimously; therefore, it is being presented with the recommendation for Board approval.

This Change Order was for costs relating to the discovery that the depth of wells and height of the building presented an unacceptable risk due to higher levels of internal pressure in the well piping. To correct this risk, an enhanced design was required to assist in keeping the pipe pressure levels at acceptable levels.

The Board Facilities Committee recommends that the Board approve Change Order #32 in the amount of \$102,262 for the design adaptation to increase safety and provide increased energy efficiencies to the well system for the NEC construction project.

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

Regular Meeting – January 26, 2012

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

**ITEM:** Approval of Storm Sewer Easement Agreement

**PRESENTED BY:** Thomas Shultz, Director of Facilities

**1. Background Information**

As per the Board approved (November 20, 2011) *Right of Entry Agreement*, an easement fee from District 287 (Grantee) is requested by Robbinsdale ISD 281 (Grantor), as a one-time total payment.

The easement will allow for the installation of a storm sewer line outside of the current utility easement parameters along 55<sup>th</sup> Avenue North (North Education Center construction site) while not exposing other underground utilities in the adjacent easement to potential damage.

**Total**     \$ 20,000.00

**2. Fiscal Impact/Funding Source: Consistent with the financing plan using Taxable Certificates of Participation, Series 2010E (Qualified School Construction Bonds – Direct Pay) and Tax Exempt Certificates of Participation, Series 2011A. This amount will be deducted from the contingency.**

**3. RECOMMENDED ACTION: Recommendation for Board approval for one (1) NEC construction change order for the total amount of \$20,000.**

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

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

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

# Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

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

Date: January 17, 2012

To: Sandra Lewandowski

From: Thomas Shultz

**RE: Storm Sewer Easement Agreement**

A Storm Sewer Easement Agreement is needed for Intermediate District 287 to install a storm sewer line outside the current utility easement parameters along 55<sup>th</sup> Ave North. This agreement is between Intermediate District 287, Grantee and Robbinsdale District 281, Grantor. The easement description is legally defined in the easement document and can be summarized as “the 28.5’ north of the south most property line and 127’ east of the west most property line.” The easement will allow for the installation of the storm sewer line while not exposing other underground utilities in the adjacent easement to potential damage.

As per the Board approved (November 10, 2011) *Right of Entry Agreement*, an easement fee from District 287, Grantee, is requested by Robbinsdale District 281, Grantor, as one-time total payment of \$20,000.00 upon execution of this Agreement.

The Board is being asked to approve this Storm Sewer Easement Agreement as written and approved by the Robbinsdale, District 281 School Board.

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

Regular Meeting – January 12, 2012

AGENDA SECTION: Administrative Services / Facilities Report

ITEM: Official Naming of NEC

PRESENTED BY: Thomas Shultz, Director of Facilities

1. **Background Information**

Pursuant to Board Policy: FUP140 - Facilities Use and Planning Policy which states that "It is also the Board's responsibility to name District facilities. The Board will give consideration to suggestions from citizens groups and staff."

The official naming of the building currently under construction will permit the Facilities Department to move forward with the monumental sign design, dedication plaque and other items which require a building name.

Total     \$ N/A

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

3. **RECOMMENDED ACTION:** Recommendation for Board approval of North Education Center as the official name for the facility currently under construction.

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

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

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

# Intermediate District 287

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

Date: December 20, 2011

To: Sandra Lewandowski, Superintendent

From: Thomas Shultz, Director of Facilities

RE: **Recommendation for Board Approval for the Official Name for New Building**

The new building, while widely known as the North Education Center, requires District 287 School Board approval for an official name to be assigned. At the December 20, 2011 Board Facilities Committee meeting, a motion was made, seconded and passed unanimously to name the facility the *North Education Center*.

The Board Facilities Committee recommends that Board approve the suggested name.

Pursuant to Board Policy: FUP140 - Facilities Use and Planning Policy which states that "It is also the Board's responsibility to name District facilities. The Board will give consideration to suggestions from citizens groups and staff."

The official naming of the building will permit the Facilities Department to move forward with the monumental sign design, dedication plaque and other items which require a building name.

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

Regular Meeting – January 26, 2012

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

**ITEM:** Bren Road Name Change

**PRESENTED BY:** Thomas Shultz, Director of Facilities

**1. Background Information**

Pursuant to Board Policy: FUP140 - Facilities Use and Planning Policy which states that "It is also the Board's responsibility to name District facilities. The Board will give consideration to suggestions from citizens groups and staff."

The Board is asked to rename Bren Road Education Center to *West Education Center*. The renaming of Bren Road Education Center to West Education Center is consistent with the names of our other large education facilities, South Education Center and the North Education Center, currently under construction. This would start the rebranding process prior to the launch of new activities currently in the planning stage.

**2. Fiscal Impact/Funding Source: Cost associated with new signage from Facilities.**

**3. RECOMMENDED ACTION: Recommendation for Board approval for the name change of Bren Road to the *West Education Center*.**

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

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

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

# Intermediate District 287

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

Date: January 17, 2012

To: Sandra Lewandowski, Superintendent

From: Thomas Shultz, Director of Facilities

RE: **Recommendation for Board Approval to Change Site Name**

District 287 Administration recommends that the Board approve the changing of Bren Road Education Center to *West Education Center*.

Pursuant to Board Policy: FUP140 - Facilities Use and Planning Policy which states that "It is also the Board's responsibility to name District facilities. The Board will give consideration to suggestions from citizens groups and staff."

The renaming of Bren Road Education Center to West Education Center is consistent with the names of our other large education facilities, South Education Center and the North Education Center currently under construction. This would start the rebranding process prior to the launch of new activities currently in the planning stage.

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

**Regular Meeting – January 26, 2012**

**AGENDA SECTION: ADMINISTRATIVE SERVICES REPORT**

**ITEM: Approval of Salary Range for Director of Finance Position**

**PRESENTED BY: Anne Becker, General Counsel/Human Resource Director**

**1. Background Information**

Human Resources staff is in the process of preparing to post for the Director of Finance position that will be vacated by Janet Johnson effective July 1, 2012. It is customary in our postings to include the salary range for such positions.

The Director of Finance position is a critical one and districts will pay what is necessary to attract high quality candidates. Minnesota school finance is very complicated and only a select few have a thorough understanding of the system; finances in an intermediate district add yet another layer of complexity to the subject. In order to attract a qualified candidate to be our new Director of Finance we must be able to offer a competitive salary. Under our current salary grade that is not possible.

Recommendation to change the top of the salary range for Grade 15, Director of Finance, to \$150,000. This recommendation is made with the intention of ultimately offering a salary that is consistent with the average paid by our member districts, not one that is close to the top of the salary range.

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

**3. RECOMMENDED ACTION: Recommendation for Board approval to change the top of the salary range for Grade 15, Director of Finance, to \$150,000.00.**

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

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

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

# Intermediate District 287

## *Responsive. Innovative. Solutions*

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### INTER-OFFICE MEMORANDUM

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DATE: January 19, 2012

TO: Sandra Lewandowski, Superintendent

FROM: Anne C. Becker, General Counsel and HR Director

RE: **Salary Range for Director of Finance Position**

Human Resources staff is in the process of preparing to post for the Director of Finance position that will be vacated by Janet Johnson effective July 1, 2012. It is customary in our postings to include the salary range for such positions.

As you know, we have commissioned salary surveys from Springsted on all four employee groups: Education Minnesota Local 2209; School Service Employees SEIU Local 284; Unaffiliated Employees and Administrators. In the last few weeks we have begun to receive compensation data for district administrator positions. Actual FY 11 salaries have been compiled for the Director of Finance in District 287 and the 9 member districts which have comparable positions. This data shows that the average salary for a Director of Finance in our member districts is \$136,894. The current salary range for the District 287 Director of Finance position is \$105,000 to \$130,000. Five out of nine comparable positions in member districts have salaries above the current range.

The Director of Finance position is a critical one and districts will pay what is necessary to attract high quality candidates. Minnesota school finance is very complicated and only a select few have a thorough understanding of the system; finances in an intermediate district add yet another layer of complexity to the subject. In order to attract a qualified candidate to be our new Director of Finance we must be able to offer a competitive salary. Under our current salary grade that is not possible.

Another consideration in this hiring process is District 287's practice of not offering a candidate a salary at the top of the range for the relevant position. Even if we are able to attract a qualified candidate with a salary that is in the current salary range (\$130,000 or below), we would not be in a position to offer a salary that is close to \$130,000 because if we did so there would be no opportunity for that person to advance.

I respectfully recommend that we change the top of the salary range for Grade 15, Director of Finance, to \$150,000. This recommendation is made with the intention of ultimately offering a salary that is consistent with the average paid by our member districts, not one that is close to the top of the salary range.

#### **Requested Action at January 26, 2012 Board Meeting:**

Approval of Proposed Change in Top of Salary Range for Grade 15, Director of Finance, to \$150,000.

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

Regular Meeting – January 26, 2012

AGENDA SECTION: Board Business

ITEM: Board Bylaws Amendment

PRESENTED BY: Board Chair

**1. Background Information**

Board member Bremer proposes the following amendment change to the "Board Bylaws":

**II. BOARD MEMBERS AND ORGANIZATION**

- A. The Board shall consist of **13 appointed members**, 1 representative from each member district, and the District superintendent as an ex-officio member.

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

**3. RECOMMENDED ACTION: Recommendation for Board approval of the Board Bylaws Amendment change.**

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

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

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

# Intermediate District 287

**RESPONSIVE. INNOVATIVE. SOLUTIONS.**

## **Bylaws: Intermediate School District 287**

**SUBJECT: Bylaws**

**BOARD APPROVED: June 26, 2008**

**EFFECTIVE DATE: January 1, 2009**

**REVISION DATE:**

### **PREAMBLE**

The Board has been established as a “joint board” pursuant to a memorandum of agreement (hereinafter called "the agreement") entered into by certain independent school districts and Intermediate District 287 pursuant to Minnesota Statutes. All independent school districts in Hennepin and Wright Counties, Minnesota, are eligible for membership in the District pursuant to the provisions of Paragraph 8 of the agreement.

As in the agreement, “members” shall mean the member school districts participating in the District and the Board and “Board members” or “representatives” shall mean persons appointed by the member school districts to the Board. “Board” shall refer to the joint board organized pursuant to the agreement to represent the member parties to the agreement. “District” or “Service Provider” shall refer to Intermediate District 287.

### **I. LEGAL STATUS OF THE BOARD**

- A. The basis for the establishment and operation of the Intermediate District and the Board lies in the State of Minnesota Constitution, Minnesota Statutes, court interpretations of these laws, and the powers implied under them.
- B. The Board shall have the general charge of the business, management and governance of District programs, facilities, and services.
- C. Board members have no individual authority and the Board is not bound by an action or statement on the part of an individual Board member or member district.
- D. The legal address of Intermediate District 287 and the Board shall be 1820 Xenium Lane North, Plymouth, MN 55441.

### **II. BOARD MEMBERS AND ORGANIZATION**

- A. The Board shall consist of ~~13 appointed members~~, 1 representative from each member district, and the District superintendent as an ex-officio member.
- B. The term of office of a Board member is two years commencing on the first Monday in January and until a successor qualifies.

- C. The Board may establish standing or special committees when necessary or desirable to facilitate the work of the Board.

### **III. BOARD MEMBER DUTIES AND ETHICS**

To ensure that the Board's business is conducted with maximum effectiveness, efficiency, and integrity, each Board member shall understand the roles and responsibilities of the Board and adhere to the code of ethics stated below:

- A. Always remember that the first and greatest concern must be the educational welfare of the students attending District programs and receiving District services;
- B. Attend all regularly scheduled and special Board meetings insofar as possible;
- C. Become informed concerning the issues to be considered at those meetings;
- D. Exercise prudent judgment in initiating, reviewing, considering and voting on items affecting operations of the District;
- E. Initiate and maintain constructive two-way dialogue with District administration and the Board member's local district board and superintendent as a means to engage all clients and stakeholders in the work of the Board and the District;
- F. Represent the Board and the District to the Board member's local district board and community in a manner that fosters public confidence and respect;
- G. Maintain a working rapport with other members of the Board and the superintendent;
- H. Respect the right of others to hold and express opinions;
- I. Support the employment of those persons best qualified to serve as District staff, and insist on a regular and impartial evaluation of all staff;
- J. Recuse when in a position of conflict of interest, and not use the Board position for personal or partisan gain;
- K. Take no private action that will compromise the Board or District administration;
- L. Respect the confidentiality of information that is privileged under applicable law; and
- M. Abide by majority decisions of the Board while retaining the right to seek changes in such decisions through ethical and constructive channels.

### **IV. DUTIES OF OFFICERS**

The Board shall appoint a chair, vice chair, clerk, treasurer and other officers as determined by the Board. The superintendent is an ex-officio nonvoting member of the Board.

- A. The chair shall:

1. Preside at all Board meetings and ensure the orderly conduct of meetings;
  2. Set meeting agendas in consultation with the superintendent;
  3. Countersign orders upon the treasurer for claims approved by the Board;
  4. Sign all contracts and agreements approved by the Board;
  5. Represent the Board in all matters;
  6. Appoint all committee members;
  7. In case of absence, inability, or refusal of the clerk to draw orders for the payment of money authorized by a vote of the majority of the Board to be paid, draw orders to be paid by the treasurer, or, along with the treasurer, declare the office of the clerk vacant and fill by appointment;
  8. Ensure that the policies of the Board are properly administered; and
  9. Confer with the superintendent as may be necessary and desirable.
- B. The vice-chair shall, in the absence or disability of the chair, perform the duties of the chair.
- C. The clerk shall ensure the following:
1. Minutes of the Board are recorded;
  2. Detailed accounts of Board business are kept;
  3. All contracts and agreements approved by the Board are signed;
  4. All orders upon the treasurer for payment of bills, salaries and contracts approved by the Board are signed;
  5. All records and reports required of the clerk are prepared as directed by the Board; and
  6. All duties of the chair are performed in the absence of the chair and vice chair.
- D. The treasurer shall ensure the following:
1. Funds of the District are deposited in the official depository;
  2. All funds are received, held in custody, and expended as directed by the Board and detailed records are kept of all orders processed;
  3. All records and reports required of the treasurer are prepared as directed by the chair;
  4. All orders upon the treasurer approved by the Board are signed, thereby converting the orders into checks; and
  5. If there are insufficient funds on hand to pay valid orders presented to the treasurer, orders are received, endorsed, and processed in accordance with Minnesota Statutes.
- E. The superintendent shall:
1. Prepare reports and materials for the Board and submit appropriate recommendations;
  2. Keep the Board well-informed in a timely manner about District operations and needs;
  3. Implement Board policies and actions; and
  4. Perform other duties and fulfill other responsibilities as prescribed by the Board.

## V. CALL AND CONDUCT OF MEETINGS

A. Regular Meetings

1. The Board shall meet as required by law. No action authorized or required by law shall be taken by the Board except in a meeting open to the public and after appropriate notice to the public as required by law.
2. An agenda shall be sent to each member school district and Board member at least six (6) days prior to each regular meeting of the Board. All matters to be included thereon, proposed by Board members, shall be submitted in writing to the chair no later than fifteen (15) days prior to such meeting. The superintendent is empowered to submit additional items with the approval of the chair. To the extent reasonably possible, matters submitted for the agenda in the form of a resolution by a Board member shall appear on the agenda in the form prepared and proposed by the Board member.
3. Matters not on the agenda may be considered at any meeting of the Board consistent with Robert's Rules of Order.

B. Special Meetings

1. Special meetings of the Board may be called by the chair or shall be called upon the written request of three or more members of the Board.
2. Board members shall receive written notice of special meetings by first class mail sent to the address of each member district and Board member at least three (3) days before such meetings. The notice shall state the time, place, and purpose of the special meeting, and shall be given by the clerk or designate.
3. The powers of the Board shall be the same at special meetings as at regular meetings.

C. Organizational Meetings

1. The organizational meeting shall be held in January, or as soon thereafter as possible, on such date and at such place as the Board shall designate.
2. The business of the organizational meeting shall include:
  - a. Determination of a quorum and call to order;
  - b. Election of officers for the ensuing year;
  - c. Report of the nominating committee;
  - d. Designation of depositories;
  - e. Collateral agreements;
  - f. Designation of official newspaper;
  - g. Designation of legal counsel;
  - h. Appointment of assistant treasurer;
  - i. Regular meeting schedule of the Board; such schedule shall include at least four (4) future meetings of the Board, including the organizational meeting;
  - j. Any other business as may come before the meeting or any adjournment thereof; and

k. Adjournment.

3. The chair shall appoint a nominating committee of three persons not less than thirty (30) days before the organizational meeting. Such committee shall nominate members of the Board to serve as Board officers.

D. The rules of parliamentary procedure in Robert's Rules of Order shall govern the Board in its deliberations in all matters except as otherwise provided in these bylaws. Meeting procedures are intended to ensure that meetings are conducted in an internally consistent manner, decisions are made in an orderly and reasonable manner, there is adequate discussion of decisions, and members have the necessary information to make decisions on substantive issues.

E. The rules of procedure may be amended at any meeting by majority vote.

F. Proxy voting shall not be permitted.

## **VI. MEETING MINUTES**

A. Maintenance of Minutes and Records

1. The clerk shall ensure that permanent records of the Board are kept, including records of the meeting minutes.

2. A copy of all motions and the names of the persons making and seconding motions shall be recorded. There shall be a recorded vote if the vote is not unanimous.

3. Minutes of meetings shall be available for inspection at the administrative offices of the District after they have been prepared.

4. Meeting minutes shall be approved by the Board at a subsequent meeting, and signed by the chair and clerk after approval.

B. Publication of Official Board Proceedings

1. Minutes of the proceedings of the Board shall be sent to the member districts and Board members.

2. The Board shall publish its minutes in the District's official newspaper. The proceedings to be published may be a summary if the summary adequately informs the public of the substance of the proceedings.

## **VII. QUORUM**

No meeting shall be convened nor any business transacted by the Board unless a quorum of its members are present. A quorum of the Board consists of a majority of the Board members.

## **VIII. NOTICES TO MEMBERS**

Notices shall be sent to each Board member.

**IX. FISCAL YEAR**

The fiscal year of the District shall commence on July 1 and end on June 30 of each year.

**X. CORPORATE SEAL**

The Board shall have no corporate seal.

**XI. AMENDMENTS**

The bylaws may be amended by an affirmative vote of two-thirds of the members present at a meeting of the Board, provided that the substance of the proposed amendment shall have been submitted in writing to member districts and Board members at least ten (10) days prior to such meeting.

# Intermediate District 287

RESPONSIVE. INNOVATIVE. SOLUTIONS.

## Get on the Bus & Local 2209 Breakfast Schedule 2011-2012

### Get on the Bus

Tuesday, February 7th  
Sandburg  
(Visit NEC construction site)  
Bus leaves 287 DSC @ 8:30 AM

ANN BREMER

CAROL BOMBEN

LAURA RONBECK

MICHÈLE KUNZ

NANCY ROWLEY

### Local 2209/Board Breakfast 7:00 AM

Tuesday, March 20th  
District Service Center  
(3rd Floor – Room 316)

MICHÈLE KUNZ

CAROL BOMBEN



# AMSD

# CONNECTIONS

News and Updates from the Association of Metropolitan School Districts

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## AMSD Calendar

**January 17, 2012**

**AMSD Winter Conference**

7:30 AM—1:30 PM  
TIES Building, St. Paul

**January 27, 2012**

**Executive/Legislative Committee Meeting,**

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

**February 3, 2012**

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

**February 24, 2012**

**Executive/Legislative Committee Meeting,**

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

**March 2, 2012**

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

## From the Chair

**H**appy New Year! The year has certainly gotten off to an exciting start at AMSD. Last Friday's Session Preview was attended by 150 people including about 40 of our metro area legislators. AMSD Superintendents Sandy Lewandowski, Corey Lunn and Randy Clegg gave excellent presentations on important AMSD legislative initiatives. We also heard informative updates from Kevin McHenry, director of government relations at the Minnesota Department of Education and from a legislative panel consisting of Senator Gen Olson, Senator Terri Bonoff, Representative Pat Garofalo and Representative Mindy Greiling.



As we approach the beginning of the 2012 legislative session, it is important that all AMSD board members build on the momentum from the session preview. Please continue to communicate with your local legislators via in person meetings, personal phone calls, or email. You can refer to the AMSD legislative platform and position papers on our website for specific information on issues pertinent to our member districts. During the session,

## AMSD's Mission

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

AMSD members can stay informed about the action at the Capitol through the new AMSD web site and also through the AMSD Blog, Twitter and Facebook. The governor and legislators will be addressing a number of important issues and we need your help to make sure the needs of our students are addressed. Thanks in advance for your time and commitment.

*Pam Langseth, school board member from Minnetonka Public Schools, is chair of AMSD.*



Association of  
Metropolitan School Districts



# Forward Thinking + Mobile Technology = Innovation in Inver Grove Heights

It is sometimes difficult to keep up with technology changes in the classroom and determine the impact that those changes have on teaching and learning. During the past couple of years, teachers in Inver Grove Heights Community Schools (District 199) have developed action-research projects to investigate the relationship between technology integration and student engagement and academic achievement.



In one study, a school staff member visited two Inver Grove Heights first-grade classrooms that were using iPads and recorded the time-on-task of students who were identified as typical first-grade students. Data supported the theory that technology integration can increase student engagement. Students were on task 60-65% when iPads were not being used as a complimentary learning tool. However, when iPads were in the mix, students' time-on-task increased to 80-85%. As evidenced, students are more motivated and receptive to learning when technology is present.

Furthermore, data collected from various action-research projects in District 199 pointed to a direct relationship between technology use and increased academic achievement. One such project aimed to examine whether or not technology integration could increase reading fluency. Elementary students used iPods to record a baseline reading, listen to both a self-recording and a reading from a professional, critique their work and then re-record to compare fluency time. The project tracked the increase in words read per minute in both a control and experimental group in grades one, four and five. In each case, the experimental group had an average increase of at least seven words per minute more than the control group; another positive sign supporting the integration of technology in the classroom.

Connecting, collaborating and going mobile with technology can motivate students and drive them to reach their full potential, while preparing them for the challenges they will encounter both in the classroom and in life. Inver Grove teachers conducting action-research projects recognized that technology not only engaged their students, but it also empowered them. This observation inspired an innovative idea within District 199.

Superintendent Wells encouraged staff to select students to participate in a technology conference for adults, led by the students. This concept offered students the opportunity to share their technological expertise with adults in the community so that all could benefit from the experience. It would connect the community to the district and put students' talents on display. The conference gave residents an inside look at a 21<sup>st</sup> century classroom. To most, this was far different from the classroom where they had grown up.

The inaugural Inver Grove Heights Community Schools' Student Led Technology Conference was a success with approximately 40 students in grades K-12 teaching adults how to accomplish tasks, manage and produce content in the cloud, and produce multi-media projects using iPads, iPods and other devices and software programs.

The Student Led Technology Conference attracted national attention. The Consortium of School Networking (CoSN) invited District 199 to participate in a cadre comprised of leading-edge school districts. Inver Grove Heights Community Schools was one of 13 districts throughout the nation selected to share practices being used to



*Continued on page 3*

# AMSD Presents Rep. Doepke and Sen. Olson with Friend of Public Education Award

The Association of Metropolitan School Districts (AMSD) presented Senator Gen Olson and Representative Connie Doepke with 2011 Friend of Education Awards at the Minnetonka School Board meeting on January 5. The AMSD Friend of Education Award is given annually to Minnesota leaders who demonstrate support and advocacy of public education and AMSD legislative platform initiatives.

Senator Olson and Rep. Doepke were selected in recognition of their ability to work in a bipartisan and cooperative manner on important education issues. Doepke and Olson sponsored key AMSD initiatives including mandate relief, fund transfer flexibility, simplification of the required ballot language for renewal of a capital project levy, and legislation creating an alternative pathway for teacher licensure. Senator Olson also led the effort to create a new, innovative literacy program that will provide new funding for all school districts.

Governor Dayton also received the Friend of Education Award and was recognized last month.



Pictured from left are Lori Grivna, AMSD legislative consultant, Scott Croonquist, AMSD executive director, Senator Gen Olson, Representative Connie Doepke, Pam Langseth, AMSD board chair and Minnetonka School Board member, and Dennis Peterson, superintendent, Minnetonka Public Schools.

## Inver Grove Heights Goes Mobile in the Classroom

*Continued from page 2*

promote innovation and collaboration within the organization. Digital media has been at the forefront of many district objectives during the last few years. In these tough economic times, District 199 has focused on finding resources to provide students with technology tools and access to programs that will allow them to develop their 21<sup>st</sup> Century skills.

In times when students are able to participate by collaborating with classrooms in China via videoconference or students in Australia on the cloud, it is of increasing importance to equip young learners with resources that will support their ability to become successful individuals in a global society.

But what does the future of education and the future of our world look like? According to Tina Barseghian, editor of NPR's *MindShift*, the way that students receive their education will drastically change by 2020. She hypothesizes that differentiated instruction will be the norm as students and parents require more personalized learning programs, customized to meet the needs of each learner. Recently, education has seen an expansion in the utilization of mobile technology. Students learn on the go and on *their* time, and mobile devices provide a platform that is available to students 24/7.

As educators look to the future, the focus must remain on what will be best for students, and developing a plan to obtain resources that will keep children engaged and maximize opportunities to connect, collaborate and go mobile in a society of heightened expectations.

*This month's member spotlight was submitted by Johnny Germscheid, Communications Coordinator, Inver Grove Heights Community Schools.*



## **Task Forces Tackling Important Education Issues**

The Omnibus Education Finance Bill enacted during the 2011 special session established four different task forces/working groups to study and develop recommendations on several important education issues. The groups identified below are composed of education leaders, parents, business representatives and policy makers from across the state. Some of the groups have already held multiple meetings and have heard testimony from state and national experts. Several AMSD board members are serving on these working groups and AMSD staff is closely monitoring the progress.

To access meeting materials, the meeting schedule and membership rosters, visit the link identified for each group.

### **Integration Revenue Replacement Task Force**

The Integration Task Force is composed of 12 members whose charge is to “create and sustain opportunities for students to achieve improved educational outcomes.” The Task Force must submit a report to the Legislature by February 15, 2012. Under the 2011 special session education bill, integration revenue is currently set to expire after the 2013 allocation.

Website: <http://education.state.mn.us/MDE/Welcome/AdvBCT/IntegRevReplaceTaskForce/index.html>

### **Principal Evaluation Work Group**

The Principal Evaluation Work Group is composed of 28 members and four ex-officio, legislative members. The work group is charged with developing “a performance-based system model for annually evaluating school principals.” The group must submit a report to the Legislature by February 1, 2012. Principal evaluations under this system will begin during the 2013-2014 school year.

Website: <http://education.state.mn.us/MDE/Welcome/AdvBCT/PrincEvalWorkGroup/index.html>

### **Teacher Evaluation Work Group**

The Teacher Evaluation Work Group is composed of 35 members and four ex-officio, legislative members. The work group will create and publish a teacher evaluation and review process that must be used “if a school board and the exclusive representative of the teachers do not agree to an annual teacher evaluation and peer review process.” Teacher evaluations and reviews under this system will begin during the 2014-2015 school year.

Website: <http://education.state.mn.us/MDE/Welcome/AdvBCT/TeacEvalWorkGrp/index.html>

### **Tiered Licensure Advisory Task Force**

The Tiered Licensure Task Force is composed of 20 members and four ex-officio, legislative members. The task force is charged with developing “recommendations for a tiered licensure system” in Minnesota. The task force must submit a report to the Legislature by February 15, 2012.

Website: <http://education.state.mn.us/MDE/Welcome/AdvBCT/TierLicAdvTaskForce/index.html>

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

# School Board Planning Calendar 2011

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

**INFORMATIONAL ITEMS TO REMEMBER:**

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

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

# School Board Planning Calendar 2011

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

**INFORMATIONAL ITEMS TO REMEMBER:**

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

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

**INTERMEDIATE DISTRICT 287**  
**January 26, 2012**  
**SCHOOL BOARD CALENDAR**

**\*\*TENTATIVE DATES\*\***

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 January 2012

26	Thursday	General Board Meeting	6:30PM	Board Rm
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 February 2012

07	Tuesday	Get on the Bus (TBN)	8:30AM	DSC
09	Thursday	40 Years of Vista Programs	5:30PM	DSC – 3 <sup>rd</sup> Floor
09	Thursday	General Board Meeting	6:30PM	Board Rm
23	Thursday	General Board Meeting	6:30PM	Board Rm
25	Saturday	Destination Imagination West/Southwest Metro Regional Tournament	TBD	Maple Grove HS

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 March 2012

08	Thursday	General Board Meeting	6:30PM	Board Rm
20	Tuesday	Local 2209/Board Breakfast	7:00AM	DSC-Rm 316
22	Thursday	General Board Meeting	6:30PM	Board Rm

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 April 2012

12	Thursday	Epsilon Family Night	TBD	Epsilon
14	Saturday	Destination Imagination State Tournament	TBD	Champlin Park HS
25	Wednesday	Honors Mentor Connection Scholar's Forum	TBD	TBN
26	Thursday	General Board Meeting	6:30PM	Board Rm

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 May 2012

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

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 June 2012

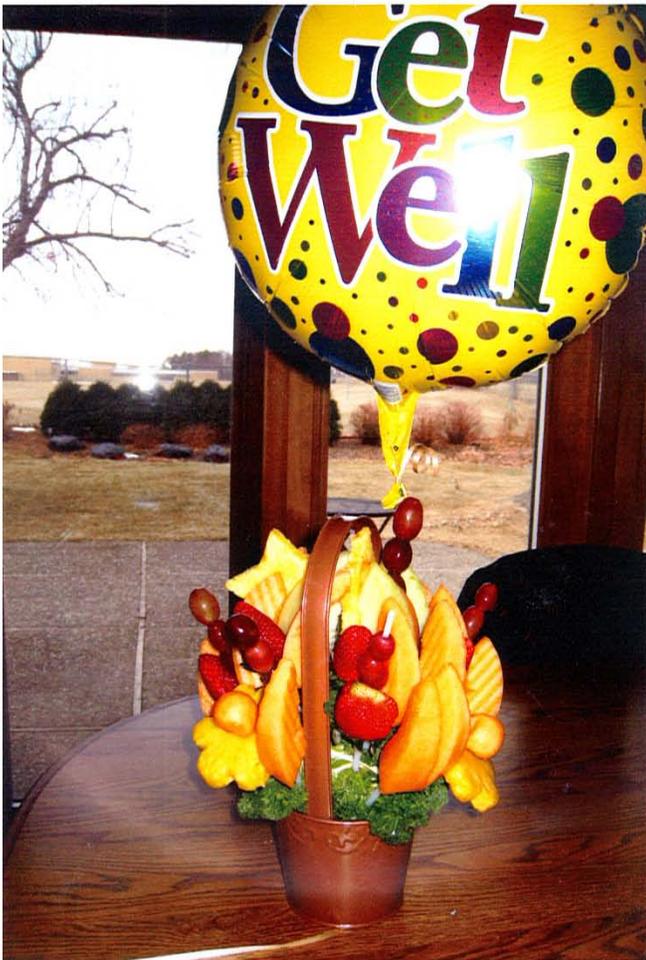
01	Friday	Prairie Center Academy (PCA) Graduation	10:00AM	EP Cmmnty Center
04	Monday	North Vista Education Center Graduation	7:00PM	North Vista
05	Tuesday	City West Academy Graduation	10:00AM	Shady Oak
07	Thursday	Edgewood Education Center Graduation	TBD	Edgewood
14	Thursday	General Board Meeting	6:30PM	Board Rm
28	Thursday	General Board Meeting	6:30PM	Board Rm

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 ◆ Board Facilities Committee Meeting - Third Tuesday of the Month

◆ Board Facilities Committee Meeting - Second Tuesday of the Month

◆ General Board Meeting – Date Change

◆ New Event



Dear 287 School Board, Sandy & Waveren  
Thanks so much for the  
delightful edible arrange-  
ment of fruits... it brought  
a smile to my face when  
I needed it! The fruit  
assortment was not only  
delicious, but absolutely  
beautiful too (see picture)  
I'm getting better every day.  
Thanks for your well  
wishes + thinking of me!  
Jirida

