

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF EDUCATION
INDEPENDENT SCHOOL DISTRICT NO. 271
Bloomington, Minnesota**

November 24, 2008

- I. ROLL CALL Pursuant to due call and notice thereof, and there being a quorum present, the Board of Education of Independent School District No. 271, was called to order by Chair Maureen Bartolotta at 7:00 p.m. on November 24, 2008, in the Community Room at the Educational Services Center, 1350 West 106th Street, Bloomington, Minnesota.
- Members Present Maureen Bartolotta, Chair; Jim Sorum, Vice Chair; Chuck Walter, Clerk; Arlene Bush, Treasurer; Tim Culver, Mark Hibbs and Maureen Peterson.
- Administration Present Les Fujitake, Rod Zivkovich, Bruce Pappas and Tom Holton.
- Attorney Present Kingsley Holman.
(There are no abstentions unless otherwise stated.)
- II. PLEDGE OF ALLEGIANCE Recited.
- III. APPROVAL OF THE AGENDA Arlene Bush moved, Maureen Peterson seconded, to approve the agenda. Motion carried unanimously.
- IV. RECOGNITION OF STUDENTS/ STAFF/PUBLIC
- Energy Star Awards The School Board recognized nine of our buildings that have passed energy efficient standards to help protect the environment and are being recognized with a national award. The ENERGY STAR, a government-backed program of the U.S. Environmental Protection Agency and the U.S. Department of Energy, helps businesses and individuals protect the environment through superior energy efficiency. The award recognizes the schools with an ENERGY STAR label indicating they are environmentally friendly. The school buildings were required to meet standards covering temperature and humidity, illumination, outside air ventilation and control of indoor air pollutants. The program resulted in an annual cost avoidance of \$400,000 for the District, and 35% less emissions of carbon dioxide and greenhouse gas into the atmosphere.
- The schools receiving the recognition are: Hillcrest, Oak Grove, Olson and Ridgeview Elementary Schools, Olson and Valley View Middle Schools, Jefferson High School, Pond and Southwood Centers. The School Board recognized Principals and Chief/Lead Custodians. They are Hillcrest Community School—Principal Paul Schullo and Chief Jeff Tucker; Jefferson High School—Principal Steve Hill and Chief Dave Kusinski; Oak Grove Elementary—Principal Raymond Yu and Lead Chuong Nguyen; Olson Elementary—Principal Paul Meyer and Lead Jeff Gilb; Pond Center—Administrator Kay Miller and Lead Al Kitagawa; Ridgeview Elementary—Principal Steve Abrahamson and Chief Dave Wagner; Southwood Center—Administrator Chris Christenson and Chief Jessie Hanson; Olson Middle—Principal Tom Lee and Chief Lyle Daly; Valley View Middle—Principal Andy Kubas and Chief Jeremy St. George.

Mike Berg, Director of Buildings and Grounds, provides the leadership for this program. He expressed appreciation to staff members Craig Nordstrom and Terri Sell for their work with the energy management program.

V. PART A

1. *Board Business*

Minutes

a. Minutes of the Regular Meeting of the School Board on November 10, 2008.

Personnel Items

b. Licensed Personnel: Leave of Absence, Employments.
Independent Personnel: Changes of Status.

Classified Personnel: Retirement, Resignations, Leaves of Absence, Employments, Changes of Status.

Non-Resident
Agreements

c. Non Resident Student Attendance Agreements:
2008-2009 Students Entering Bloomington = 1
2008-2009 Students Leaving Bloomington = 9

2. *Contracts/Agreements*

MELF

a. RESOLVED, that the School Board of Independent School District No. 271 approves the contract between Minnesota Early Learning Foundation (MELF) and ISD #271, Early Childhood Family Education, in the amount of \$217,718 for a one-year term of September 1, 2008 through August 31, 2009.

3. *Finance*

Gifts & Donations

a. RESOLVED, that the School Board of Independent School District No. 271 accepts gifts and donations, as indicated in the background, in the amount of \$19,310.12.

Receipts/Disbursements

b. Receipts and Disbursements as submitted.

Tim Culver moved, Chuck Walter seconded, to approve Part A items in accordance with all of the written material submitted to the School Board. Motion carried unanimously.

VI. PART B

District Audit
Report
2007-2008

Rod Zivkovich, Executive Director of Finance, and Matt Meyer from the accounting firm of Kern, DeWenter and Viere (KDV), reported to the School Board findings of the audit conducted for the 2007-2008 school year. Audit findings include an Unqualified Opinion on financial statements, which is the best opinion issued by an auditor. The report states that financial statements present fairly in all material respects--the financial position and change in financial position of the governmental activities, each major fund and the aggregate remaining funds. An Unqualified Opinion also was designated for compliance with Federal programs— School Lunch/Breakfast Program and Special Education. There were two “housekeeping findings” related to Minnesota Legal Compliance. The District already has taken action on these findings.

A few report highlights—General Fund Operations, actual revenue to the District was \$103.9 million, approximately \$715,000 under budget. Actual expenditures were \$100.9 million, or \$2.3 million under budget, which resulted in an actual increase in the fund balance of \$2.6 million. The ending fund balance was \$16.7 million. The unreserved portion of the fund balance totals \$12.2 million, which is 12.1% of annual expenditures for 2008 spending levels. This amount represents 6 weeks of General Fund expenses for operations in the District.

Enrollment Trends—Average Daily Membership (ADM) is the driver for revenue into the District. Tracking of student counts is important. About 96% of the students are residents of the District. There has been a modest decline in the number of students served over the last five years. To determine state aid, pupil units are weighted based on grade level and the District must factor into account open enrollment students, as aid follows the student. The State has a recommendation that 65% of the total General Fund budget should be expended for instruction (regular, special education and vocational). For fiscal year 2008, the District expended 68% of the General Fund budget on direct classroom instruction.

The Food Service Fund has had a surplus over the last years. The \$1.4 fund balance at year-end is near the maximum fund balance recommendation. In the Community Services Fund, there was a deficit of \$87,000. A transfer of \$579,972 will be made from the General Fund. The Community Service Fund ended the year with a balance of \$2.3 million. Additional report overviews included debt service (long-term debt), tax levies and tax capacity rates.

Mr. Meyer highlighted new Accounting Standards GASB 43 and 45 – Accounting for Other Post Employment Benefits. He commended the District for its sound financial management and positioning the District well for uncertainties ahead. He also commended the District for establishing a fund balance policy, which sets a goal of 5-8%, a modest, yet reasonable level. Year-end totals indicate that the District met the goal. Director Peterson highlighted the work of the Community Financial Advisory Committee.

The audit report was discussed in detail with the School Board at its November 17th workshop. Mr. Meyer, commended Rod Zivkovich and the Finance Department staff for their excellent work and their assistance in the audit process. Director Walter expressed appreciation to the Finance Department for their fiscal responsibility and thanked the community for their support. He noted that the new edition of School Pages contains information on basic school finance. Director Sorum also noted the work of the Finance Department under the leadership of Rod Zivkovich.

Operating
Transfers

Mark Hibbs moved, Arlene Bush seconded, that the School Board of Independent School District No. 271 approves the operating transfers of \$579,972 from the General Fund to certain programs accounted for in the Community Service Fund for fiscal year 2007-2008. Motion carried unanimously.

The annual process of financially closing a school year requires District Administration to make recommendations to the School Board to transfer resources between our District's accounting funds. Transfers are necessary because Community Service revenue is received combined with General Fund revenues. The District deposits and records all of this combined revenue into the General Fund. A transfer is subsequently made to record the revenue in Community Service. For example, the majority of SHAPE's revenue is initially received in the General Fund along with the District's state aid payments. At year-end, a transfer of resources from the General Fund to the Community Services Fund is required to recognize the amount of state aid generated by SHAPE students. Similarly, the District also makes transfers to recognize costs attributable to facilities such as Pond and Southwood.

Designated Funds
Severance

Jim Sorum moved, Maureen Peterson seconded, that the School Board of Independent School District No. 271 approves reducing the Severance Insurance designation by \$103,640 from our June 30, 2008 General Fund Balance. Motion carried unanimously.

Our auditors require the District to establish a designated fund balance for severance insurance premiums. This fund balance is calculated on expected retiree insurance premiums less current year divided in half. Since the District has negotiated reductions in this area, the number will continue to decrease. The ending balances were \$524,937 in 2006-07 and \$421,297 in 2007-08. Therefore, District Administration recommends reducing the designation for Severance Insurance by \$103,640.

Designated Funds
Tobacco Settlement

Chuck Walter moved, Arlene Bush seconded, that the School Board of Independent School District No. 271 approves reducing the Tobacco Settlement designation by \$2,910 from our June 30, 2008 General Fund Balance. Motion carried unanimously.

In 2005-2006 working with our auditors, the District established a designated fund balance for Tobacco Settlement Dollars. These funds were the District's portion of the state settlement with Tobacco Companies. The District has designated these dollars for employee wellness programs since these dollars need to be directed to employees. The ending balances were \$47,182 in 2006-07 and \$44,272 in 2007-08. Therefore, District Administration recommends reducing the designation for Tobacco Settlement by \$2,910.

Designated Funds
Uniform & Instrument
Replacement

Maureen Peterson moved, Jim Sorum seconded, that the School Board of Independent School District No. 271 approves designating an additional \$7,040 for future Uniform and Instrument Replacement from our June 30, 2008 General Fund Balance. Motion carried unanimously.

In 2004-05 working with our auditors, the District established a designated fund balance for High School Uniforms and Instrument Replacement. These funds are generated through fees and the net of fees and expenditures is designated. The ending balances were \$66,864 in 2006-07 and \$73,904 in 2007-08. Therefore, District Administration recommends designating an additional \$7,040 for Uniform and Instrument Replacement.

Designated Funds
Bus Purchase &
Building Maintenance

Mark Hibbs moved, Arlene Bush seconded, that the School Board of Independent School District No. 271 approves designating \$500,000 for future Bus Purchases and \$300,000 for future Building Maintenance from our June 30, 2008 Transportation Fund Balance. Motion carried unanimously.

The Legislature starting July 1, 2005 changed the law regarding reimbursement for depreciation on special educational vehicles. Prior to that date school districts only were allowed reimbursement on leased vehicles. Based on this change, the District plan is to purchase these special education buses in the future. To help with this process staff worked with the auditors to establish a \$500,000 designated fund balance for bus purchases. Also, Administration has designated \$300,000 for future Transportation Center building maintenance to improve the heating and ventilation systems. Therefore, District Administration recommends designating \$800,000 for Bus Purchases and Building Maintenance.

Designated Funds
Technology Hardware

Jim Sorum moved, Maureen Peterson seconded, that the School Board of Independent School District No. 271 approves designating an additional \$250,000 of our June 30, 2008 General Fund balance for Technology Hardware (Phone System). Motion carried unanimously.

In 2003-04 working with the auditors, District Administration designated \$1,249,045 from our General Fund for Technology Hardware. Again working with our auditors in 2006-07 and 2007-08, District Administration designated an additional \$250,000 per year for a total designation of \$1,799,045. Therefore, District Administration recommends designating an additional \$250,000 for the future purchase of Technology Hardware.

Alternative Facilities
Bonding & Levy
Program

Mark Hibbs moved, Arlene Bush seconded, that the School Board of Independent School District No. 271 approves our District's 2009-2010 Alternative Facility Plan. Attached (on file) is an executive summary of the plan. Motion carried unanimously.

State law, as set forth in Minn. Stat. 123B.59, establishes an alternative facilities bonding and levy program (alt facility program) for school districts that meet certain criteria. Our District has qualified for this program since the program's inception. The District has a ten-year Alternative Facility Plan that has been approved by the Commissioner. State law requires our School Board to approve the portion of our ten-year facility plan that will be funded by the pay 09 levy.

VII. BOARD COMMITTEE
REPORTS

Mark Hibbs reported on the Community Education Advisory Committee meeting, attended conferences at his liaison schools and updated the Hillcrest PTSA on School Board activities, including seeking potential interest for School Board candidates. An information session is being considered for January for people who may be interested in running for School Board.

Chuck Walter will be attending the House Subcommittee meeting on charter school oversight chaired by Representative Linda Slocum—next week on Tuesday. He attended the Jefferson Fine Arts Hall of Fame event and will be updating the Poplar Bridge PTSA on School Board activities. Jim Sorum, Arlene Bush and Maureen Bartolotta attended the Early Childhood Advisory Committee session on funding. Senators Geoff Michel and John Doll and Councilmember Karen Nordstrom also were in attendance. Arlene Bush and Tim Culver attended District 287 meetings. Arlene Bush attended meetings of AMSD, MLA, MSBA Pre-Delegate Assembly, Education Foundation Grant Committee and flag raising ceremonies at her liaison schools. Maureen Peterson attended a Labor Management Meeting at which insurance utilization was a topic along with a review of drafts for the 2009-2010 school calendar--one draft is based on starting prior to Labor Day, pending action taken by the Legislature. The school calendar will be a topic coming to the School Board for action. She expressed appreciation to the VFW and Legion for the flag raising ceremonies at our schools.

Jim Sorum moved, Arlene Bush seconded, to establish a closed session for negotiations upon conclusion of the regular School Board meeting on December 8, 2008. Motion carried unanimously.

VIII. SUPERINTENDENT'S REPORT

Superintendent Les Fujitake highlighted public engagement activities. The District will be receiving the Premier Partner Award from State Fund Mutual, our workers' compensation insurer, for our outstanding employee safety record. Next week the State will be releasing the financial forecast. Administration will be meeting with the School Board to discuss the impact of that forecast and its impact on our 2009-2010 budget process.

IX. OTHER

The Truth in Taxation Property Tax Hearing is scheduled for December 2 at 7:00 pm at the Educational Services Center in Room 610.

X. ADJOURNMENT

There being no further business to come before the School Board, the meeting was adjourned at 7:55 p.m.

Chuck Walter, Clerk