

INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA

Financial Statements and  
Supplemental Information

Year Ended  
June 30, 2016

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INDEPENDENT SCHOOL DISTRICT NO. 625

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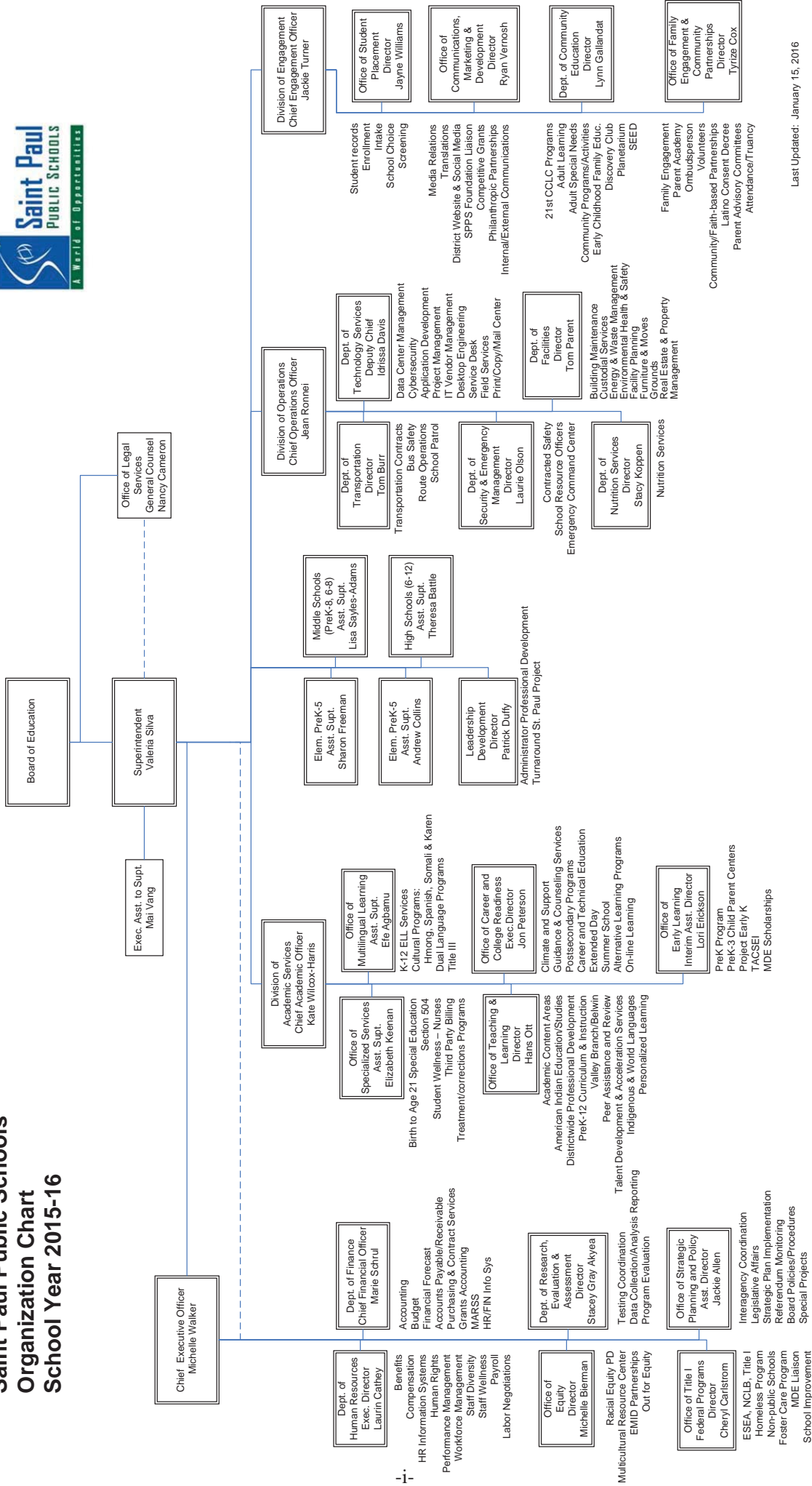
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INTRODUCTORY SECTION

# Saint Paul Public Schools Organization Chart School Year 2015-16



INDEPENDENT SCHOOL DISTRICT NO. 625

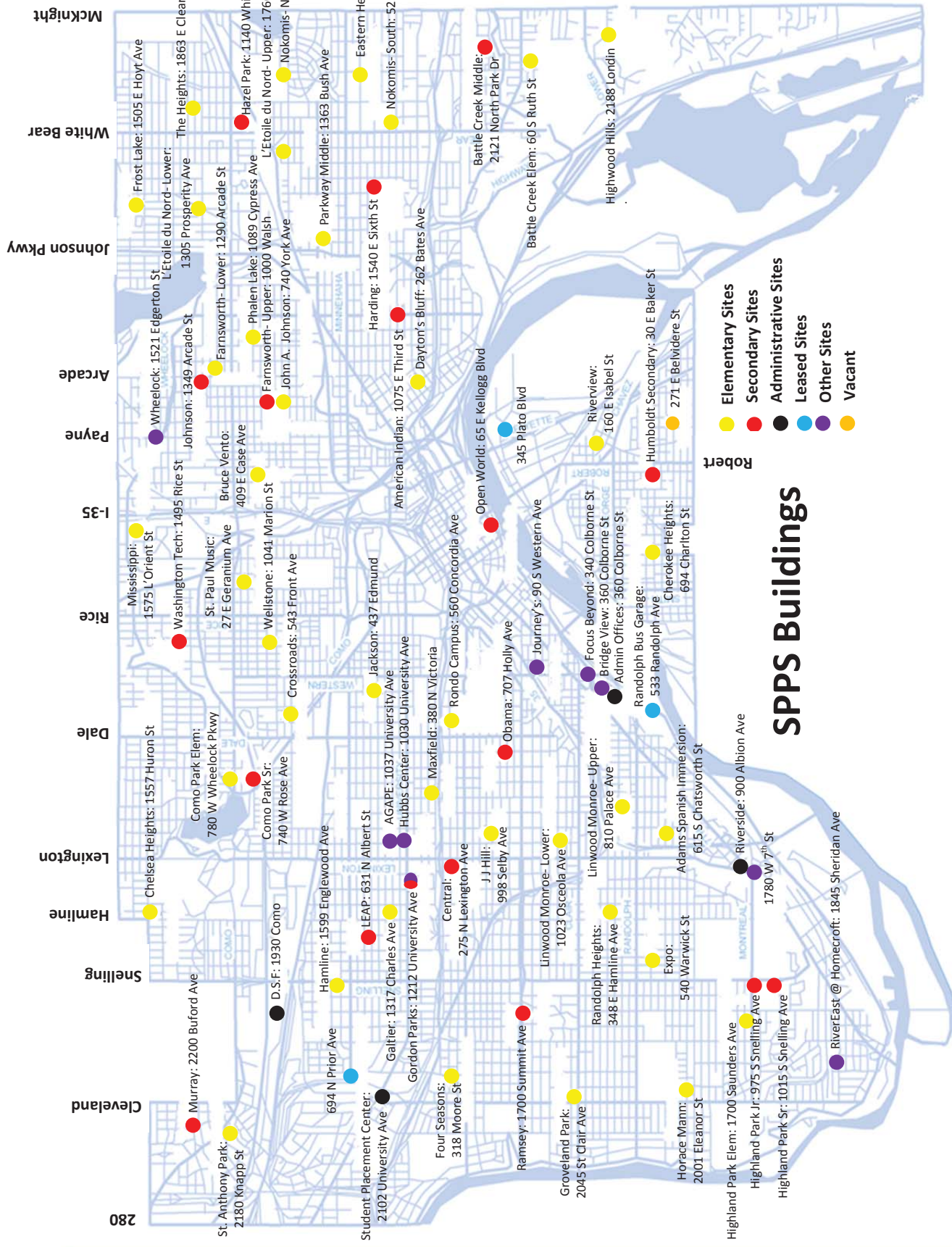
Board of Education and Administration  
as of June 30, 2016

**BOARD OF EDUCATION**

	<u>Board Position</u>
Jon Schumacher	Chairperson
Zuki Ellis	Vice Chairperson
Steve Marchese	Treasurer
Chue Vue	Clerk
John Brodrick	Director
Jean O'Connell	Director
Mary Vanderwert	Director

**ADMINISTRATION**

Valeria Silva	Superintendent
Michelle Walker	Chief Executive Officer
Jean Ronnei	Chief Operations Officer
Jackie Turner	Chief Engagement Officer
Dr. Kate Wilcox-Harris	Chief Academic Officer
Marie Schrul	Chief Financial Officer
Andrew Collins	Assistant Superintendent, Elementary Schools
Sharon Freeman	Assistant Superintendent, Elementary Schools
Lisa Sayles-Adams	Assistant Superintendent, Middle Schools
Theresa Battle	Assistant Superintendent, High Schools
Dr. Efe Agbamu	Assistant Superintendent, Multilingual Learning
Dr. Elizabeth Keenan	Assistant Superintendent, Specialized Services
Idrissa Davis	Deputy Chief, Technology Services
Michelle Bierman	Director, Office of Equity
Laurin Cathey	Executive Director Human Resources
Patrick Duffy	Director, Leadership Programs
Hans Ott	Director, Teaching and Learning
Jon Peterson	Director, Office of College and Career Readiness
Ryan Vernosh	Director of Communications, Marketing and Development
Jacqueline Statum Allen	Assistant Director, Strategic Planning and Policy
Mai Vang	Executive Assistant to the Superintendent
Nancy Cameron	General Counsel



- Elementary Sites
- Secondary Sites
- Administrative Sites
- Leased Sites
- Other Sites
- Vacant

# SPPS Buildings



FINANCIAL SECTION

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PRINCIPALS

Thomas M. Montague, CPA  
Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education and Management of  
Independent School District No. 625  
Saint Paul, Minnesota

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 625 (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information, and other district information, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and other district information sections 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.

### **Prior Year Comparative Information**

We have previously audited the District's 2015 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 22, 2015. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016 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 that 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota  
December 22, 2016

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INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA

Management's Discussion and Analysis  
June 30, 2016

This section of Independent School District No. 625's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the other components of the District's annual financial statements.

### **FINANCIAL HIGHLIGHTS**

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2016 by \$358,559,444 (net position deficit). The District's total net position increased by \$13,254,494 during the fiscal year ended June 30, 2016.
- Government-wide revenues totaled \$692,058,957 and were \$13,254,494 more than expenses of \$678,804,463.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$3,928,348 from the prior year, compared to a \$14,839,490 decrease planned in the budget.

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

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

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

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

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (Statement of Net Position 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 Position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional nonfinancial factors such as changes in the District's property tax base 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 regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

## **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. The District reports all governmental funds as major funds.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

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

**Proprietary Funds** – The District maintains one type of proprietary fund. The Internal Service Fund is used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Fund to account for the self-insurance activities of the district employees' workers' compensation claims. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.



## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current and other assets	\$ 330,980,033	\$ 371,900,882
Capital assets, net of depreciation	<u>412,288,191</u>	<u>421,101,963</u>
<b>Total assets</b>	<b><u>\$ 743,268,224</u></b>	<b><u>\$ 793,002,845</u></b>
<b>Deferred outflows of resources</b>		
Pension plan deferments – PERA and SPTRFA	\$ 60,821,159	\$ 65,914,280
Deferred amount on refunding of debt	<u>5,795,366</u>	<u>2,539,294</u>
<b>Total deferred outflows of resources</b>	<b><u>\$ 66,616,525</u></b>	<b><u>\$ 68,453,574</u></b>
<b>Liabilities</b>		
Current and other liabilities	\$ 73,767,222	\$ 77,673,689
Long-term liabilities, including due within one year	<u>934,816,700</u>	<u>954,725,827</u>
<b>Total liabilities</b>	<b><u>\$ 1,008,583,922</u></b>	<b><u>\$ 1,032,399,516</u></b>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	\$ 116,236,866	\$ 114,743,062
Pension plan deferments – PERA and SPTRFA	<u>43,623,405</u>	<u>86,127,779</u>
<b>Total deferred inflows of resources</b>	<b><u>\$ 159,860,271</u></b>	<b><u>\$ 200,870,841</u></b>
<b>Net position</b>		
Net investment in capital assets	\$ 134,621,788	\$ 125,758,448
Restricted	28,737,311	18,899,406
Unrestricted	<u>(521,918,543)</u>	<u>(516,471,792)</u>
<b>Total net position</b>	<b><u>\$ (358,559,444)</u></b>	<b><u>\$ (371,813,938)</u></b>

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances is the liability for long-term severance, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

Total net position increased by \$13,254,494, from current year operating results.

The District's increase in net investment in capital assets is due mostly to the District repaying debt at a faster rate than the assets being depreciated. The District's use of the alternative facility levy to finance capital improvements also contributes to the overall increase in the net investment in capital assets, without an offsetting decrease for related debt. An increase in net position restricted for debt service, capital projects, and food service increased the restricted portion of net position. The decrease in unrestricted net position was primarily due to the change in long-term obligations for pension and OPEB.

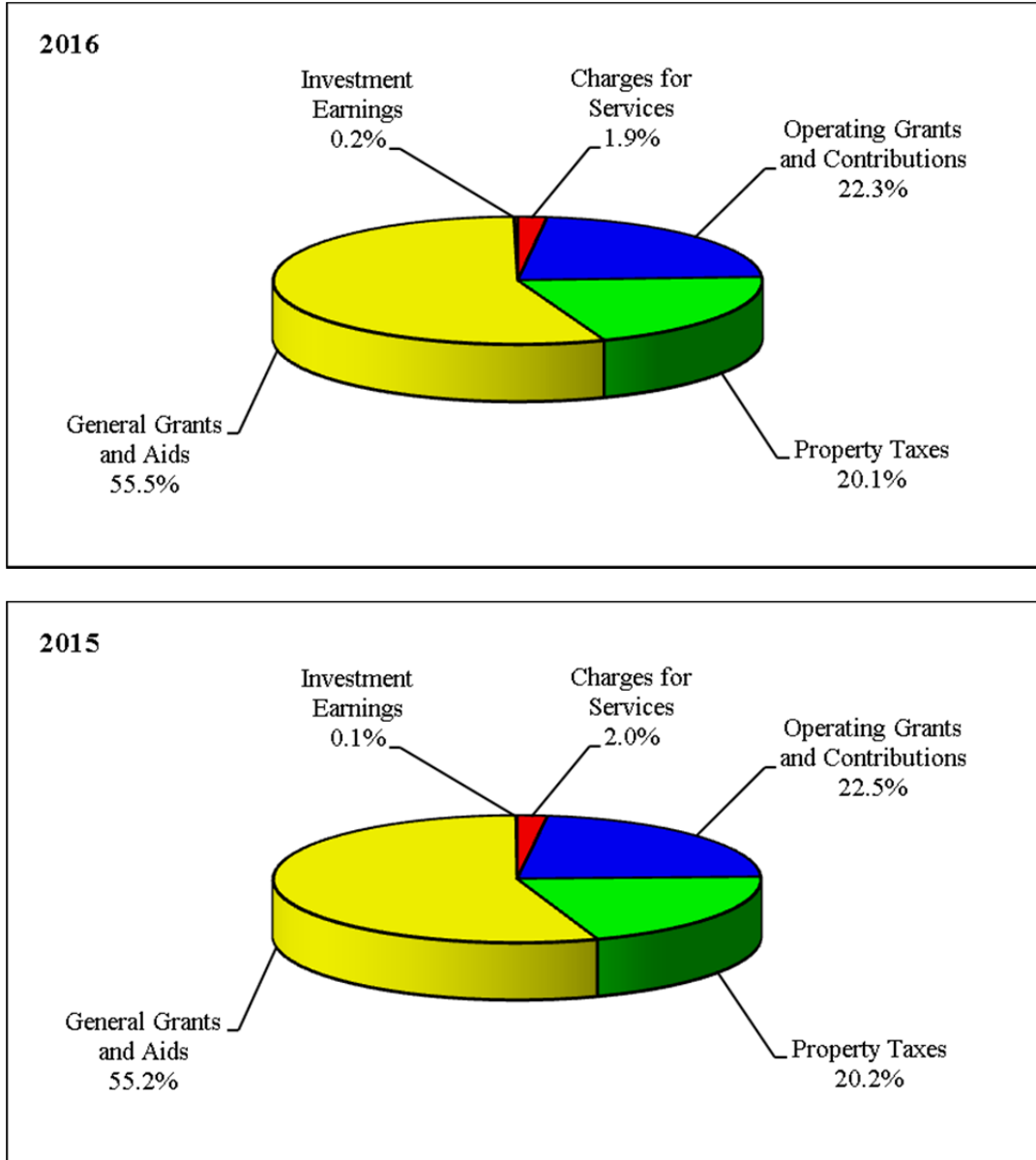
Table 2 presents a summarized version of the District's Statement of Activities:

<b>Table 2</b>		
<b>Summary Statement of Activities</b>		
<b>for the Years Ended June 30, 2016 and 2015</b>		
	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 13,302,504	\$ 13,638,233
Operating grants and contributions	154,127,912	153,738,356
General revenues		
Property taxes	138,881,586	137,678,841
General grants and aids	384,037,277	377,368,171
Investment earnings	1,709,678	486,713
<b>Total revenues</b>	<u>692,058,957</u>	<u>682,910,314</u>
<b>Expenses</b>		
Administration	22,170,154	20,966,859
District support services	18,285,954	18,444,995
Elementary and secondary regular instruction	293,021,505	296,710,900
Vocational education instruction	5,384,851	4,991,264
Special education instruction	115,123,556	112,606,986
Instructional support services	44,206,522	50,072,361
Pupil support services	53,678,137	48,823,124
Sites and buildings	59,257,712	55,134,279
Food service	25,479,249	26,532,676
Community service	34,941,184	34,398,074
Interest and fiscal charges on debt	7,255,639	14,448,771
<b>Total expenses</b>	<u>678,804,463</u>	<u>683,130,289</u>
<b>Change in net position</b>	13,254,494	(219,975)
<b>Net position, beginning of year</b>	<u>(371,813,938)</u>	<u>(371,593,963)</u>
<b>Net position, end of year</b>	<u><u>\$ (358,559,444)</u></u>	<u><u>\$ (371,813,938)</u></u>

This table 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.

Figure A shows further analysis of these revenue sources:

**Figure A – Sources of Revenues for Fiscal Years 2016 and 2015**

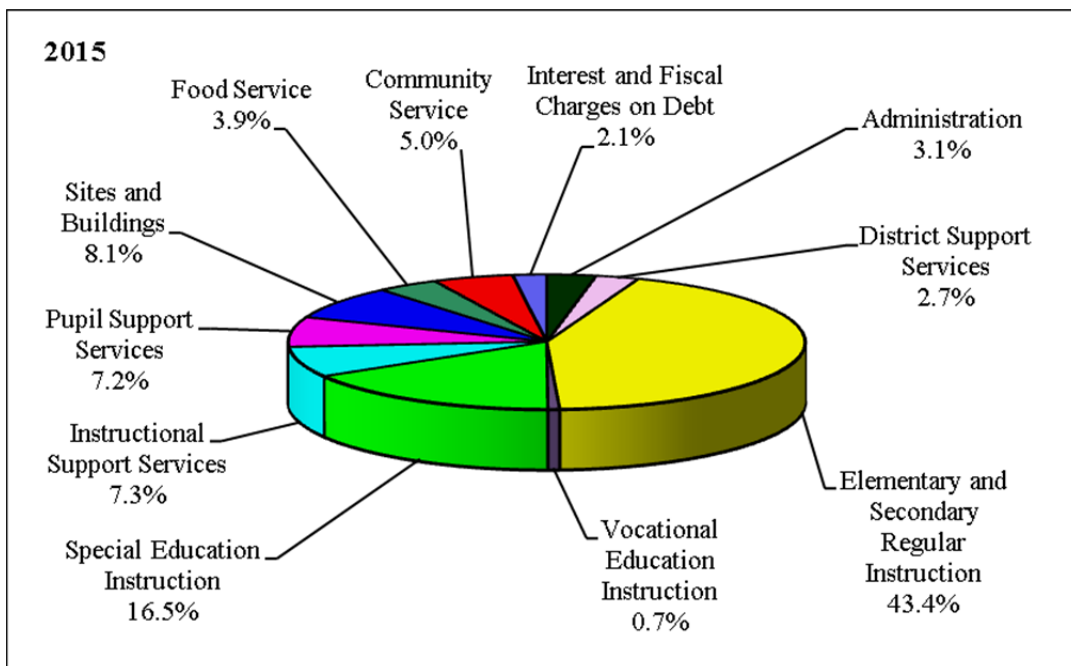
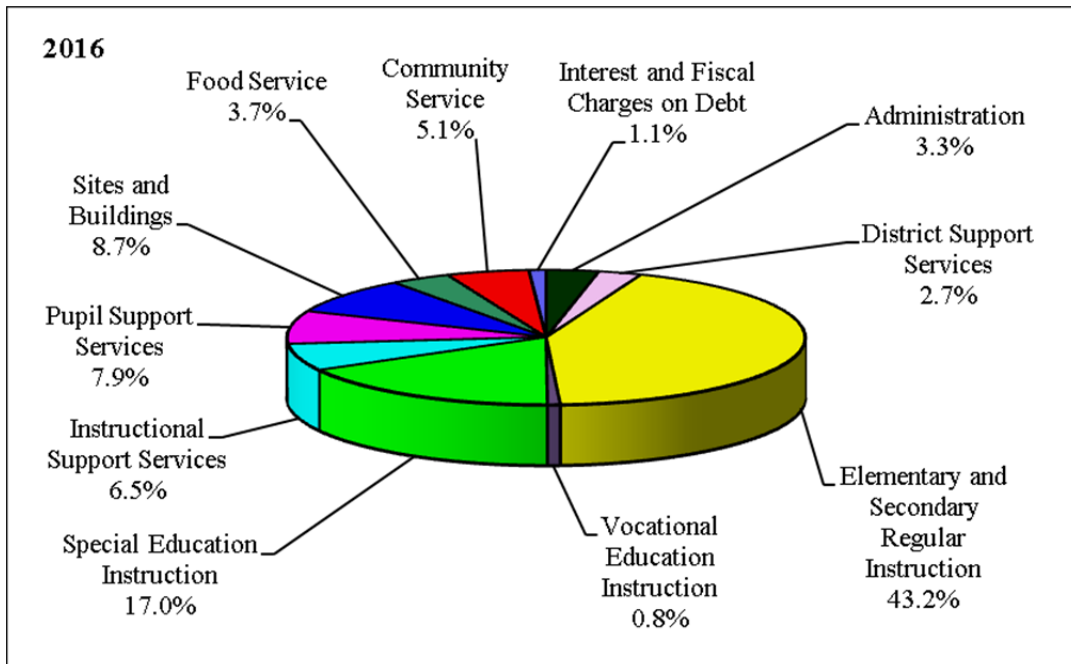


The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants. This significant reliance on the state for funding has placed pressure on local school districts as a result of limited funding increases in recent years.

Property taxes are generally the next largest source of funding. The level of funding property tax sources provide is not only dependent on taxpayers of the District by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Figure B shows further analysis of these expense functions:

**Figure B – Expenses for Fiscal Years 2016 and 2015**



The District's expenses are predominately related to educating students. Programs (or functions) such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Major funds			
General	\$ 90,072,189	\$ 86,143,841	\$ 3,928,348
Food Service	3,887,079	1,839,553	2,047,526
Community Service	2,722,769	2,956,983	(234,214)
Capital Projects	14,164,358	22,921,039	(8,756,681)
Debt Service	<u>31,245,593</u>	<u>66,106,128</u>	<u>(34,860,535)</u>
Total governmental funds	<u>\$ 142,091,988</u>	<u>\$ 179,967,544</u>	<u>\$ (37,875,556)</u>

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board of Education.

At June 30, 2016, the District's governmental funds reported combined fund balances of \$142,091,988, a decrease of \$37,875,556 in comparison with the prior year. Approximately 20.2 percent of this amount (\$28,652,003) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: 1) not in spendable form (\$3,097,175), 2) restricted for particular purposes (\$87,926,163), 3) committed for particular purposes (\$2,538,018), or 4) assigned for particular purposes (\$19,878,629).

### Analysis of the General Fund

At year-end, the fund balance of the General Fund was \$90,072,189. The increase from the prior year was mainly due to staff vacancies and related salary and benefits, savings in operating capital and the Area Learning Center Program, and the District budgeted for the full amount of 2016 assigned fund balance that will be carried over to fiscal year 2017.

### Analysis of the Food Service Special Revenue Fund

The Food Service Special Revenue Fund is used to record the activity of the District's child nutrition program. This fund ended the year with revenues exceeding expenditures by \$2,047,526, compared to a balanced budget. At year-end, the fund balance in this fund was \$3,887,079.

### Analysis of the Community Service Special Revenue Fund

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues, decreasing equity by \$234,214, compared to a planned fund balance decrease of \$327,614. At year-end, the fund balance in this fund was \$2,722,769.

### Analysis of the Capital Projects Fund

The Capital Projects Fund ended the year with a fund balance of \$14,164,358 to be used for district projects. The decrease in the Capital Projects Fund was due to the District's planned spenddown of both the school building bonds that were issued in the prior year and the current year deferred maintenance pay-as-you-go levy. The District's current year budget included \$15,000,000 of building bonds that were not issued until July 2016.

### Analysis of the Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for the District's outstanding bonded indebtedness, whether for building construction or for refunding bonds. The \$34,860,535 decrease in fund balance is due to the \$36,850,000 of payments on refunded bonds. At June 30, 2016, the District has \$31,245,593 of restricted fund balance available for future debt service payments.

### Analysis of the General Fund

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues and other financing sources	<u>\$ 571,705,145</u>	<u>\$ 588,762,735</u>	<u>\$ 17,057,590</u>	<u>3.0%</u>
Expenditures and other financing uses	<u>\$ 574,205,145</u>	<u>\$ 603,602,225</u>	<u>\$ 29,397,080</u>	<u>5.1%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended that budget for known changes in circumstances such as updated enrollment levels, legislative funding, additional funding received from grants or other local sources, staffing changes, insurance premium changes, special education tuition changes, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

	2016 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue and other financing sources	\$ 594,826,514	\$ 6,063,779	1.0%	\$ 14,692,700	2.5%
Expenditures and other financing uses	<u>590,898,166</u>	\$ (12,704,059)	(2.1%)	\$ (1,909,646)	(0.3%)
Net change in fund balances	<u>\$ 3,928,348</u>				

Actual revenue and other financing sources for fiscal year 2016 were 1.0 percent, or \$6,063,779, more than budgeted. The largest revenue variances was primarily in state sources and property taxes, which were \$8,401,566 and \$5,855,492, respectively, more than projected in the budget. The variance in state sources was due to the pass-through of state funding for pensions and the variance in property taxes was due to the tax shift and miscellaneous collections that are not included in the budget. These variances were offset by federal revenues being \$7,575,322 under budget in the Fully Financed General Fund Account. The District budgeted for full federal entitlements and only receives revenue on a reimbursement basis. Significant federal entitlement funding was carried over to fiscal year 2017.

Actual revenue and other financing sources for fiscal 2016 were 2.5 percent, or \$14,692,700, more than fiscal year 2015. Property tax revenue increased \$7,091,527 mainly due to the increased levy in the current year. The general education aid formula increased by an additional 2.0 percent as a result of the legislative session and the pass-through of state funding for pensions contributed to the increase in state sources of \$14,897,132 in the current year. These increases in revenue were offset by a decrease of \$1,532,818 in federal sources and \$6,831,630 in capital leases issued in the prior year.

Actual expenditures and other financing uses for fiscal year 2016 were 2.1 percent, or \$12,704,059, less than budgeted. The variance to budget was primarily in the areas of district support services and elementary and secondary regular instruction. Factors contributing to variances in these areas include staff vacancies and related salary and benefits, and the District budgeted for the full amount of 2016 assigned fund balance that will be carried over to fiscal year 2017. Another major contributing factor to the variance in expenditures was the fully financed General Fund account activity. Similar to revenues, the District budgeted for full federal entitlements and underspent in Title I, Title II, and Title III. These funds are carried over to fiscal year 2017.

Actual expenditures and other financing uses for fiscal year 2016 were 0.3 percent, or \$1,909,646, less than fiscal year 2015. This decrease is mainly due to the \$11,100,000 planned reduction in staffing for General Fund programs. This decrease was offset by the pass-through of state funding for pensions in the current year of \$10,434,088.

## CAPITAL ASSETS AND LONG-TERM LIABILITIES

### Capital Assets

Table 6 shows the District's capital assets, together with the changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Land	\$ 27,490,077	\$ 27,433,377	\$ 56,700
Construction in progress	5,933,371	6,052,802	(119,431)
Land improvements	26,114,979	25,684,950	430,029
Buildings	341,405,511	341,405,511	-
Building improvements	353,052,156	341,799,332	11,252,824
Equipment	22,112,413	21,165,056	947,357
Less accumulated depreciation	<u>(363,820,316)</u>	<u>(342,439,065)</u>	<u>(21,381,251)</u>
<b>Total</b>	<u><u>\$ 412,288,191</u></u>	<u><u>\$ 421,101,963</u></u>	<u><u>\$ (8,813,772)</u></u>
<b>Depreciation expense</b>	<u><u>\$ 21,882,318</u></u>	<u><u>\$ 21,100,211</u></u>	<u><u>\$ 782,107</u></u>

By the end of fiscal 2016, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and technology and equipment.

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2016, specifically the following deferred maintenance projects: outdoor repairs and replacements at 7 sites; elevator maintenance and replacement projects at 3 sites; flooring, window, and piping replacements at 6 sites; roof replacements at 2 sites; remodeling and renovation at 14 sites; and 8 district-wide safety and technology upgrades and replacements.

The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year.

Additional details about capital assets can be found in the notes to basic financial statements.



## Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities with changes from the prior year:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Net other post-employment benefit obligation	\$ 103,455,486	\$ 94,885,430	\$ 8,570,056
Net pension liability – PERA and SPTRFA	499,737,887	460,309,564	39,428,323
General obligation bonds payable	289,880,000	344,885,000	(55,005,000)
Certificates of participation payable	5,193,632	12,219,108	(7,025,476)
Unamortized premium/discount	14,011,578	17,011,844	(3,000,266)
Capital lease payable	5,090,081	6,831,630	(1,741,549)
Severance benefits payable	10,203,575	10,315,659	(112,084)
Vacation payable	6,949,942	6,819,254	130,688
Early retirement incentive payable	294,519	1,448,338	(1,153,819)
Total	<u>\$ 934,816,700</u>	<u>\$ 954,725,827</u>	<u>\$ (19,909,127)</u>

Bonds payable, certificates of participation payable, and capital lease payable decreased due to the planned repayment schedule reflecting principal payments and payments on refunded debt during fiscal year 2016.

The differences in the Public Employees Retirement Association and Saint Paul Teachers Retirement Fund Association net pension liabilities reflect the change in the District's proportionate share of these state-wide pension obligations.

The state limits the amount of general obligation debt the District can issue to 15 percent of the market value of all taxable property within the District's corporate limits (see Table 8):

District's market value	\$ 19,270,563,666
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 2,890,584,550</u>

Additional details of the District's long-term debt activity can be found in the notes to basic financial statements.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. For the 2017 fiscal year, the legislature added \$119, or 2.0 percent, per pupil to the basic general education funding formula. The ongoing demands on limited resources continue to present challenges in funding education for Minnesota schools.

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

These financial statements are designed to provide our citizens, taxpayers, 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 these financial statements or need additional financial information, contact the Business Office, Saint Paul Public Schools, 360 Colborne Street, Saint Paul, Minnesota 55102.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 625

Statement of Net Position  
as of June 30, 2016  
(With Partial Comparative Information as of June 30, 2015)

	Governmental Activities	
	2016	2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and investments	\$ 108,818,610	\$ 133,277,467
Restricted cash and investments for capital projects	18,751,001	26,874,862
Restricted cash and investments for debt service	15,767,117	37,795,379
Current taxes receivable	85,577,980	83,465,297
Delinquent taxes receivable	2,598,437	3,062,347
Due from other governmental units	55,719,274	52,232,141
Other receivables	490,935	868,400
Inventories	1,927,804	1,466,828
Prepaid items	1,169,371	1,189,617
Total current assets	<u>290,820,529</u>	<u>340,232,338</u>
<b>Noncurrent assets</b>		
Restricted cash and investments in revocable trust for OPEB obligations	31,390,345	8,582,778
Restricted cash and investments for debt service	8,769,159	23,085,766
Capital assets, not depreciated	33,423,448	33,486,179
Capital assets, depreciated, net of accumulated depreciation	<u>378,864,743</u>	<u>387,615,784</u>
Total noncurrent assets	<u>452,447,695</u>	<u>452,770,507</u>
Total assets	743,268,224	793,002,845
<b>Deferred outflows of resources</b>		
Pension plan deferments – PERA and SPTRFA	60,821,159	65,914,280
Deferred amount on refunding of debt	5,795,366	2,539,294
Total deferred outflows of resources	<u>66,616,525</u>	<u>68,453,574</u>
Total assets and deferred outflows of resources	<u>\$ 809,884,749</u>	<u>\$ 861,456,419</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 9,907,605	\$ 12,942,325
Accrued expenses	59,073,967	61,033,154
Due to other governmental units	1,206,610	567,701
Unearned revenue	3,579,040	3,130,509
Long-term obligations due within one year	<u>46,772,339</u>	<u>71,234,221</u>
Total current liabilities	120,539,561	148,907,910
<b>Noncurrent liabilities</b>		
Net other post-employment benefit obligation	103,455,486	94,885,430
Net pension liability	499,737,887	460,309,564
Long-term obligations	<u>284,850,988</u>	<u>328,296,612</u>
Total noncurrent liabilities	<u>888,044,361</u>	<u>883,491,606</u>
Total liabilities	1,008,583,922	1,032,399,516
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	116,236,866	114,743,062
Pension plan deferments – PERA and SPTRFA	43,623,405	86,127,779
Total deferred inflows of resources	<u>159,860,271</u>	<u>200,870,841</u>
<b>Net position</b>		
Net investment in capital assets	134,621,788	125,758,448
<b>Restricted for</b>		
Debt service	11,315,483	6,922,865
Capital projects	9,947,132	6,225,177
Community services	2,768,151	3,060,067
Food service	3,887,079	1,839,553
Other purposes (state and other funding restrictions)	819,466	851,744
Unrestricted	<u>(521,918,543)</u>	<u>(516,471,792)</u>
Total net position	<u>(358,559,444)</u>	<u>(371,813,938)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 809,884,749</u>	<u>\$ 861,456,419</u>

See accompanying notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 625

Statement of Activities  
 Year Ended June 30, 2016  
 (With Partial Comparative Information for the Year Ended June 30, 2015)

Functions/Programs	2016			2015	
	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position	Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	\$ 22,170,154	\$ -	\$ -	\$ (22,170,154)	\$ (20,966,859)
District support services	18,285,954	-	-	(18,285,954)	(18,444,995)
Elementary and secondary regular instruction	293,021,505	929,401	37,990,680	(254,101,424)	(253,941,797)
Vocational education instruction	5,384,851	-	876,758	(4,508,093)	(4,146,321)
Special education instruction	115,123,556	4,392,141	63,722,844	(47,008,571)	(48,761,592)
Instructional support services	44,206,522	30,212	609,028	(43,567,282)	(48,122,475)
Pupil support services	53,678,137	-	1,433,731	(52,244,406)	(44,324,224)
Sites and buildings	59,257,712	525,638	6,061,922	(52,670,152)	(49,364,718)
Food service	25,479,249	1,841,048	25,465,036	1,826,835	(841,608)
Community service	34,941,184	5,584,064	17,967,913	(11,389,207)	(12,390,340)
Interest and fiscal charges on debt	7,255,639	-	-	(7,255,639)	(14,448,771)
Total governmental activities	<u>\$ 678,804,463</u>	<u>\$ 13,302,504</u>	<u>\$ 154,127,912</u>	(511,374,047)	(515,753,700)
General revenues					
Taxes					
Property taxes levied for general purposes				100,314,646	94,501,077
Property taxes levied for community services				3,336,719	3,544,440
Property taxes levied for debt services				35,230,221	39,633,324
General grants and aids				384,037,277	377,368,171
Investment earnings				1,709,678	486,713
Total general revenues				<u>524,628,541</u>	<u>515,533,725</u>
Changes in net position				13,254,494	(219,975)
Net position – beginning of year				<u>(371,813,938)</u>	<u>(371,593,963)</u>
Net position – end of year				<u>\$ (358,559,444)</u>	<u>\$ (371,813,938)</u>

See accompanying notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 625

Balance Sheet  
as of June 30, 2016

(With Partial Comparative Information as of June 30, 2015)

	General	Food Service	Community Service	Capital Projects
<b>Assets</b>				
Cash and investments	\$ 66,428,380	\$ 1,946,060	\$ 4,527,212	\$ -
Restricted cash and investments in revocable trust for OPEB obligations	31,390,345	-	-	-
Restricted cash and investments for debt service	-	-	-	-
Restricted cash and investments for capital projects	-	-	-	18,751,001
<b>Receivables</b>				
Current taxes	60,624,947	-	1,972,243	-
Delinquent taxes	1,785,166	-	64,838	-
Due from other governmental units	50,635,078	1,220,345	2,290,645	1,055,000
Other	298,707	1,905	63,068	-
Due from other fund	1,090,996	-	-	-
Inventories	572,348	1,355,456	-	-
Prepaid items	709,537	40,512	9,322	-
<b>Total assets</b>	<b>\$ 213,535,504</b>	<b>\$ 4,564,278</b>	<b>\$ 8,927,328</b>	<b>\$ 19,806,001</b>
<b>Liabilities</b>				
Accounts payable	\$ 5,130,001	\$ 109,571	\$ 576,416	\$ 4,091,617
Accrued expenditures	38,906,113	567,628	1,161,788	309,030
Due to other governmental units	1,140,652	-	65,958	-
Due to other fund	-	-	-	1,090,996
Unearned revenue	1,958,546	-	1,094,144	150,000
<b>Total liabilities</b>	<b>47,135,312</b>	<b>677,199</b>	<b>2,898,306</b>	<b>5,641,643</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for subsequent year	75,074,267	-	3,260,871	-
Unavailable revenue – delinquent taxes	1,253,736	-	45,382	-
<b>Total deferred inflows of resources</b>	<b>76,328,003</b>	<b>-</b>	<b>3,306,253</b>	<b>-</b>
<b>Fund balances</b>				
<b>Nonspendable</b>				
Inventories	572,348	1,355,456	-	-
Prepaid items	709,537	40,512	9,322	-
<b>Restricted for</b>				
Operating capital	5,511,843	-	-	-
Area learning center	367,837	-	-	-
Teacher development and evaluation	451,629	-	-	-
Adult basic education	-	-	319,615	-
Alternative facilities program	-	-	-	4,435,289
Capital projects	-	-	-	9,729,069
School readiness	-	-	654,813	-
Community education	-	-	1,326,515	-
ECFE	-	-	350,293	-
Community service	-	-	62,211	-
Bond refunding	-	-	-	-
QSCB payments	-	-	-	-
Debt service	-	-	-	-
Food service	-	2,491,111	-	-
OPEB revocable trust	31,390,345	-	-	-
<b>Committed to</b>				
Severance pay	2,538,018	-	-	-
Retiree health insurance	-	-	-	-
<b>Assigned to</b>				
Contractual obligations	3,440,596	-	-	-
Next year operations	-	-	-	-
Strong Schools, Strong Communities initiative	7,200,000	-	-	-
Site-based operations	6,340,760	-	-	-
Personalized Learning Through Technology	-	-	-	-
Intraschool activities	2,897,273	-	-	-
<b>Unassigned</b>				
Health and safety restricted account deficit	(5,722,006)	-	-	-
Unassigned	34,374,009	-	-	-
<b>Total fund balances</b>	<b>90,072,189</b>	<b>3,887,079</b>	<b>2,722,769</b>	<b>14,164,358</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 213,535,504</b>	<b>\$ 4,564,278</b>	<b>\$ 8,927,328</b>	<b>\$ 19,806,001</b>

See accompanying notes to basic financial statements

Debt Service	Total Governmental Funds	
	2016	2015
\$ 20,744,463	\$ 93,646,115	\$ 118,490,511
–	31,390,345	8,582,778
24,536,276	24,536,276	60,881,145
–	18,751,001	26,874,862
22,980,790	85,577,980	83,465,297
748,433	2,598,437	3,062,347
518,206	55,719,274	52,232,141
127,255	490,935	868,400
–	1,090,996	–
–	1,927,804	1,466,828
410,000	1,169,371	1,189,617
<u>\$ 70,065,423</u>	<u>\$ 316,898,534</u>	<u>\$ 357,113,926</u>
\$ –	\$ 9,907,605	\$ 12,942,325
–	40,944,559	42,338,620
–	1,206,610	567,701
–	1,090,996	–
376,350	3,579,040	3,130,509
376,350	56,728,810	58,979,155
37,901,728	116,236,866	114,743,062
541,752	1,840,870	3,424,165
38,443,480	118,077,736	118,167,227
–	1,927,804	1,466,828
410,000	1,169,371	1,189,617
–	5,511,843	3,888,384
–	367,837	–
–	451,629	851,744
–	319,615	138,853
–	4,435,289	2,336,793
–	9,729,069	20,584,246
–	654,813	446,445
–	1,326,515	1,156,433
–	350,293	394,837
–	62,211	813,176
15,894,372	15,894,372	54,126,668
8,769,159	8,769,159	7,029,291
6,172,062	6,172,062	4,540,169
–	2,491,111	900,561
–	31,390,345	8,582,778
–	2,538,018	2,538,018
–	–	22,377,730
–	3,440,596	3,911,415
–	–	2,500,000
–	7,200,000	3,200,000
–	6,340,760	4,245,808
–	–	587,042
–	2,897,273	2,607,054
–	(5,722,006)	(3,238,942)
–	34,374,009	32,792,596
31,245,593	142,091,988	179,967,544
<u>\$ 70,065,423</u>	<u>\$ 316,898,534</u>	<u>\$ 357,113,926</u>

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INDEPENDENT SCHOOL DISTRICT NO. 625

Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
as of June 30, 2016  
(With Partial Comparative Information as of June 30, 2015)

	<u>2016</u>	<u>2015</u>
Total fund balances – governmental funds	\$ 142,091,988	\$ 179,967,544
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Capital assets	776,108,507	763,541,028
Accumulated depreciation	(363,820,316)	(342,439,065)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – PERA and SPTRFA pension plans	60,821,159	65,914,280
Deferred inflows – PERA and SPTRFA pension plans	(43,623,405)	(86,127,779)
Deferred inflows – delinquent property taxes	1,840,870	3,424,165
Debt issuance premiums and discounts are reported as other financing sources and uses in the governmental funds, but as assets or adjustments to the carrying value of long-term obligations in the Statement of Net Position.		
	(14,011,578)	(17,011,844)
An Internal Service Fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position.		
	1,620,577	1,520,273
Net other post-employment benefit obligations reported in the Statement of Net Position do not require the use of current financial resources and are not reported as liabilities in governmental funds until actually due.		
	(103,455,486)	(94,885,430)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(289,880,000)	(344,885,000)
Certificates of participation payable	(5,193,632)	(12,219,108)
Capital lease payable	(5,090,081)	(6,831,630)
Deferred amounts on refunding	5,795,366	2,539,294
Accrued interest on long-term debt	(4,577,490)	(5,427,851)
Severance benefits payable	(10,203,575)	(10,315,659)
Vacation payable	(6,949,942)	(6,819,254)
Early retirement incentive payable	(294,519)	(1,448,338)
Net pension liability – PERA	(91,098,319)	(88,759,244)
Net pension liability – SPTRFA	(408,639,568)	(371,550,320)
Net position of governmental activities	<u>\$ (358,559,444)</u>	<u>\$ (371,813,938)</u>

See accompanying notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 625

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2016  
 (With Partial Comparative Information for the Year Ended June 30, 2015)

	General	Food Service	Community Service	Capital Projects
<b>Revenues</b>				
Local sources				
Property taxes	\$ 101,230,092	\$ -	\$ 3,394,421	\$ -
County and other	11,192,611	45,841	7,165,624	-
State	440,042,071	1,072,895	15,816,262	-
Federal	41,020,038	24,392,141	2,366,670	1,055,000
Investment earnings	946,775	4,461	34,309	24,357
Sales and conversions of assets	373,140	1,841,048	-	-
Total revenues	<u>594,804,727</u>	<u>27,356,386</u>	<u>28,777,286</u>	<u>1,079,357</u>
<b>Expenditures</b>				
Current				
Administration	21,752,040	-	-	-
District support services	17,334,028	-	-	-
Elementary and secondary regular instruction	267,349,209	-	-	-
Vocational education instruction	5,376,845	-	-	-
Special education instruction	112,922,089	-	-	-
Instructional support services	43,525,335	-	-	-
Pupil support services	52,306,909	-	1,014,254	-
Sites and buildings	45,974,197	-	-	12,833,421
Food service	-	25,301,931	-	-
Community service	6,542,681	-	27,981,656	-
Capital outlay	4,043,410	6,929	15,590	9,002,617
Debt service				
Principal payments	1,741,549	-	-	-
Interest	29,874	-	-	-
Other debt	-	-	-	-
Total expenditures	<u>578,898,166</u>	<u>25,308,860</u>	<u>29,011,500</u>	<u>21,836,038</u>
Excess (deficiency) of revenues over expenditures	15,906,561	2,047,526	(234,214)	(20,756,681)
<b>Other financing sources (uses)</b>				
Refunding debt issued	-	-	-	-
Building bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Principal payments by refunded bond escrow agent	-	-	-	-
Capital lease issued	-	-	-	-
Transfers in	-	-	-	12,000,000
Transfers (out)	(12,000,000)	-	-	-
Sale of capital assets	21,787	-	-	-
Total other financing sources (uses)	<u>(11,978,213)</u>	<u>-</u>	<u>-</u>	<u>12,000,000</u>
Net change in fund balances	3,928,348	2,047,526	(234,214)	(8,756,681)
Fund balance at beginning of year	<u>86,143,841</u>	<u>1,839,553</u>	<u>2,956,983</u>	<u>22,921,039</u>
Fund balance at end of year	<u>\$ 90,072,189</u>	<u>\$ 3,887,079</u>	<u>\$ 2,722,769</u>	<u>\$ 14,164,358</u>

See accompanying notes to basic financial statements

Debt Service	Total Governmental Funds	
	2016	2015
\$ 35,840,368	\$ 140,464,881	\$ 137,073,344
270,323	18,674,399	18,992,866
3,850,085	460,781,313	444,446,113
942,157	69,776,006	68,138,627
599,472	1,609,374	480,775
–	2,214,188	2,538,362
<u>41,502,405</u>	<u>693,520,161</u>	<u>671,670,087</u>
–	21,752,040	20,624,411
–	17,334,028	17,568,820
–	267,349,209	269,008,822
–	5,376,845	4,946,650
–	112,922,089	110,121,937
–	43,525,335	49,442,278
–	53,321,163	48,820,051
–	58,807,618	54,691,246
–	25,301,931	26,569,923
–	34,524,337	33,976,275
–	13,068,546	33,251,928
25,180,476	26,922,025	26,739,518
14,307,014	14,336,888	16,963,833
25,450	25,450	526,620
<u>39,512,940</u>	<u>694,567,504</u>	<u>713,252,312</u>
1,989,465	(1,047,343)	(41,582,225)
–	–	21,690,000
–	–	15,000,000
–	–	620,166
(36,850,000)	(36,850,000)	(15,185,000)
–	–	6,831,630
–	12,000,000	9,663,616
–	(12,000,000)	(9,663,616)
–	21,787	11,800
<u>(36,850,000)</u>	<u>(36,828,213)</u>	<u>28,968,596</u>
(34,860,535)	(37,875,556)	(12,613,629)
<u>66,106,128</u>	<u>179,967,544</u>	<u>192,581,173</u>
<u>\$ 31,245,593</u>	<u>\$ 142,091,988</u>	<u>\$ 179,967,544</u>

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INDEPENDENT SCHOOL DISTRICT NO. 625

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
Governmental Funds

Year Ended June 30, 2016

(With Partial Comparative Information for the Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Total net change in fund balances – governmental funds	\$ (37,875,556)	\$ (12,613,629)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, those costs are allocated over their estimated useful lives as annual depreciation expense. Capital outlays exceeded depreciation expense as follows in the current period:		
Capital outlays	13,068,546	33,251,928
Depreciation expense	(21,882,318)	(21,100,211)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – PERA and SPTRFA pension plans	(5,093,121)	34,349,208
Deferred inflows – PERA and SPTRFA pension plans	42,504,374	(86,127,779)
Deferred inflows – delinquent property taxes	(1,583,295)	605,497
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
General obligation bonds payable	21,155,000	21,050,000
Certificates of participation payable	4,025,476	5,689,518
Capital lease payable	1,741,549	–
Payments by refunded bond escrow agent	36,850,000	15,185,000
Debt issued provides current financial resources to the governmental funds but increases long-term liabilities in the Statement of Net Position:		
Refunding bonds issued	–	(18,665,000)
Refunding certificates issued	–	(3,025,000)
Building bonds issued	–	(15,000,000)
Capital lease issued	–	(6,831,630)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued interest payable and deferred amount on refunding	4,106,433	917,356
Change in severance benefits payable	112,084	480,381
Change in vacation payable	(130,688)	(367,943)
Change in early retirement incentive payable	1,153,819	1,126,553
Net pension liability – PERA	(2,339,075)	14,106,534
Net pension liability – SPTRFA	(37,089,248)	37,693,712
Debt issuance premiums and discounts are included in the change in net position 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.		
	3,000,266	1,504,160
Net other post-employment benefit obligations reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds until actually due.		
	(8,570,056)	(2,454,568)
An Internal Service Fund is used by the District’s management to charge the costs of the workers’ compensation insurance program to the individual funds. The change in net position of the Internal Service Fund is reported within governmental activities.		
	<u>100,304</u>	<u>5,938</u>
Change in net position of governmental activities	<u>\$ 13,254,494</u>	<u>\$ (219,975)</u>

See accompanying notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 625

Statement of Net Position  
 Proprietary Fund  
 as of June 30, 2016  
 (With Partial Comparative Information as of June 30, 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash and investments	\$ 15,172,495	\$ 14,786,956
Liabilities		
Current liabilities		
Accrued expenses		
Workers' compensation payable	<u>13,551,918</u>	<u>13,266,683</u>
Net position		
Unrestricted	<u>\$ 1,620,577</u>	<u>\$ 1,520,273</u>

See accompanying notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 625

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Fund  
 Year Ended June 30, 2016  
 (With Partial Comparative Information for the Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Operating revenues		
Insurance service fees	\$ 4,065,983	\$ 3,240,219
Operating expenses		
Claims expense	<u>4,065,983</u>	<u>3,240,219</u>
Operating income	-	-
Nonoperating revenues		
Investment earnings	<u>100,304</u>	<u>5,938</u>
Change in net position	100,304	5,938
Net position at beginning of year	<u>1,520,273</u>	<u>1,514,335</u>
Net position at end of year	<u><u>\$ 1,620,577</u></u>	<u><u>\$ 1,520,273</u></u>

See accompanying notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 625

Statement of Cash Flows  
 Proprietary Fund  
 Year Ended June 30, 2016  
 (With Partial Comparative Information for the Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Assessments from other funds	\$ 4,065,983	\$ 3,240,219
Workers' compensation payments	<u>(3,780,748)</u>	<u>(3,443,141)</u>
Net cash flows from operating activities	285,235	(202,922)
Cash flows from investing activities		
Investment income received	<u>100,304</u>	<u>5,938</u>
Net change in cash and investments	385,539	(196,984)
Cash at beginning of year	<u>14,786,956</u>	<u>14,983,940</u>
Cash at end of year	<u>\$ 15,172,495</u>	<u>\$ 14,786,956</u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ -	\$ -
Adjustment to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Workers' compensation payable	<u>285,235</u>	<u>(202,922)</u>
Net cash flows from operating activities	<u>\$ 285,235</u>	<u>\$ (202,922)</u>

See accompanying notes to basic financial statements



INDEPENDENT SCHOOL DISTRICT NO. 625

Notes to Basic Financial Statements  
June 30, 2016

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

**A. Organization**

Independent School District No. 625 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A Board of Education elected by the voters of the District governs the District. The District's financial statements 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.

**B. Reporting Entity**

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

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 to control extracurricular student activities. The District's Board of Education has elected to control 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 Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other internally directed revenues are reported instead as general revenues.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory “tax shift” described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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 and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund 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. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

Internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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 funds are charges to customers (other district funds) for service. Operating expenses for the internal service funds include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

### **Description of Funds**

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

#### **Major Governmental Funds**

**General Fund** – The General Fund is the government’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. In the financial statements, the General Fund includes the Elementary and Secondary General Operating Fund and the Fully Financed Programs Fund, excluding amounts relating to community service fully financed programs, which are included in the Community Service Special Revenue Fund.

**Food Service Special Revenue Fund** – The Food Service Special Revenue Fund is primarily used to account for the District’s child nutrition program.

**Community Service Special Revenue Fund** – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

**Capital Projects Fund** – The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the alternative facilities program.

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

#### **Proprietary Fund**

**Internal Service Fund** – The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District’s Internal Service Fund is used to account for the activities of the District’s workers’ compensation self-insurance program.

#### **E. Budgetary Information**

Each June, the Board of Education adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Expenditures in the Debt Service Fund exceeded budgeted appropriations by \$362,940 during the fiscal year ended June 30, 2016. This variance was financed by revenues in excess of budget, other financing sources, or fund balance.

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

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

Cash and 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. Bond proceeds recorded in the Capital Projects Fund and Debt Service Fund are not pooled, and earnings on these proceeds are allocated directly to those funds.

Restricted cash and investments include balances held in segregated accounts that are established for specific purposes. In the General Fund, restricted cash and investments represent assets contributed to a revocable trust established to finance the District's liability for post-employment insurance benefits. In the Capital Projects Fund, this represents assets held for building construction. In the Debt Service Fund, the refunding bond escrow accounts held by trustee are used only to retire refunded bond issues and to pay interest on refunding bond issues until the crossover refunding dates. Interest earned on these investments is allocated directly to the escrow accounts.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The Proprietary Fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for investments in 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.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of June 30, 2016.

### **G. Receivables**

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are delinquent property taxes receivable.

### **H. Inventories**

Inventories are recorded using the consumption method of accounting and consist of textbooks; facilities repair supplies; purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

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

### **I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses at the time of consumption.

### **J. Property Taxes**

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$24,991,221 of the property tax levy collectible in 2016 as revenue to the District in fiscal year 2015–2016. The remaining portion of the taxes collectible in 2016 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District.

### **K. Capital Assets**

Capital assets that are purchased or constructed by the District are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. 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 governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Estimated useful lives vary from 20 to 50 years for land improvements, buildings, and building improvements and 5 years for equipment. Land and construction in progress are not depreciated.

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

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

### **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. If material, bond premiums and discounts 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 during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

### **M. Compensated Absences**

Under the terms of union contracts, civil service employees are granted vacation and sick leave in varying amounts, portions of which can be carried over to future years. In the event of termination, civil service employees are reimbursed for any vacation earned and unused for the current and prior years. All vacation pay is accrued when incurred in the government-wide financial statements. Vacation pay is accrued in governmental fund financial statements only to the extent it has been used or otherwise matured prior to year-end.

Unused sick leave for eligible employees is recorded as severance pay to the extent it is probable that the District will compensate employees for unused sick leave through cash payments upon termination or retirement. Employees must be 55 years of age or older and must be eligible for pension under provisions of the Saint Paul Teachers Retirement Fund Association (SPTRFA) or the Public Employees Retirement Association (PERA) of Minnesota. Severance pay is calculated at a rate ranging from \$96 to \$175, depending on the bargaining group, for each day of unused sick leave. The maximum amount of money that any employee may obtain through the severance program is \$23,500.

Funding for severance pay is partially funded through a special levy. All severance pay is accrued in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in governmental fund financial statements when the liability matures due to employee termination.

### **N. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position or balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category.

The first item, deferred outflows of resources related to pensions, is reported in the government-wide Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, the difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

The second item is the deferred amount on refunding of debt, which represents the difference (gain) resulting from current refundings and advance refundings and is reported as a deferred outflow of resources in the government-wide Statement of Net Position.

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

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items which qualify for reporting in this category.

The first item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available.

The second item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

The third item, deferred inflows of resources related to pensions, is reported in the government-wide Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and the difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

### **O. Pension Plans**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the PERA and the SPTRFA and additions to/deductions from the PERA's and the SPTRFA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the SPTRFA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The SPTRFA has a special funding situation created by direct aid contributions made by the state of Minnesota pursuant to Minnesota Statutes § 354A.12 and § 423A.02.

### **P. Risk Management and Self-Insurance**

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters 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 year 2016.
- 2. Self-Insurance** – The District has established an Internal Service Fund to account for and finance its self-insured risk of loss for workers' compensation. Workers' compensation claim liabilities are based on open claims and estimates. They are also based on actuarial analysis to determine potential or unknown claims. Determining actual claim liabilities depends on complex factors such as changes in Minnesota Statutes, legal determinations, injury assessments, and awards; therefore, the process used in computing a claim liability does not necessarily result in an exact amount.

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

Changes in workers' compensation claim liabilities for the last two years were as follows:

Fiscal Year Ended June 30,	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2015	\$ 13,469,605	\$ 3,240,219	\$ 3,443,141	\$ 13,266,683
2016	\$ 13,266,683	\$ 4,065,983	\$ 3,780,748	\$ 13,551,918

### Q. Net Position

In the government-wide and Internal Service Fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

### R. 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.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education 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 Education resolution, the District's Superintendent, Chief Executive Officer, and Chief Financial Officer are authorized to establish assignments of fund balance.



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

- **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.

### **S. Minimum Fund Balance Policy**

The District's fund balance policy states:

1. The administration shall plan and manage annual revenue and expenditure budgets that provide an unassigned General Fund balance of at least 5 percent of annual General Fund expenditures.
2. If the unassigned General Fund balance should fall below 5 percent of annual General Fund expenditures within a given year or the following year, the Superintendent shall alert the Board of Education to the circumstances and recommend appropriate short-term actions to maintain the desired balance.

### **T. Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

### **U. Prior Period Comparative Financial Information/Reclassification**

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, 2015, 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. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	\$ 1,706,852
Investments	<u>181,789,380</u>
Total	<u>\$ 183,496,232</u>

Cash and investments are presented in the financial statements as follows:

Statement of Net Position – current assets	
Cash and investments	\$ 108,818,610
Restricted cash and investments for capital projects	18,751,001
Restricted cash and investments for debt service	15,767,117
Statement of Net Position – noncurrent assets	
Restricted cash and investments in revocable trust for OPEB obligations	31,390,345
Restricted cash and investments for debt service	<u>8,769,159</u>
Total	<u>\$ 183,496,232</u>

### B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the Board of Education, including checking accounts and savings accounts.

The following is considered the most significant risk associated with deposits:

**Custodial Credit Risk** – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may be lost.

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

At year-end, the carrying amount of the District’s deposits was \$1,706,852 while the balance on the bank records was \$1,706,628. At June 30, 2016, all deposits for the District were insured or collateralized by securities held by the District’s agent in the District’s name.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### C. Investments

The District has the following investments at year-end:

	Credit Risk		Fair Value Measurements Using	Concentration Risk Over 5% of Portfolio	Interest Rate Risk – Maturity Duration in Years			Carrying Value
	Rating	Agency			Less Than 1	1 to 5	Greater Than 5	
U.S. treasury note	AAA	Moody's	Level 1	– %	\$ 243,262	\$ 1,232,859	\$ –	\$ 1,476,121
Federal National Mortgage Association	AA+	S&P	Level 1	9.8 %	\$ 15,522,847	\$ 2,305,037	\$ –	17,827,884
Federal Home Loan Banks	AA+	S&P	Level 1	– %	\$ –	\$ 4,720,044	\$ –	4,720,044
Federal Farm Credit Banks	AA+	S&P	Level 1	– %	\$ –	\$ 2,001,350	\$ –	2,001,350
Federal Home Loan Mortgage Corporation	AA+	S&P	Level 1	– %	\$ –	\$ 8,021,363	\$ –	8,021,363
Mortgage-backed securities	AAA	S&P	Level 1	– %	\$ –	\$ 100,063	\$ 286,902	386,965
Mortgage-backed securities	AAA	Moody's	Level 1	– %	\$ –	\$ –	\$ 154,246	154,246
Guaranteed investment contract	N/A	N/A	Level 1	– %	\$ –	\$ –	\$ 3,963,395	3,963,395
Repurchase agreement (U.S. agency underlying securities)	AAA	S&P	N/A	– %	\$ –	\$ –	\$ 4,805,764	4,805,764
US Bank commercial paper	A1+	S&P	Level 1	21.5 %	\$ 38,996,580	\$ –	\$ –	38,996,580
Corporate obligations	AAA	S&P	Level 1	– %	\$ –	\$ 101,860	\$ –	101,860
Corporate obligations	AA	S&P	Level 1	– %	\$ 57,380	\$ 1,356,382	\$ –	1,413,762
Corporate obligations	A	S&P	Level 1	– %	\$ 359,565	\$ 4,147,391	\$ –	4,506,956
Corporate obligations	A	Moody's	Level 1	– %	\$ –	\$ 1,131,444	\$ –	1,131,444
Corporate obligations	BBB	S&P	Level 1	– %	\$ 136,795	\$ 821,271	\$ –	958,066
Negotiable certificates of deposit	N/R	N/R	Level 1	– %	\$ 490,835	\$ 8,455,209	\$ –	8,946,044
Equities	N/R	N/R	Level 1	– %	\$ –	\$ –	\$ –	5,008,606
Investment pools/mutual funds								
Minnesota School District Liquid Asset Fund	AAA	S&P	NAV					61,583,846
Mutual funds	AAA	S&P	Level 1					2,285,212
Mutual funds	N/R	N/R	Level 1					10,594,786
Mutual funds	N/R	N/R	Level 2					2,905,086
<b>Total investments</b>								<b>\$ 181,789,380</b>

NAV – Investments measured at the net asset value

N/R – Not Rated

N/A – Not Applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool which is not registered with the Securities Exchange Commission.

The District's investment in this trust is measured at the net asset value (NAV) per share provided by the pool, which is based on an amortized cost method that approximates fair value. For MSDLAF investments valued at the NAV, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid Class; the redemption notice period is 14 days for the MAX Class.

Repurchase agreement investments are valued on a cost-basis measure and, therefore, are not subject to the fair value disclosure.

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.

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

**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. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statute § 356A.06, Subd. 7. The District’s investment policies do not further restrict investing in specific financial instruments.

**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.

**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.

**NOTE 3 – RECEIVABLES**

At June 30, 2016, the District reported the following receivables due from other governmental units:

	General	Food Service	Community Service	Capital Projects	Debt Service	Total
Due from Minnesota Department of Education	\$ 43,180,457	\$ 46,138	\$ 1,476,524	\$ –	\$ 505,947	\$ 45,209,066
Due from Minnesota Department of Education, principally pass-through federal assistance	5,030,983	1,174,137	356,438	1,055,000	–	7,616,558
Due from federal government, direct assistance	648,779	–	–	–	–	648,779
Due from other governmental units	1,331,638	70	457,683	–	12,259	1,801,650
Due from other Minnesota school districts	443,221	–	–	–	–	443,221
Total due from other governmental units	<u>\$ 50,635,078</u>	<u>\$ 1,220,345</u>	<u>\$ 2,290,645</u>	<u>\$ 1,055,000</u>	<u>\$ 518,206</u>	<u>\$ 55,719,274</u>

## NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 27,433,377	\$ 56,700	\$ –	\$ –	\$ 27,490,077
Construction in progress	6,052,802	11,563,422	–	(11,682,853)	5,933,371
Total capital assets, not depreciated	<u>33,486,179</u>	<u>11,620,122</u>	<u>–</u>	<u>(11,682,853)</u>	<u>33,423,448</u>
Capital assets, depreciated					
Land improvements	25,684,950	–	–	430,029	26,114,979
Buildings	341,405,511	–	–	–	341,405,511
Building improvements	341,799,332	–	–	11,252,824	353,052,156
Equipment	21,165,056	1,448,424	(501,067)	–	22,112,413
Total capital assets, depreciated	<u>730,054,849</u>	<u>1,448,424</u>	<u>(501,067)</u>	<u>11,682,853</u>	<u>742,685,059</u>
Less accumulated depreciation for					
Land improvements	(12,788,824)	(1,059,019)	–	–	(13,847,843)
Buildings	(171,946,705)	(6,168,863)	–	–	(178,115,568)
Building improvements	(140,361,950)	(12,950,024)	–	–	(153,311,974)
Equipment	(17,341,586)	(1,704,412)	501,067	–	(18,544,931)
Total accumulated depreciation	<u>(342,439,065)</u>	<u>(21,882,318)</u>	<u>501,067</u>	<u>–</u>	<u>(363,820,316)</u>
Net capital assets, depreciated	<u>387,615,784</u>	<u>(20,433,894)</u>	<u>–</u>	<u>11,682,853</u>	<u>378,864,743</u>
Total capital assets, net	<u>\$ 421,101,963</u>	<u>\$ (8,813,772)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 412,288,191</u>

Depreciation expense for the year ended June 30, 2016 was charged to the following governmental functions:

Administration	\$ 191,908
District support services	696,077
Elementary and secondary regular instruction	20,382,504
Special education instruction	275,061
Instructional support services	60,176
Pupil support services	73,524
Community service	<u>203,068</u>
Total depreciation expense	<u>\$ 21,882,318</u>

## NOTE 5 – LONG-TERM LIABILITIES

### A. General Obligation Bonds Payable

The District currently has the following general obligation bonds payable outstanding:

Date of Issue	Issue	Date of Final Maturity	Coupon Rate Percentage	Amount of Original Issue	Outstanding at June 30, 2016
12/01/2004	2004C School Building Refunding Bonds	02/01/2017	3.5–4.0%	\$ 29,055,000	\$ 640,000
11/01/2006	2006A School Building Bonds	02/01/2027	4.0–5.0%	24,760,000	16,385,000
11/01/2007	2007A School Building Bonds	02/01/2028	4.0–5.0%	25,630,000	18,135,000
12/01/2008	2008A School Building Bonds	02/01/2029	3.0–5.0%	25,800,000	19,390,000
12/18/2008	2008B School Building Refunding Bonds	02/01/2018	3.5–4.5%	11,345,000	1,520,000
12/15/2009	2009B School Building Bonds	02/01/2030	2.0–4.0%	9,790,000	7,500,000
12/23/2009	2009D Taxable School Building Bonds	12/15/2025	1.585%	16,115,000	16,115,000
10/01/2010	2010A School Building Refunding Bonds	02/01/2021	3.0–4.0%	10,355,000	6,030,000
11/17/2010	2010B Taxable School Building Bonds	02/01/2031	0.9–4.9%	7,750,000	6,120,000
11/17/2010	2010C Taxable School Building Bonds	02/01/2027	5.075%	18,250,000	18,250,000
06/11/2011	2011A School Building Bonds	02/01/2028	2.0–4.0%	26,000,000	22,135,000
08/15/2011	2011C School Building Refunding Bonds	02/01/2023	3.0–4.0%	16,010,000	11,675,000
06/15/2012	2012A School Building Bonds	02/01/2033	3.0–4.0%	24,980,000	22,155,000
06/15/2012	2012B School Building Refunding Bonds	02/01/2025	4.0–5.0%	28,355,000	24,840,000
06/25/2013	2013A School Building Bonds	02/01/2034	2.0–4.0%	24,485,000	22,400,000
06/25/2013	2013B School Building Refunding Bonds	02/01/2027	4.0–5.0%	28,635,000	28,635,000
06/12/2014	2014A School Building Bonds	02/01/2035	2.0–4.0%	14,845,000	14,290,000
06/11/2015	2015A School Building Bonds	02/01/2036	2.0–5.0%	15,000,000	15,000,000
06/11/2015	2015B Taxable Refunding Bonds	02/01/2021	1.0–2.5%	18,665,000	18,665,000
Total general obligation bonds payable				<u>\$ 375,825,000</u>	<u>\$ 289,880,000</u>

These bonds were issued to finance acquisition, construction, and/or improvements of capital facilities, or to finance the retirement (refunding) of prior bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized equal 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

The District's Taxable School Building Bonds, Series 2009D were issued as Qualified School Construction Bonds – Tax Credit Bonds. The 1.585 percent interest rate on this bond represents the supplemental coupon interest rate for which the District is responsible. Investors who hold these bonds are also eligible for a tax credit from the federal government, allowing the bonds to be issued at a lower rate of interest and cost to the District.

The District's Taxable School Building Bonds, Series 2010B were issued as Build America Bonds – Direct Pay, for which the District will receive a federal reimbursement for a portion of the interest payments on this debt issue.

The District's Taxable School Building Bonds, Series 2010C were issued as Qualified School Construction Bonds – Direct Pay, for which the District will receive a federal reimbursement for a portion of the interest payments on this debt issue.

## NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

During fiscal year 2013, the District issued \$28,635,000 of General Obligation Refunding Bonds, Series 2013B. The proceeds were used to finance a crossover refunding of the General Obligation Bonds, Series 2005A and Series 2006A. The crossover of the 2005A issue occurred on February 1, 2016 and the 2006A issue will occur on February 1, 2017. The proceeds of the 2013B issue have been placed in an escrow account pending the call dates of the refunded issues. Until the call dates, the District will make all debt service payments on the 2005A and 2006A issues, and all debt service on the 2013B issue will be paid from the escrow account. The 2013B issue was undertaken to reduce the total future debt service payments by \$2,206,462 and resulted in present value savings of \$2,206,788.

During fiscal year 2015, the District issued \$18,665,000 in Taxable General Obligation School Building Refunding Bonds, Series 2015B. The proceeds were used to finance a crossover refunding of the General Obligation Refunding Bonds, Series 2005B. The crossover occurred on February 1, 2016. The proceeds of the 2015B issue were placed in an escrow account pending the call dates of the refunded issue. Until the call date, the District made all debt service payments on the 2005B issue, and all debt service on the 2015B issue were paid from the escrow account. The 2015B issue was undertaken to reduce the total future debt service payments by \$1,465,975 and resulted in a present value savings of \$1,408,422.

### B. Certificates of Participation Payable

The District has entered into installment purchase contracts to acquire and renovate facilities for instructional purposes through certificates of participation issued by independent vendors in the District's name. These certificates are full faith and credit obligations of the District and have been recorded as long-term obligations issued for capital projects in the financial statements. Certificates of participation outstanding at June 30, 2016 include:

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Coupon Rate Percentage</u>	<u>Amount of Original Issue</u>	<u>Certificates of Participation Outstanding</u>
01/07/1993	01/01/2017	5.40–6.35%	\$ 5,603,508	\$ 183,632
01/29/2009	02/01/2019	3.50–4.25%	8,715,000	2,985,000
06/11/2015	02/01/2018	3.00%	3,025,000	2,025,000
			<u>\$ 17,343,508</u>	<u>\$ 5,193,632</u>

During fiscal year 2015, the District issued \$3,025,000 Refunding Full Faith and Credit Certificates of Participation, Series 2015C. The proceeds were used to finance a current refunding of the Refunding Full Faith and Credit Certificates of Participation, Series 2006C. The refunding occurred on August 1, 2015. The proceeds of the 2015C issue were placed in an escrow account pending the call date of the refunded issue. The 2015C issue was undertaken to reduce the total future debt service payments by \$68,463 and resulted in a present value savings of \$67,794.

## NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

### C. Capital Lease Payable

The District has entered into a capital lease agreement to finance the acquisition of computer equipment. Capital lease proceeds of \$6,831,630 carry an interest rate of 2.18 percent with a final maturity of August 1, 2018. The assets acquired through this capital lease have not been capitalized as individual asset amounts and do not meet the capitalization threshold requirements. The lease will be repaid through the General Fund.

### D. Legal Debt Limit

The District's legal debt limit is 15 percent of the fair market value of the property within the District, totaling \$2,890,584,550 at June 30, 2016. The District's legal debt margin at June 30, 2016 is \$2,631,950,143.

### E. Early Retirement Incentive Payable

During fiscal year 2011, the District implemented an early retirement incentive (ERI) for 117 eligible employees (teachers, educational assistants, and principals), obligating the District to termination benefits over the next five years. Sixty equal monthly installments will be paid to the Independent School District No. 625 403(b) Tax-Deferred Retirement Plan for Sheltering Severance Pay and Vacation Pay. Employer contributions began on October 21, 2011.

At June 30, 2016, the present value cost of expected future benefit payments of the termination benefits under the ERI, discounted at 2.5 percent, is \$294,519, and is recorded on the government-wide financial statements as a long-term liability. This benefit is financed from the General Fund.

### F. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits, pensions, vacation benefits, and other post-employment benefits (OPEB). The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are primarily liquidated by the fund incurring the liability (General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund).

### G. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, certificates of participation, and capital leases are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation Payable		Capital Lease Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 36,000,000	\$ 11,054,216	\$ 2,123,632	\$ 819,107	\$ 1,660,131	\$ 111,292
2018	20,635,000	9,631,391	2,035,000	115,036	1,696,429	74,994
2019	20,475,000	8,911,315	1,035,000	43,986	1,733,521	37,902
2020	19,125,000	8,147,511	–	–	–	–
2021	18,620,000	7,423,109	–	–	–	–
2022–2026	92,305,000	26,889,602	–	–	–	–
2027–2031	64,440,000	10,708,404	–	–	–	–
2032–2036	18,280,000	1,392,262	–	–	–	–
	<u>\$ 289,880,000</u>	<u>\$ 84,157,810</u>	<u>\$ 5,193,632</u>	<u>\$ 978,129</u>	<u>\$ 5,090,081</u>	<u>\$ 224,188</u>



## NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

### H. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 344,885,000	\$ –	\$ (55,005,000)	\$ 289,880,000	\$ 36,000,000
Certificates of participation payable	12,219,108	–	(7,025,476)	5,193,632	2,123,632
Unamortized premium/discount	17,011,844	–	(3,000,266)	14,011,578	–
Total bonds and certificates payable	374,115,952	–	(65,030,742)	309,085,210	38,123,632
Capital lease payable	6,831,630	–	(1,741,549)	5,090,081	1,660,131
Compensated absences					
Severance benefits payable	10,315,659	1,949,012	(2,061,096)	10,203,575	1,937,431
Vacation payable	6,819,254	6,553,055	(6,422,367)	6,949,942	4,756,626
Early retirement incentive payable	1,448,338	24,257	(1,178,076)	294,519	294,519
	<u>\$ 399,530,833</u>	<u>\$ 8,526,324</u>	<u>\$ (76,433,830)</u>	<u>\$ 331,623,327</u>	<u>\$ 46,772,339</u>

## NOTE 6 – DEFINED BENEFIT PENSION PLANS

### A. Plan Descriptions

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the SPTRFA. The PERA's and the SPTRFA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the SPTRFA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

#### 1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Retirement Fund (GERF). The 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

#### 2. Saint Paul Teachers Retirement Fund Association (SPTRFA)

District teachers are covered by the SPTRFA. The SPTRFA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354A, 356, and 356A as well as the SPTRFA's bylaws. The SPTRFA is a separate statutory entity and administered by a Board of Trustees. The Board of Trustees consists of nine trustees elected by the SPTRFA's membership and the District appoints one trustee who serves as an ex-officio member of the Board of Trustees.

### B. Benefits Provided

The PERA and the SPTRFA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

- **PERA** – Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90.0 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90.0 percent funded, or have fallen below 80.0 percent, are given 1.0 percent increases.

## **NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

- **SPTRFA** – Post-retirement adjustments are determined annually, under Minnesota Statutes, which may be amended from time to time. The SPTRFA increase is 1.0 percent. If the SPTRFA funded ratio exceeds 80.0 percent, the annual post-retirement adjustment will increase to 2.0 percent. If the SPTRFA funded ratio exceeds 90.0 percent, the post-retirement adjustment will be determined by reference to the applicable Consumer Price Index with a maximum annual increase of 5.0 percent.

The benefit provisions stated in the following 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.

### **1. GERF Benefits**

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 the 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 members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

### **2. SPTRFA Benefits**

The SPTRFA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statutes and vest after three years of service credit for Coordinated Plan members and five years of service credit for Basic Plan members. The defined retirement benefits for the Basic Plan members are based on the highest five years of salary in the last 10 years.

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

**NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Tier I Benefits**

	<u>Coordinated Plan Member</u>	<u>Basic Plan Member</u>
<b>For services rendered prior to July 1, 2015</b>		
Each year of service during the first 10 years	1.2 percent per year	2.0 percent per year
Each year of service thereafter (up to a maximum of 40 years)	1.7 percent per year	2.0 percent per year
<b>For services rendered after July 1, 2015</b>		
Each year of service during the first 10 years	1.4 percent per year	2.0 percent per year
Each year of service thereafter (up to a maximum of 40 years)	1.9 percent per year	2.0 percent per year

With these provisions:

- (a) Normal retirement age is 65
- (b) One quarter of a percent per month early retirement reduction factor for all months under normal retirement age.
- (c) If a Basic Plan member has 25 years of service, the reduction is applied only if the member is less than 60 years old. If a Coordinated Plan member has 30 years of service, the reduction is applied only if the member is less than 62 years old.
- (d) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

**Tier II Benefits**

	<u>Coordinated Plan Member</u>	<u>Basic Plan Member</u>
<b>For services rendered prior to July 1, 2015</b>		
All years of service	1.7 percent per year	2.5 percent per year
<b>For services rendered after July 1, 2015</b>		
All years of service	1.9 percent per year	2.5 percent per year

With these provisions:

- (a) Normal retirement age is 65
- (b) Early retirement reduction factor for all months under normal retirement age using the actuarially determined early retirement reduction tables.

## NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

### C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

#### 1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent of pay, respectively, in fiscal year 2016. In fiscal year 2016, the District was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for the Coordinated Plan. The District's contributions to the GERF for the year ended June 30, 2016 were \$7,593,273. The District's contributions were equal to the required contributions for each year as set by state statute.

#### 2. SPTRFA Contributions

Per Minnesota Statutes, Chapter 354A.12 sets the contribution rates for employees and employers. Rates approved for each fiscal year are:

Year Ended June 30,	Percentage of Covered Payroll			
	Basic Plan		Coordinated Plan	
	Employee	Employer	Employee	Employer
2015	9.00 %	12.64 %	6.50 %	9.34 %
2016	9.50 %	13.14 %	7.00 %	9.84 %
2017	10.00 %	13.39 %	7.50 %	10.09 %
2018	10.00 %	13.64 %	7.50 %	10.34 %

The District's contributions to the SPTRFA for the plan's fiscal year ended June 30, 2016, were \$26,184,079. The District's contributions were equal to the required contributions for each year as set by state statutes.

Additionally, pursuant to Minnesota Statute 423A.02, the District contributed \$800,000 to the Saint Paul Teachers Retirement Fund in fiscal years 2015 and 2016.

### D. Pension Costs

#### 1. GERF Pension Costs

At June 30, 2016, the District reported a liability of \$91,098,319 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of the PERA's participating employers. At June 30, 2015, the District's proportion was 1.7578 percent, which was a decrease of 0.1317 percent from its proportion measured as of June 30, 2014.

**NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

The GERF benefit provision changes during the measurement period included (1) the merger of the former Minneapolis Employees Retirement Fund division into the GERF, effective January 1, 2015, and (2) revisions to Minnesota Statutes to make changes to contribution rates less prescriptive and more flexible.

The discount rate used to calculate liabilities for the June 30, 2015, measurement date was 7.9 percent. The Legislature has since set the discount rate in statute at 8.0 percent. Beginning with the June 30, 2016, measurement date the discount rate used when calculating liabilities based on GASB Statement No. 68 accounting requirements will be increased to 8.0 percent to be consistent with the rate set in statute used for funding purposes.

For the year ended June 30, 2016, the District recognized pension expense of \$8,012,769 for its proportionate share of the GERF’s pension expense.

At June 30, 2016, the District reported its proportionate share of the GERF’s deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 844,822	\$ 4,592,903
Changes in actuarial assumptions	5,673,288	–
Differences between projected and actual investment earnings	–	8,109,434
Changes in proportion	–	5,344,264
District’s contributions to the GERF subsequent to the measurement date	<u>7,593,273</u>	<u>–</u>
Total	<u>\$ 14,111,383</u>	<u>\$ 18,046,601</u>

A total of \$7,593,273 reported as deferred outflows of resources related to pensions resulting from district contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2017	\$ (3,475,133)
2018	\$ (3,475,133)
2019	\$ (6,734,188)
2020	\$ 2,155,963

**NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**2. SPTRFA Pension Costs**

At June 30, 2016, the District reported a liability of \$408,639,568 for its proportionate share of the SPTRFA’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s contributions to the SPTRFA in relation to total system contributions, including direct aid from the state of Minnesota. The District’s proportionate share was 70.237 percent at the end of the measurement period and 69.346 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to the SPTRFA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of net pension liability	\$ 408,639,568
State’s proportionate share of the net pension liability associated with the District	\$ 171,196,640

For the year ended June 30, 2016, the District recognized pension expense of \$27,256,431. It also recognized \$10,628,592 as an increase to pension expense for the support provided by direct aid.

At June 30, 2016, the District reported its proportionate share of the SPTRFA’s deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ –	\$ 16,478,303
Changes in actuarial assumptions	16,706,572	–
Difference between projected and actual investment earnings	–	9,098,501
Changes in proportion	3,819,125	–
District’s contributions to the SPTRFA subsequent to the measurement date	<u>26,184,079</u>	<u>–</u>
 Total	 <u>\$ 46,709,776</u>	 <u>\$ 25,576,804</u>

A total of \$26,184,079 reported as deferred outflows of resources related to pensions resulting from district contributions to the SPTRFA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to the SPTRFA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2017	\$ (3,814,954)
2018	\$ (3,814,955)
2019	\$ (3,814,955)
2020	\$ 6,393,757

## NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

### E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	SPTRFA
Inflation	2.75% per year	3.00%
Active member payroll growth	3.50% per year	4.00%–8.90%
Investment rate of return	7.90%	8.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments.

Actuarial assumptions used in the June 30, 2015, valuation for the GERF were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for the PERA’s other plans, but assumptions are reviewed annually.

The actuarial assumptions used in the June 30, 2015, valuation for the SPTRFA were based on the results of an actuarial experience study for the period July 1, 2006 to June 30, 2011.

The following changes in actuarial assumptions for the SPTRFA occurred: the plan is assumed to pay a 2.0 percent post-retirement benefit increase beginning January 1, 2041, and a 2.5 percent post-retirement benefit increase beginning January 1, 2051.

The long-term expected rate of return on pension plan investments is 7.9 percent for the GERF and 8.0 percent for the SPTRFA. The Minnesota State Board of Investment, which manages the investments of the PERA, and the SPTRFA Board of Trustees, along with experienced and credentialed investment professionals, manage the SPTRFA, and prepare an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of arithmetic real rates of return for each major asset class of the GERF are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic stocks	45 %	5.50 %
International stocks	15	6.00 %
Bonds	18	1.45 %
Alternative assets	20	6.40 %
Cash	2	0.50 %
Total	100 %	

## NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

The target allocation and best estimates of arithmetic real rates of return for each major asset class of the SPTRFA are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic stocks	35 %	6.55 %
International stocks	20	6.98 %
Fixed income	20	3.45 %
Real assets	11	3.90 %
Private equity and alternatives	9	7.47 %
Opportunistic	5	6.08 %
Total	100 %	

### F. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent for the GERF and 8.0 percent for the SPTRFA. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on those assumptions, each of the pension plan's fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### G. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.90%	7.90%	8.90%
District's proportionate share of the GERF net pension liability	\$ 143,238,938	\$ 91,098,319	\$ 48,038,178
SPTRFA discount rate	7.00%	8.00%	9.00%
District's proportionate share of the SPTRFA net pension liability	\$ 533,402,253	\$ 408,639,568	\$ 305,135,515

### H. Pension Plan Fiduciary Net Position

Detailed information about the GERF's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the PERA website at [www.mnpera.org](http://www.mnpera.org); by writing to the PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

Detailed information about the SPTRFA's fiduciary net position is available in a separately issued SPTRFA financial report. That report can be obtained at the SPTRFA website at [www.sptrfa.org](http://www.sptrfa.org); by writing to the SPTRFA at 1619 Dayton Avenue, Room 309, Saint Paul, Minnesota 55104; or by calling (651) 642-2550.



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

### A. Plan Description

The District provides post-employment benefits to certain eligible employees through the Independent School District No. 625 OPEB Plan, a single-employer defined benefit plan administered by the District. 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 upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree’s premiums for medical and/or life 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 and date of hire, 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 until the retiree reaches Medicare eligibility, 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 annually by the District. The District has established an Employee Benefits Revocable Trust to fund these obligations.

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

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

ARC	\$	30,599,236
Interest on net OPEB obligation		2,372,136
Adjustment to ARC		(4,533,402)
Annual OPEB cost		<u>28,437,970</u>
Contributions made		<u>19,867,914</u>
Increase in net OPEB obligation		8,570,056
Net OPEB obligation – beginning of year		<u>94,885,430</u>
Net OPEB obligation – end of year	\$	<u><u>103,455,486</u></u>

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

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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 21,850,766	\$ 18,467,649	84.5%	\$ 92,430,862
June 30, 2015	\$ 21,633,525	\$ 19,178,957	88.7%	\$ 94,885,430
June 30, 2016	\$ 28,437,970	\$ 19,867,914	69.9%	\$ 103,455,486

**D. Funded Status and Funding Progress**

As of January 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$393,607,751, resulting in an unfunded actuarial accrued liability (UAAL) of \$393,607,751. The covered payroll (annual payroll of active employees covered by the plan) was \$316,234,536, and the ratio of the UAAL to the covered payroll was 124.5 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 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.

**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 January 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 2.50 percent investment rate of return (net of investment expenses) based on the District's own investments; a 2.75 percent inflation rate; and an annual medical trend rate of 7.20 percent initially, reduced by decrements to an ultimate rate of 5.00 percent after seven years. The UAAL is being amortized over a 30-year period on a level dollar method over an open period.

## NOTE 8 – INTERFUND BALANCES AND TRANSACTIONS

### A. Interfund Receivables and Payables

The District had the following interfund receivables and payables at June 30, 2016:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 1,090,996	\$ –
Capital Projects Fund	<u>–</u>	<u>1,090,996</u>
Total	<u>\$ 1,090,996</u>	<u>\$ 1,090,996</u>

The District's General Fund has an interfund receivable from the Capital Projects Fund for expenditures made prior to reimbursement of grant proceeds. Such interfund balances are reported in the fund financial statements, but are eliminated as necessary in the government-wide financial statements.

### B. Interfund Transfers

During fiscal year 2016, the General Fund transferred \$12,000,000 to the Capital Projects Fund. This transfer was made to allocate revenues levied by the General Fund that are required to be expended by the Capital Projects Fund. Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

## NOTE 9 – COMMITMENTS AND CONTINGENCIES

### A. Legal Contingencies

The District has the usual and customary legal claims pending at year-end, mostly of 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.

### B. Federal and State Revenues

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 agency cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

### C. Construction Contracts

At June 30, 2016, the District had commitments totaling \$15,317,351 under various construction contracts for which the work was not yet completed.

## NOTE 10 – SUBSEQUENT EVENTS

In July 2016, the District issued \$15,000,000 of General Obligation School Building Bonds, Series 2016A. The bonds bear an interest rate of 2.00–4.00 percent and mature in February 2036.

In July 2016, the District issued \$34,955,000 of General Obligation School Building Refunding Bonds, Series 2016B. The bonds bear an interest rate of 2.00–5.00 percent and mature in February 2030.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 625

Schedule of District's Proportionate Share of Net Pension Liability  
Public Employees Retirement Association Pension Benefits Plan  
Year Ended June 30, 2016

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.8895%	\$ 88,759,244	\$ 99,090,499	89.57%	78.70%
06/30/2016	06/30/2015	1.7578%	\$ 91,098,319	\$ 99,908,024	91.18%	78.20%

Schedule of District Contributions  
Public Employees Retirement Association Pension Benefits Plan  
Year Ended June 30, 2016

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	06/30/2015	\$ 7,618,169	\$ 7,618,169	\$ -	\$ 99,908,024	7.63%
06/30/2016	06/30/2016	\$ 7,593,273	\$ 7,593,273	\$ -	\$ 101,243,640	7.50%

Note 1: **Changes of Benefit Terms.** (1) The Minneapolis Employees Retirement Fund was merged into the GERF on January 1, 2015. (2) Revisions to Minnesota Statutes to make changes to contribution rates less prescriptive and more flexible.

Note 2: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This information is not available for previous fiscal years.

INDEPENDENT SCHOOL DISTRICT NO. 625

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability  
 Saint Paul Teachers Retirement Fund Association Pension Benefits Plan  
 Year Ended June 30, 2016

District Fiscal Year-End Date	SPTRFA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	69.3460%	\$ 371,550,320	\$ 161,849,511	\$ 533,399,831	\$ 259,740,000	143.05%	66.12%
06/30/2016	06/30/2015	70.2370%	\$ 408,639,568	\$ 171,196,640	\$ 579,836,208	\$ 262,952,558	155.40%	63.56%

Schedule of District Contributions  
 Saint Paul Teachers Retirement Fund Association Pension Benefits Plan  
 Year Ended June 30, 2016

District Fiscal Year-End Date	SPTRFA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	06/30/2015	\$ 25,794,020	\$ 25,794,020	\$ -	\$ 262,952,558	9.81%
06/30/2016	06/30/2016	\$ 26,184,079	\$ 26,184,079	\$ -	\$ 257,470,816	10.17%

Note 1: **Change of Assumptions.** The plan is assumed to pay a 2.0 percent post-retirement benefit increase beginning January 1, 2041 and a 2.5 percent post-retirement benefit increase beginning January 1, 2051. Details, if necessary, can be obtained from the SPTRFA's CAFR.

Note 2: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This information is not available for previous fiscal years.

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INDEPENDENT SCHOOL DISTRICT NO. 625

Schedule of Funding Progress  
 Other Post-Employment Benefits Plan  
 Year Ended June 30, 2016

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
January 1, 2011	\$ 376,275,242	\$ -	\$376,275,242	- %	\$ 318,665,789	118.1 %
January 1, 2013	\$ 353,531,587	\$ -	\$353,531,587	- %	\$ 316,234,536	111.8 %
January 1, 2015	\$ 393,607,751	\$ -	\$393,607,751	- %	\$ 316,234,536	124.5 %

INDEPENDENT SCHOOL DISTRICT NO. 625

Required Supplementary Information  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
 General Fund and Major Special Revenue Funds  
 Year Ended June 30, 2016

	General			
	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 95,374,600	\$ 95,374,600	\$ 101,230,092	\$ 5,855,492
County and other	8,040,000	13,140,770	11,192,611	(1,948,159)
State	430,881,924	431,640,505	440,042,071	8,401,566
Federal	37,397,121	48,595,360	41,020,038	(7,575,322)
Investment earnings	–	–	946,775	946,775
Sales and conversions of assets	–	–	373,140	373,140
Total revenues	<u>571,693,645</u>	<u>588,751,235</u>	<u>594,804,727</u>	<u>6,053,492</u>
Expenditures				
Current				
Administration	18,806,871	22,762,666	21,752,040	(1,010,626)
District support services	19,444,669	27,841,790	17,334,028	(10,507,762)
Elementary and secondary regular instruction	278,972,742	284,875,751	267,349,209	(17,526,542)
Vocational education instruction	1,288,541	2,528,521	5,376,845	2,848,324
Special education instruction	106,134,920	109,172,238	112,922,089	3,749,851
Instructional support services	40,668,591	46,104,519	43,525,335	(2,579,184)
Pupil support services	52,714,175	51,623,996	52,306,909	682,913
Sites and buildings	39,569,679	42,210,973	45,974,197	3,763,224
Food service	–	–	–	–
Community service	1,210,677	1,087,491	6,542,681	5,455,190
Capital outlay	3,394,280	3,394,280	4,043,410	649,130
Debt service				
Principal payments	–	–	1,741,549	1,741,549
Interest	–	–	29,874	29,874
Total expenditures	<u>562,205,145</u>	<u>591,602,225</u>	<u>578,898,166</u>	<u>(12,704,059)</u>
Excess (deficiency) of revenues over expenditures	9,488,500	(2,850,990)	15,906,561	18,757,551
Other financing sources (uses)				
Transfers (out)	(12,000,000)	(12,000,000)	(12,000,000)	–
Sale of capital assets	11,500	11,500	21,787	10,287
Total other financing sources (uses)	<u>(11,988,500)</u>	<u>(11,988,500)</u>	<u>(11,978,213)</u>	<u>10,287</u>
Net change in fund balances	<u>\$ (2,500,000)</u>	<u>\$ (14,839,490)</u>	3,928,348	<u>\$ 18,767,838</u>
Fund balances at beginning of year			<u>86,143,841</u>	
Fund balances at end of year			<u>\$ 90,072,189</u>	

Food Service				Community Service			
Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 3,183,960	\$ 3,183,960	\$ 3,394,421	\$ 210,461
-	-	45,841	45,841	7,576,889	7,769,685	7,165,624	(604,061)
1,558,400	1,558,400	1,072,895	(485,505)	14,088,315	16,030,458	15,816,262	(214,196)
22,212,100	22,212,100	24,392,141	2,180,041	1,557,647	2,476,695	2,366,670	(110,025)
-	-	4,461	4,461	-	-	34,309	34,309
1,935,500	1,935,500	1,841,048	(94,452)	-	7,000	-	(7,000)
<u>25,706,000</u>	<u>25,706,000</u>	<u>27,356,386</u>	<u>1,650,386</u>	<u>26,406,811</u>	<u>29,467,798</u>	<u>28,777,286</u>	<u>(690,512)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	679,341	1,059,736	1,014,254	(45,482)
-	-	-	-	-	-	-	-
25,706,000	25,706,000	25,301,931	(404,069)	-	-	-	-
-	-	-	-	26,055,084	28,735,676	27,981,656	(754,020)
-	-	6,929	6,929	-	-	15,590	15,590
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>25,706,000</u>	<u>25,706,000</u>	<u>25,308,860</u>	<u>(397,140)</u>	<u>26,734,425</u>	<u>29,795,412</u>	<u>29,011,500</u>	<u>(783,912)</u>
-	-	2,047,526	2,047,526	(327,614)	(327,614)	(234,214)	93,400
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>2,047,526</u>	<u>\$ 2,047,526</u>	<u>\$ (327,614)</u>	<u>\$ (327,614)</u>	<u>(234,214)</u>	<u>\$ 93,400</u>
		<u>1,839,553</u>				<u>2,956,983</u>	
		<u>\$ 3,887,079</u>				<u>\$ 2,722,769</u>	

INDEPENDENT SCHOOL DISTRICT NO. 625

Note to Required Supplementary Information  
June 30, 2016

**Budgetary Information**

The budgets for the General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund are prepared on the same basis of accounting as the financial statements and lapse at year-end.

These procedures are followed in establishing the budgetary data reflected in the required supplementary information:

- In September, the Board of Education appoints members to the Citizens' Budget and Finance Advisory Committee (CBFAC).
- The Board of Education adopts the guidelines and the budget calendar.
- From February through April, the administration and schools prepare the budget.
- The Board of Education's Committee of the Board reviews the citizens' recommendations and the administration's responses. The administration recommends the budget.
- The Board of Education's Committee of the Board reports at a June regular board meeting regarding the budget recommendations and adopts the budget, which is detailed in a separate budgetary report.
- The Superintendent and the Chief Financial Officer are authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Final budgeted amounts include two budget amendments. Unencumbered expenditure appropriations lapse at year-end. Encumbrances outstanding at year-end are reported in the applicable component of fund balance (restricted, committed, or assigned) since they do not represent expenditures or liabilities. Encumbrances outstanding at year-end are reappropriated in the ensuing year's budget, and the related expenditures are recorded in the ensuing year.

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 625

General Fund  
Balance Sheet by Account  
as of June 30, 2016  
(With Comparative Totals as of June 30, 2015)

	General Fund Accounts	Fully Financed General Fund Accounts	Totals	
			2016	2015
<b>Assets</b>				
Cash and investments (deficit)	\$ 67,022,762	\$ (594,382)	\$ 66,428,380	\$ 94,781,580
Restricted cash and investments in revocable trust for OPEB obligations	31,390,345	–	31,390,345	8,582,778
<b>Receivables</b>				
Current taxes	60,624,947	–	60,624,947	59,087,368
Delinquent taxes	1,785,166	–	1,785,166	2,015,278
Due from other governmental units	45,549,710	5,085,368	50,635,078	47,854,407
Other	202,447	96,260	298,707	556,347
Due from other fund	1,090,996	–	1,090,996	–
Inventories	572,348	–	572,348	570,436
Prepaid items	705,068	4,469	709,537	729,778
<b>Total assets</b>	<b>\$ 208,943,789</b>	<b>\$ 4,591,715</b>	<b>\$ 213,535,504</b>	<b>\$ 214,177,972</b>
<b>Liabilities</b>				
Accounts payable	\$ 4,743,925	\$ 386,076	\$ 5,130,001	\$ 8,211,015
Accrued expenditures	37,288,813	1,617,300	38,906,113	40,023,985
Due to other governmental units	693,318	447,334	1,140,652	567,701
Unearned revenue	–	1,958,546	1,958,546	2,150,748
<b>Total liabilities</b>	<b>42,726,056</b>	<b>4,409,256</b>	<b>47,135,312</b>	<b>50,953,449</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for subsequent year	75,074,267	–	75,074,267	74,911,500
Unavailable revenue – delinquent taxes	1,253,736	–	1,253,736	2,169,182
<b>Total deferred inflows of resources</b>	<b>76,328,003</b>	<b>–</b>	<b>76,328,003</b>	<b>77,080,682</b>
<b>Fund balance</b>				
<b>Nonspendable for</b>				
Inventories	572,348	–	572,348	570,436
Prepaid items	705,068	4,469	709,537	729,778
<b>Restricted for</b>				
Operating capital	5,511,843	–	5,511,843	3,888,384
Area learning center	367,837	–	367,837	–
Teacher development and evaluation	451,629	–	451,629	851,744
OPEB revocable trust	31,390,345	–	31,390,345	8,582,778
<b>Committed to</b>				
Severance pay	2,538,018	–	2,538,018	2,538,018
Retiree health insurance	–	–	–	22,377,730
<b>Assigned to</b>				
Contractual obligations	3,440,596	–	3,440,596	3,911,415
Next year operations	–	–	–	2,500,000
Strong Schools, Strong Communities initiative	7,200,000	–	7,200,000	3,200,000
Site-based operations	6,340,760	–	6,340,760	4,245,808
Personalized Learning Through Technology	–	–	–	587,042
Intraschool activities	2,897,273	–	2,897,273	2,607,054
<b>Unassigned</b>				
Health and safety restricted account deficit	(5,722,006)	–	(5,722,006)	(3,238,942)
Unassigned	34,196,019	177,990	34,374,009	32,792,596
<b>Total fund balance</b>	<b>89,889,730</b>	<b>182,459</b>	<b>90,072,189</b>	<b>86,143,841</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 208,943,789</b>	<b>\$ 4,591,715</b>	<b>\$ 213,535,504</b>	<b>\$ 214,177,972</b>

INDEPENDENT SCHOOL DISTRICT NO. 625

General Fund Accounts  
Comparative Balance Sheet  
as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and investments	\$ 67,022,762	\$ 98,688,208
Restricted cash and investments in revocable trust for OPEB obligations	31,390,345	8,582,778
<b>Receivables</b>		
Current taxes	60,624,947	59,087,368
Delinquent taxes	1,785,166	2,015,278
Due from other governmental units	45,549,710	39,453,348
Other	202,447	169,134
Due from other fund	1,090,996	-
Inventories	572,348	570,436
Prepaid items	705,068	684,508
	<u>\$ 208,943,789</u>	<u>\$ 209,251,058</u>
<b>Liabilities</b>		
Accounts payable	\$ 4,743,925	\$ 7,912,635
Accrued expenditures	37,288,813	37,834,029
Due to other governmental units	693,318	465,607
Total liabilities	<u>42,726,056</u>	<u>46,212,271</u>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	75,074,267	74,911,500
Unavailable revenue – delinquent taxes	1,253,736	2,169,182
Total deferred inflows of resources	<u>76,328,003</u>	<u>77,080,682</u>
<b>Fund balance</b>		
Nonspendable for		
Inventories	572,348	570,436
Prepaid items	705,068	684,508
Restricted for		
Operating capital	5,511,843	3,888,384
Area learning center	367,837	-
Teacher development and evaluation	451,629	851,744
OPEB revocable trust	31,390,345	8,582,778
Committed to		
Severance pay	2,538,018	2,538,018
Retiree health insurance	-	22,377,730
Assigned to		
Contractual obligations	3,440,596	3,911,415
Next year operations	-	2,500,000
Strong Schools, Strong Communities initiative	7,200,000	3,200,000
Site-based operations	6,340,760	4,245,808
Personalized Learning Through Technology	-	587,042
Intraschool activities	2,897,273	2,607,054
Unassigned		
Health and safety restricted account deficit	(5,722,006)	(3,238,942)
Unassigned	34,196,019	32,652,130
Total fund balance	<u>89,889,730</u>	<u>85,958,105</u>
	<u>\$ 208,943,789</u>	<u>\$ 209,251,058</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>		

INDEPENDENT SCHOOL DISTRICT NO. 625

Fully Financed General Fund Accounts  
 Comparative Balance Sheet  
 as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and investments (deficit)	\$ (594,382)	\$ (3,906,628)
Receivables		
Due from other governmental units	5,085,368	8,401,059
Other	96,260	387,213
Prepaid items	<u>4,469</u>	<u>45,270</u>
Total assets	<u>\$ 4,591,715</u>	<u>\$ 4,926,914</u>
<b>Liabilities</b>		
Accounts payable	\$ 386,076	\$ 298,380
Accrued expenditures	1,617,300	2,189,956
Due to other governmental units	447,334	102,094
Unearned revenue	<u>1,958,546</u>	<u>2,150,748</u>
Total liabilities	4,409,256	4,741,178
<b>Fund balance</b>		
Nonspendable for prepaid items	4,469	45,270
Unassigned	<u>177,990</u>	<u>140,466</u>
Total fund balance	<u>182,459</u>	<u>185,736</u>
Total liabilities and fund balance	<u>\$ 4,591,715</u>	<u>\$ 4,926,914</u>



INDEPENDENT SCHOOL DISTRICT NO. 625

General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances by Account  
 Year Ended June 30, 2016  
 (With Comparative Actual Amounts for the Year Ended June 30, 2015)

	General Fund Accounts	Fully Financed General Fund Accounts	Totals	
			2016	2015
<b>Revenues</b>				
Local sources				
Property taxes	\$ 101,230,092	\$ -	\$ 101,230,092	\$ 94,138,565
County and other	7,999,175	3,193,436	11,192,611	10,966,997
State	438,858,194	1,183,877	440,042,071	425,144,939
Federal	1,248,992	39,771,046	41,020,038	42,552,856
Investment earnings	946,775	-	946,775	99,403
Sales and conversions of assets	373,140	-	373,140	387,624
Total revenues	<u>550,656,368</u>	<u>44,148,359</u>	<u>594,804,727</u>	<u>573,290,384</u>
<b>Expenditures</b>				
Current				
Administration	21,748,340	3,700	21,752,040	20,624,411
District support services	17,248,661	85,367	17,334,028	17,568,820
Elementary and secondary regular instruction	237,957,540	29,391,669	267,349,209	269,008,822
Vocational education instruction	4,696,076	680,769	5,376,845	4,946,650
Special education instruction	103,548,215	9,373,874	112,922,089	110,136,937
Community service	6,542,681	-	6,542,681	7,306,924
Instructional support services	41,721,362	1,803,973	43,525,335	49,442,278
Pupil support services	49,520,348	2,786,561	52,306,909	47,801,767
Sites and buildings	45,955,774	18,423	45,974,197	51,990,112
Capital outlay	4,036,110	7,300	4,043,410	4,317,475
Debt service				
Principal payments	1,741,549	-	1,741,549	-
Interest	29,874	-	29,874	-
Total expenditures	<u>534,746,530</u>	<u>44,151,636</u>	<u>578,898,166</u>	<u>583,144,196</u>
Excess (deficiency) of revenues over expenditures	15,909,838	(3,277)	15,906,561	(9,853,812)
<b>Other financing sources (uses)</b>				
Capital lease issued	-	-	-	6,831,630
Transfers (out)	(12,000,000)	-	(12,000,000)	(9,663,616)
Sale of capital assets	21,787	-	21,787	11,800
Total other financing sources (uses)	<u>(11,978,213)</u>	<u>-</u>	<u>(11,978,213)</u>	<u>(2,820,186)</u>
Net change in fund balances	3,931,625	(3,277)	3,928,348	(12,673,998)
Fund balance at beginning of year	<u>85,958,105</u>	<u>185,736</u>	<u>86,143,841</u>	<u>98,817,839</u>
Fund balance at end of year	<u>\$ 89,889,730</u>	<u>\$ 182,459</u>	<u>\$ 90,072,189</u>	<u>\$ 86,143,841</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

General Fund Accounts  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
 Budget and Actual  
 Year Ended June 30, 2016  
 (With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Over (Under) Budget	2015
	Budget	Actual		Actual
<b>Revenues</b>				
Local sources				
Property taxes	\$ 95,374,600	\$ 101,230,092	\$ 5,855,492	\$ 94,138,565
County and other	8,040,000	7,999,175	(40,825)	7,474,562
State	430,339,775	438,858,194	8,518,419	424,134,970
Federal	1,000,000	1,248,992	248,992	1,696,281
Investment earnings	–	946,775	946,775	99,403
Sales and conversions of assets	–	373,140	373,140	387,624
Total revenues	<u>534,754,375</u>	<u>550,656,368</u>	<u>15,901,993</u>	<u>527,931,405</u>
<b>Expenditures</b>				
Current				
Administration	22,747,666	21,748,340	(999,326)	20,589,785
District support services	27,507,629	17,248,661	(10,258,968)	17,403,677
Elementary and secondary regular instruction	249,911,348	237,957,540	(11,953,808)	237,215,209
Vocational education instruction	1,613,845	4,696,076	3,082,231	4,063,923
Special education instruction	98,340,661	103,548,215	5,207,554	101,449,189
Community service	1,087,491	6,542,681	5,455,190	7,306,924
Instructional support services	42,900,530	41,721,362	(1,179,168)	47,645,059
Pupil support services	47,923,472	49,520,348	1,596,876	45,823,073
Sites and buildings	42,178,443	45,955,774	3,777,331	51,904,101
Capital outlay	3,394,280	4,036,110	641,830	4,302,475
Debt service				
Principal payments	–	1,741,549	1,741,549	–
Interest	–	29,874	29,874	–
Total expenditures	<u>537,605,365</u>	<u>534,746,530</u>	<u>(2,858,835)</u>	<u>537,703,415</u>
Excess (deficiency) of revenues over expenditures	(2,850,990)	15,909,838	18,760,828	(9,772,010)
<b>Other financing sources (uses)</b>				
Capital lease issued	–	–	–	6,831,630
Transfers (out)	(12,000,000)	(12,000,000)	–	(9,663,616)
Sale of capital assets	11,500	21,787	10,287	11,800
Total other financing sources (uses)	<u>(11,988,500)</u>	<u>(11,978,213)</u>	<u>10,287</u>	<u>(2,820,186)</u>
Net change in fund balances	<u>\$ (14,839,490)</u>	<u>3,931,625</u>	<u>\$ 18,771,115</u>	<u>(12,592,196)</u>
Fund balance at beginning of year		<u>85,958,105</u>		<u>98,550,301</u>
Fund balance at end of year		<u>\$ 89,889,730</u>		<u>\$ 85,958,105</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Fully Financed General Fund Accounts  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
 Budget and Actual  
 Year Ended June 30, 2016  
 (With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Over (Under) Budget	2015
	Budget	Actual		Actual
<b>Revenues</b>				
Local sources				
County and other	\$ 5,100,770	\$ 3,193,436	\$ (1,907,334)	\$ 3,492,435
State	1,300,730	1,183,877	(116,853)	1,009,969
Federal	47,595,360	39,771,046	(7,824,314)	40,856,575
Total revenues	<u>53,996,860</u>	<u>44,148,359</u>	<u>(9,848,501)</u>	<u>45,358,979</u>
<b>Expenditures</b>				
Current				
Administration	15,000	3,700	(11,300)	34,626
District support services	334,161	85,367	(248,794)	165,143
Elementary and secondary regular instruction	34,964,403	29,391,669	(5,572,734)	31,793,613
Vocational education instruction	914,676	680,769	(233,907)	882,727
Special education instruction	10,831,577	9,373,874	(1,457,703)	8,672,748
Instructional support services	3,203,989	1,803,973	(1,400,016)	1,797,219
Pupil support services	3,700,524	2,786,561	(913,963)	1,978,694
Sites and buildings	32,530	18,423	(14,107)	101,011
Capital outlay	–	7,300	7,300	15,000
Total expenditures	<u>53,996,860</u>	<u>44,151,636</u>	<u>(9,845,224)</u>	<u>45,440,781</u>
Net change in fund balances	<u>\$ –</u>	<u>(3,277)</u>	<u>\$ (3,277)</u>	<u>(81,802)</u>
Fund balance at beginning of year		<u>185,736</u>		<u>267,538</u>
Fund balance at end of year		<u>\$ 182,459</u>		<u>\$ 185,736</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Food Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and investments	\$ 1,946,060	\$ 535,382
Receivables		
Due from other governmental units	1,220,345	1,300,431
Other	1,905	2,710
Inventories	1,355,456	896,392
Prepaid items	<u>40,512</u>	<u>42,600</u>
Total assets	<u>\$ 4,564,278</u>	<u>\$ 2,777,515</u>
<b>Liabilities</b>		
Accounts payable	\$ 109,571	\$ 134,679
Accrued expenditures	<u>567,628</u>	<u>803,283</u>
Total liabilities	677,199	937,962
<b>Fund balance</b>		
Nonspendable for inventories	1,355,456	896,392
Nonspendable for prepaid items	40,512	42,600
Restricted for food service	<u>2,491,111</u>	<u>900,561</u>
Total fund balance	<u>3,887,079</u>	<u>1,839,553</u>
Total liabilities and fund balance	<u>\$ 4,564,278</u>	<u>\$ 2,777,515</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Food Service Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
 Budget and Actual  
 Year Ended June 30, 2016  
 (With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Over (Under) Budget	2015
	Budget	Actual		Actual
Revenues				
Local sources				
County and other	\$ –	\$ 45,841	\$ 45,841	\$ 179,648
State	1,558,400	1,072,895	(485,505)	1,365,640
Federal	22,212,100	24,392,141	2,180,041	22,178,190
Investment earnings	–	4,461	4,461	137
Sales and conversion of assets	1,935,500	1,841,048	(94,452)	2,147,238
Total revenues	<u>25,706,000</u>	<u>27,356,386</u>	<u>1,650,386</u>	<u>25,870,853</u>
Expenditures				
Current				
Food service	25,706,000	25,301,931	(404,069)	26,569,923
Capital outlay	–	6,929	6,929	374,559
Total expenditures	<u>25,706,000</u>	<u>25,308,860</u>	<u>(397,140)</u>	<u>26,944,482</u>
Net change in fund balances	<u>\$ –</u>	<u>2,047,526</u>	<u>\$ 2,047,526</u>	<u>(1,073,629)</u>
Fund balance at beginning of year		<u>1,839,553</u>		<u>2,913,182</u>
Fund balance at end of year		<u>\$ 3,887,079</u>		<u>\$ 1,839,553</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Community Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and investments	\$ 4,527,212	\$ 4,825,617
Receivables		
Current taxes	1,972,243	2,099,746
Delinquent taxes	64,838	81,716
Due from other governmental units	2,290,645	2,526,789
Other	63,068	34,529
Prepaid items	<u>9,322</u>	<u>7,239</u>
Total assets	<u>\$ 8,927,328</u>	<u>\$ 9,575,636</u>
<b>Liabilities</b>		
Accounts payable	\$ 576,416	\$ 932,576
Accrued expenditures	1,161,788	1,167,360
Due to other governmental units	65,958	-
Unearned revenue	<u>1,094,144</u>	<u>979,761</u>
Total liabilities	2,898,306	3,079,697
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	3,260,871	3,435,872
Unavailable revenue – delinquent taxes	<u>45,382</u>	<u>103,084</u>
Total deferred inflows of resources	3,306,253	3,538,956
<b>Fund balance</b>		
Nonspendable for prepaid items	9,322	7,239
Restricted for		
Adult basic education	319,615	138,853
School readiness	654,813	446,445
Community education	1,326,515	1,156,433
ECFE	350,293	394,837
Community service	<u>62,211</u>	<u>813,176</u>
Total fund balance	<u>2,722,769</u>	<u>2,956,983</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 8,927,328</u>	<u>\$ 9,575,636</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Community Service Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
 Budget and Actual  
 Year Ended June 30, 2016  
 (With Comparative Amounts for the Year Ended June 30, 2015)

	2016			2015
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenues</b>				
Local sources				
Property taxes	\$ 3,183,960	\$ 3,394,421	\$ 210,461	\$ 3,521,249
County and other	7,769,685	7,165,624	(604,061)	7,560,130
State	16,030,458	15,816,262	(214,196)	14,069,527
Federal	2,476,695	2,366,670	(110,025)	2,465,439
Investment earnings	–	34,309	34,309	1,938
Sale and conversion of assets	7,000	–	(7,000)	3,500
Total revenues	<u>29,467,798</u>	<u>28,777,286</u>	<u>(690,512)</u>	<u>27,621,783</u>
<b>Expenditures</b>				
Current				
Pupil support services	1,059,736	1,014,254	(45,482)	1,018,284
Community service	28,735,676	27,981,656	(754,020)	26,669,351
Capital outlay	–	15,590	15,590	–
Total expenditures	<u>29,795,412</u>	<u>29,011,500</u>	<u>(783,912)</u>	<u>27,687,635</u>
Net change in fund balances	<u>\$ (327,614)</u>	<u>(234,214)</u>	<u>\$ 93,400</u>	<u>(65,852)</u>
Fund balance at beginning of year		<u>2,956,983</u>		<u>3,022,835</u>
Fund balance at end of year		<u>\$ 2,722,769</u>		<u>\$ 2,956,983</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Capital Projects Fund  
 Comparative Balance Sheet  
 as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Restricted cash and investments for capital projects	\$ 18,751,001	\$ 26,874,862
Receivables		
Due from other governmental units	<u>1,055,000</u>	<u>—</u>
Total assets	<u><u>\$ 19,806,001</u></u>	<u><u>\$ 26,874,862</u></u>
<b>Liabilities</b>		
Accounts payable	\$ 4,091,617	\$ 3,609,831
Accrued expenditures	309,030	343,992
Due to other fund	1,090,996	—
Unearned revenue	<u>150,000</u>	<u>—</u>
Total liabilities	5,641,643	3,953,823
<b>Fund balance</b>		
Restricted for		
Alternative facilities program	4,435,289	2,336,793
Capital projects	<u>9,729,069</u>	<u>20,584,246</u>
Total fund balance	<u>14,164,358</u>	<u>22,921,039</u>
Total liabilities and fund balance	<u><u>\$ 19,806,001</u></u>	<u><u>\$ 26,874,862</u></u>



INDEPENDENT SCHOOL DISTRICT NO. 625

Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
 Budget and Actual  
 Year Ended June 30, 2016  
 (With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Over (Under) Budget	2015
	Budget	Actual		Actual
<b>Revenues</b>				
Local sources				
County and other	\$ 9,000	\$ –	\$ (9,000)	\$ 30,068
Federal	–	1,055,000	1,055,000	–
Investment earnings	53,000	24,357	(28,643)	19,294
Total revenues	<u>62,000</u>	<u>1,079,357</u>	<u>1,017,357</u>	<u>49,362</u>
<b>Expenditures</b>				
Current				
Sites and buildings	6,380,800	12,833,421	6,452,621	2,686,134
Capital outlay	21,019,200	9,002,617	(12,016,583)	28,559,894
Debt service				
Other debt	–	–	–	319,116
Total expenditures	<u>27,400,000</u>	<u>21,836,038</u>	<u>(5,563,962)</u>	<u>31,565,144</u>
Excess (deficiency) of revenue over expenditures	(27,338,000)	(20,756,681)	6,581,319	(31,515,782)
<b>Other financing sources</b>				
Building bonds issued	15,000,000	–	(15,000,000)	15,000,000
Premium on bonds issued	–	–	–	270,001
Transfer in	12,000,000	12,000,000	–	9,663,616
Total other financing sources	<u>27,000,000</u>	<u>12,000,000</u>	<u>(15,000,000)</u>	<u>24,933,617</u>
Net change in fund balances	<u>\$ (338,000)</u>	<u>(8,756,681)</u>	<u>\$ (8,418,681)</u>	<u>(6,582,165)</u>
Fund balance at beginning of year		<u>22,921,039</u>		<u>29,503,204</u>
Fund balance at end of year		<u>\$ 14,164,358</u>		<u>\$ 22,921,039</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Debt Service Fund  
Comparative Balance Sheet  
as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ 20,744,463	\$ 18,347,932
Restricted cash and investments for debt service	24,536,276	60,881,145
Receivables		
Current taxes	22,980,790	22,278,183
Delinquent taxes	748,433	965,353
Due from other governmental units	518,206	550,514
Other	127,255	274,814
Prepaid items	<u>410,000</u>	<u>410,000</u>
Total assets	<u>\$ 70,065,423</u>	<u>\$ 103,707,941</u>
Liabilities		
Accounts payable	\$ -	\$ 54,224
Unearned revenue	<u>376,350</u>	<u>-</u>
Total liabilities	376,350	54,224
Deferred inflows of resources		
Property taxes levied for subsequent year	37,901,728	36,395,690
Unavailable revenue – delinquent taxes	<u>541,752</u>	<u>1,151,899</u>
Total deferred inflows of resources	38,443,480	37,547,589
Fund balance		
Nonspendable for prepaid items	410,000	410,000
Restricted for		
Bond refunding	15,894,372	54,126,668
QSCB payments	8,769,159	7,029,291
Debt service	<u>6,172,062</u>	<u>4,540,169</u>
Total fund balance	<u>31,245,593</u>	<u>66,106,128</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 70,065,423</u>	<u>\$ 103,707,941</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Debt Service Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances –  
 Budget and Actual  
 Year Ended June 30, 2016  
 (With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Over (Under) Budget	2015
	Budget	Actual		Actual
Revenues				
Local sources				
Property taxes	\$ 36,397,000	\$ 35,840,368	\$ (556,632)	\$ 39,413,530
County and other	–	270,323	270,323	256,023
State	3,733,000	3,850,085	117,085	3,866,007
Federal	942,000	942,157	157	942,142
Investment earnings	100,000	599,472	499,472	360,003
Total revenues	<u>41,172,000</u>	<u>41,502,405</u>	<u>330,405</u>	<u>44,837,705</u>
Expenditures				
Debt service				
Principal payments	26,600,000	25,180,476	(1,419,524)	26,739,518
Interest	12,450,000	14,307,014	1,857,014	16,963,833
Other debt	100,000	25,450	(74,550)	207,504
Total expenditures	<u>39,150,000</u>	<u>39,512,940</u>	<u>362,940</u>	<u>43,910,855</u>
Excess (deficiency) of revenues over expenditures	2,022,000	1,989,465	(32,535)	926,850
Other financing sources (uses)				
Refunding debt issued	–	–	–	21,690,000
Premium on refunding bonds issued	–	–	–	350,165
Principal payments by refunded bond escrow agent	<u>(16,600,650)</u>	<u>(36,850,000)</u>	<u>(20,249,350)</u>	<u>(15,185,000)</u>
Total other financing sources (uses)	<u>(16,600,650)</u>	<u>(36,850,000)</u>	<u>(20,249,350)</u>	<u>6,855,165</u>
Net change in fund balances	<u>\$ (14,578,650)</u>	<u>(34,860,535)</u>	<u>\$ (20,281,885)</u>	7,782,015
Fund balance at beginning of year		<u>66,106,128</u>		<u>58,324,113</u>
Fund balance at end of year		<u>\$ 31,245,593</u>		<u>\$ 66,106,128</u>

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OTHER DISTRICT INFORMATION

(UNAUDITED)

INDEPENDENT SCHOOL DISTRICT NO. 625

Elementary and Secondary Schools – General Fund  
Fully Financed Fund Program Grant Analysis  
Schedule of Reimbursable Programs’ Revenues and Expenditures  
Year Ended June 30, 2016

Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2016	Grant Receivable June 30, 2016
<b>Title I</b>			
Title I Educationally Disadvantaged	\$ 21,680,515	\$ 17,646,673	\$ 1,568,095
Title I Homeless McKinney Vento	100,000	91,415	8,585
Title I Project For Delinquency	210,553	176,603	3,458
Title I Race To The Top	190,264	177,477	12,787
Title I Adequate Yearly Progress	856,439	464,574	265,554
Title I Adequate Yearly Progress	1,214,427	959,060	244,343
Total Title I	24,252,198	19,515,802	2,102,822
<b>Title IV</b>			
Mandatory EIS	1,288,764	565,077	85,107
Preschool Incentive	424,292	222,909	53,011
MDE Special Education Family Engagement	15,000	2,128	8,741
Part H	304,265	223,297	19,734
Public Law 94-142	8,142,582	6,962,427	633,001
Discretionary EIS	382,920	376,619	6,301
Total Title IV	10,557,823	8,352,457	805,895
<b>Title II</b>			
Title II, Part A	3,123,943	2,398,933	201,698
<b>Title III</b>			
Title III	2,570,672	1,280,586	245,123
Title III Children and Youth – Limited Eligibility	193,029	66,649	18,632
Total Title III	2,763,701	1,347,235	263,755
<b>Carl Perkins Act, Public Law 84-524</b>			
Intensified Services for Disadvantaged	549,385	406,393	117,376
Perkins – reserve	20,996	17,961	–
Total Carl Perkins Act, Public Law 84-524	570,381	424,354	117,376
<b>Indian Education</b>			
Indian Education Title VII	228,058	255,060	9,576
<b>Miscellaneous federal</b>			
SPDG Collaboration With Minneapolis	85,256	52,501	33,554
SPDG Collaboration With Minneapolis Year 2	160,000	–	9,155
Johnson-O’Malley	45,506	18,552	–
Indian Education Chemical Prevention	171,234	119,712	48,949
CPC – Investing In Innovation – U of M	325,805	14,712	308,547
JROTC Programs	999,611	1,009,705	89,892
Youth Career Connect	971,863	616,822	260,959
National Center for Teacher Residencies	1,000,000	500,000	–
Get Ready/Gear Up	560,125	189,465	369,381
Library Services and Technology Act	99,866	55,323	31,848

Grant Payable June 30, 2016	Unearned Revenue June 30, 2016	Total Revenue	Total Expenditures
\$ -	\$ -	\$ 19,214,768	\$ 19,214,768
-	-	100,000	100,000
-	-	180,061	180,061
-	-	190,264	190,264
-	-	730,128	730,128
-	-	1,203,403	1,203,402
-	-	<u>21,618,624</u>	<u>21,618,623</u>
-	-	650,184	650,184
-	-	275,920	275,920
-	-	10,869	10,870
-	-	243,031	243,030
-	-	7,595,428	7,595,428
-	-	382,920	382,919
-	-	<u>9,158,352</u>	<u>9,158,351</u>
-	-	2,600,631	2,600,631
-	-	1,525,709	1,525,708
-	-	85,281	85,282
-	-	<u>1,610,990</u>	<u>1,610,990</u>
-	-	523,769	523,769
-	-	17,961	17,961
-	-	<u>541,730</u>	<u>541,730</u>
-	-	264,636	264,636
-	-	86,055	86,056
-	-	9,155	9,155
-	-	18,552	18,552
-	-	168,661	168,661
-	-	323,259	323,259
-	(54,681)	1,044,916	1,044,915
(9,284)	-	868,497	868,496
(436,717)	-	63,283	63,283
-	-	558,846	558,846
-	-	87,171	87,171

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 625

Elementary and Secondary Schools – General Fund  
Fully Financed Fund Program Grant Analysis  
Schedule of Reimbursable Programs’ Revenues and Expenditures (continued)  
Year Ended June 30, 2016

Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2016	Grant Receivable June 30, 2016
Miscellaneous federal (continued)			
Project Aware	73,637	–	22,909
Project Prevent	718,048	359,475	9,928
ETR Flash	23,400	–	–
Demonstration Grant – Indian Education	346,892	213,357	57,267
Reimbursable Health Services	150,000	73,294	11,305
MCH Adolescent Health	10,000	5,840	5,000
Turnaround St. Paul	485,632	324,906	62,742
Digital Works	533,905	272,075	135,431
KOM Refugee	5,000	16,180	–
Total miscellaneous federal	6,765,780	3,883,008	1,497,956
State of Minnesota			
Diabetes Grant	21,593	11,617	9,976
ICAP Intervention for College Attendance Program – Central	33,196	15,092	15,061
MSAB Grant – OWL	16,850	16,850	–
MSAB Grant – SPMA	26,200	28,310	–
Upward Bound – UW River Falls	5,500	4,894	361
Upward Bound – Metro State	17,200	16,018	295
MN Historical Society – Washington	12,250	11,648	–
Success for the Future	325,356	250,031	26,057
ACT state reimbursement	155,550	62,895	–
Century College ETS – TRIO	20,000	(519)	6,252
Get Ready – Department of Higher Education	15,500	14,394	–
Minnesota Zoo	6,000	10,943	–
Bell Museum Transportation	3,000	–	1,820
Total State of Minnesota	658,195	442,173	59,822
Ramsey/Hennepin County			
Attendance Action Center	171,668	66,169	36,617
CRWD – Chelsea Heights	369,736	31,000	–
Statewide Health Improvement Program	80,000	48,184	17,244
Public Entity Innovation Grant – Recycling	29,016	6,720	11,010
Total Ramsey/Hennepin County	650,420	152,073	64,871
Private			
SW miscellaneous grants/donations	–	500	–
MetroECSU Paraprofessional Training	3,998	–	3,497
Wilder SPPN – Freedom School	50,000	50,000	–
Wilder School Linked Mental Health	20,000	20,000	–
Indian Education Student Celebrations	27,486	12,075	–
Ecolab Visions for Learning	3,000	6,000	–
Ecolab FIRST Robotics – Humboldt Sr.	4,024	4,024	–
Ecolab AVID – Humboldt Sr.	52,229	89,770	–
Ecolab Vista Tutoring – Humboldt Sr.	86,363	63,000	–



Grant Payable June 30, 2016	Unearned Revenue June 30, 2016	Total Revenue	Total Expenditures
-	-	22,909	22,909
-	-	369,403	369,403
-	-	-	-
-	-	270,624	270,625
-	(12,957)	71,642	71,642
-	-	10,840	10,840
-	-	387,648	388,153
-	-	407,506	407,002
-	-	16,180	16,179
(404,912)	(26,549)	4,785,147	4,785,147
-	-	21,593	21,593
-	(46)	30,107	30,107
-	-	16,850	16,850
-	(3,344)	24,966	24,965
-	-	5,255	5,254
-	-	16,313	16,313
-	-	11,648	12,250
-	-	276,088	276,088
-	(62,895)	-	-
-	-	5,733	5,733
-	-	14,394	14,394
-	-	10,943	10,943
-	-	1,820	1,820
-	(66,285)	435,710	436,310
-	-	102,786	73,184
-	-	31,000	31,000
-	-	65,428	65,429
-	-	17,730	17,730
-	-	216,944	187,343
-	-	500	-
-	-	3,497	3,497
-	-	50,000	50,000
-	-	20,000	20,000
-	(1,357)	10,718	10,718
-	(2,729)	3,271	3,271
-	-	4,024	4,024
-	(14,178)	75,592	52,229
-	-	63,000	86,363

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 625

Elementary and Secondary Schools – General Fund  
Fully Financed Fund Program Grant Analysis  
Schedule of Reimbursable Programs’ Revenues and Expenditures (continued)  
Year Ended June 30, 2016

Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2016	Grant Receivable June 30, 2016
Private (continued)			
MnSCU – The Minnesota Energy Center	10,000	6,343	–
Arts Programming	1,500	1,000	–
Kellogg Foundation	321,196	223,544	–
Upward Bound – River Falls	17,000	13,367	–
Center For School Change	1,730	1,275	–
NEA Foundation – Student Achievement	5,000	5,000	–
Homeless Program Charitable Contributions	7,567	950	–
SPPS Foundation Grant AT&T Internet Safety	10,000	5,157	–
SPPS Foundation – Project Lead the Way	3,766	–	–
SPPS Foundation – MRC Through Dakota Eyes Bdote	3,000	3,000	–
SPPS Foundation – HealthPartners	29,708	14,999	–
SPPS Foundation Grant Inspired Educator – AGAPE	1,497	309	–
3M Grant Evaluation	41,569	21,848	–
3M Grant Engineering is Elementary	8,336	–	–
3M Grant Eastside Partnership	122,050	34,760	–
3M Science Concept-Oriented Reading Instruction CORI	41,281	2,209	–
3M FIRST Lego League	125,070	90,483	–
3M Grant Math Counts	9,379	4,158	–
3M Grant FIRST Robotics	76,987	75,360	–
3M Renewable Energy Challenge	18,954	11,918	–
3M Grant Field Trip Experiences	93,774	84,142	–
3M STEP	340,529	218,236	–
3M Physics	3,665	10	–
3M Johnson Fab Lab	34,487	636	–
3M STEM	175,995	81,791	–
3M Real World Design Challenge	3,869	977	–
3M Science Clubs	34,150	14,769	–
3M STEM Secondary Science	135	127	–
Community Foundations – Open Your Heart Grant To The Hungry and Homeless	3,750	3,900	–
Community Foundations – MN Vikings Children’s Fund	25,000	25,000	–
Community Foundations – Dietrick Parks Foundation	4,500	4,500	–
Community Foundations – Various Donor OTL	1,000	1,225	–
Community Foundations – Various Donor OCCR/AVID	45,000	22,993	–
Community Foundations – Carton Council of North America	700	693	–
Community Foundations – Concordia Grant – Central	18,800	18,800	–
Community Foundations – Fuel Up To Play 60 – Highland Sr.	4,000	5,000	–
Community Foundations – FIRST FRC Rookie OWL	1,943	311	–
Community Foundations – Verizon PLTW – Washington	17,000	20,000	–
Community Foundations – USTA Northern – Washington	500	500	–
Community Foundations – Search Institute	19,000	9,000	8,371
Community Foundations – Society of American Military Engineers – Farnsworth	2,720	1,978	–
Community Foundations – Pilot One On One Tutoring	64,442	72,874	–

Grant Payable June 30, 2016	Unearned Revenue June 30, 2016	Total Revenue	Total Expenditures
-	(517)	5,826	5,826
-	(358)	642	642
-	-	223,544	223,544
-	-	13,367	13,367
-	-	1,275	1,275
-	-	5,000	5,000
-	(950)	-	-
-	-	5,157	5,157
-	-	-	-
-	(800)	2,200	2,200
-	-	14,999	14,999
-	-	309	309
-	-	21,848	21,848
-	-	-	-
-	-	34,760	34,760
-	-	2,209	2,209
-	(29,133)	61,350	61,350
-	(1,877)	2,281	2,281
-	(39,970)	35,390	35,390
-	(9,307)	2,611	2,611
-	-	84,142	84,142
-	(79,207)	139,029	139,029
-	-	10	10
-	-	636	636
-	(13,368)	68,423	68,423
-	(902)	75	75
-	(10,658)	4,111	4,111
-	-	127	127
-	(150)	3,750	3,750
-	(2,050)	22,950	22,950
-	(4,500)	-	-
-	(1,225)	-	-
-	-	22,993	22,993
-	-	693	693
-	-	18,800	18,800
-	(1,905)	3,095	3,095
-	-	311	311
-	(18,035)	1,965	1,965
-	(500)	-	-
-	-	17,371	17,371
-	-	1,978	1,978
-	(8,432)	64,442	64,442

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 625

Elementary and Secondary Schools – General Fund  
Fully Financed Fund Program Grant Analysis  
Schedule of Reimbursable Programs’ Revenues and Expenditures (continued)  
Year Ended June 30, 2016

Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2016	Grant Receivable June 30, 2016
Private (continued)			
Community Foundations – SAP Foundation Music and Wolf Ridge	2,750	750	–
Community Foundations – New Lens Urban Mentoring Society – Murray	3,035	3,035	–
Community Foundations – Lowe’s ToolBox for Education – Crossroads	343	–	–
Community Foundations – VILS (Verizon Foundation) Crossroads	25,000	25,000	–
Community Foundations – VILS (Verizon Foundation) Hamline Elementary	20,000	20,301	–
Community Foundations – Lowe’s ToolBox for Education – Capitol Hill	6,370	6,370	–
Community Foundations – National Christian Foundation – GP	6,521	4,706	–
Community Foundations – GtCNN Gateway to College	31,968	27,839	–
Community Foundations – Best Buy Foundation	80,000	80,000	–
Community Foundations – Whole Kid Foundation – Murray Garden	2,000	2,000	–
Community Foundations – CenturyLink – Crossroads	4,795	4,795	–
Community Foundations – Whole Kid Foundation – Crossroads Garden	2,000	2,000	–
Community Foundations – National Writing Project – LRNG Challenge Grant – Eastern Heights	4,307	3,234	–
Community Foundations – St. Paul Rotary Sunrise – Gordon Parks	4,227	4,227	–
Bigelow Foundation – Student Success in West Side	39,392	39,392	–
Bigelow Foundation – Beyond Courage	44,165	44,165	–
Bigelow Foundation – Freedom School	75,000	75,000	–
United Way Grant – Reading by Third Grade	45,000	35,000	30,000
United Way Grant – Generation Next Evaluator	35,000	35,000	–
United Way Grant – Pathway – Central	62,213	31,107	31,106
United Way Grant – Spotlight Initiative	300,000	300,000	–
EMID Mini-Grant	–	(24,944)	–
Out for Equity	5,616	2,965	135
Travelers Grant – Leadership Development	112,615	62,508	452
AVID – Travelers Grant	215,500	175,383	–
Academy of Finance – Travelers Foundation	121,680	70,000	–
Travelers Foundation – Riverview	20,000	19,868	–
St. Paul Foundation Emergency	7,500	7,500	–
St. Paul Foundation – Bd of Ed Retreat	15,000	15,000	–
St. Paul Foundation – Next Generation Evaluator	50,000	50,000	–
St. Paul Foundation – Student Success in West Side	108,147	108,147	–
St. Paul Foundation – Beyond Courage	24,058	24,058	–
St. Paul Foundation – Public Art Wayfinding – Four Seasons	3,558	885	–
St. Paul Foundation – Freedom School	80,000	81,000	–
Allina – supply dollars for Wellness Champions	21,806	21,032	–
Lillian Wright Memorial	11,890	3,930	–
RKMC – Freedom School	50,000	50,000	–
Bush Foundation – Augsburg	12,000	12,000	–
Scholarships – Olga B Hart Foundation	10,500	10,500	–
Firmin “Ace” Alexander Educational Scholarship Fund	1,000	–	–
Confucius Institute	20,000	–	14,757
U of M Butterfly Garden	25,000	24,900	–
Minnesota Orchestra	9,000	4,843	–

Grant Payable June 30, 2016	Unearned Revenue June 30, 2016	Total Revenue	Total Expenditures
-	-	750	750
-	-	3,035	3,035
-	-	-	-
-	-	25,000	17,383
-	(8,229)	12,072	12,070
-	-	6,370	6,370
-	-	4,706	4,706
-	-	27,839	27,839
-	(76,849)	3,151	3,151
-	(1,560)	440	440
-	(4,795)	-	-
-	(2,000)	-	-
-	-	3,234	3,234
-	(3,747)	480	480
-	(7,217)	32,175	32,175
-	-	44,165	44,165
-	-	75,000	75,000
-	(20,000)	45,000	45,000
-	(2,137)	32,863	32,863
-	-	62,213	62,213
-	(34,152)	265,848	265,848
-	-	(24,944)	-
-	(2,750)	350	350
-	-	62,960	62,960
-	-	175,383	175,383
-	(22,321)	47,679	47,679
-	-	19,868	20,000
-	(3,726)	3,774	3,774
-	(11,300)	3,700	3,700
-	(28,621)	21,379	21,379
-	(8,593)	99,554	99,554
-	-	24,058	24,058
-	-	885	885
-	-	81,000	81,000
-	-	21,032	21,032
-	(930)	3,000	3,000
-	-	50,000	50,000
-	(12,000)	-	-
-	-	10,500	10,500
-	-	-	1,000
-	-	14,757	14,757
-	(21,484)	3,416	3,416
-	-	4,843	4,843

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 625

Elementary and Secondary Schools – General Fund  
Fully Financed Fund Program Grant Analysis  
Schedule of Reimbursable Programs’ Revenues and Expenditures (continued)  
Year Ended June 30, 2016

Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2016	Grant Receivable June 30, 2016
Private (continued)			
Ordway Center	20,500	7,941	7,724
Upward Bound – St. Olaf College	1,500	549	–
Augsburg College Urban Debate	10,000	7,816	–
PIP/Dodge Nature Center	3,000	2,157	–
TC2 Grant	64,356	55,245	914
Bush Foundation – Teacher Effectiveness Initiative	150,000	131,605	–
Federation Agreement	227,100	226,416	–
Ecolab Visions for Learning MRC	9,900	9,901	–
Gibb’s Farm Field Trips	2,622	–	–
St. Paul Chamber Orchestra – Buses	7,000	6,779	–
Total private	4,212,583	3,260,416	96,956
Miscellaneous			
ELL Workshop	83,000	30,146	66
Automotive Learning Center	6,455	1,974	–
Translations with administration	–	–	–
Vending Machine Proceeds – 2102 University	988	186	26
Vending Machine Proceeds – 360 Colborne	11,326	13	–
Vending Machine Proceeds – 345 Plato	2,814	–	–
Vending Machine Proceeds – 1930 Como	–	2,814	–
Valley Branch ELC	35,595	12,155	–
Planetarium	60,500	35,313	–
EMID Full Day Substitutes Reimbursement	13,100	4,783	–
No budget	–	47,607	–
Total miscellaneous	213,778	134,991	92
Total Fully Financed Fund	\$ 53,996,860	\$ 40,166,502	\$ 5,220,819

Grant Payable June 30, 2016	Unearned Revenue June 30, 2016	Total Revenue	Total Expenditures
-	-	15,665	15,665
-	-	549	549
-	-	7,816	7,516
-	-	2,157	2,157
-	-	56,159	56,159
-	-	131,605	131,605
-	-	226,416	226,416
-	(1,341)	8,560	8,558
-	-	-	989
-	-	6,779	6,779
-	(515,860)	2,841,512	2,860,156
-	-	30,212	19,733
-	-	1,974	3,410
-	-	-	-
-	-	212	-
-	-	13	105
-	-	-	-
-	-	2,814	-
-	-	12,155	12,383
-	-	35,313	48,895
-	-	4,783	3,665
-	(61,000)	(13,393)	(472)
-	(61,000)	74,083	87,719
<u>\$ (404,912)</u>	<u>\$ (669,694)</u>	<u>\$ 44,148,359</u>	<u>\$ 44,151,636</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Elementary and Secondary Schools – Community Service Special Revenue Fund  
 Fully Financed Fund Program Grant Analysis  
 Schedule of Reimbursable Programs’ Revenues and Expenditures  
 Year Ended June 30, 2016

Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2016	Grant Receivable June 30, 2016
<b>Federal</b>			
21st Century Grant – Cohort 5	\$ 878,991	\$ 651,684	\$ 169,113
21st Century Grant – Cohort 6	811,910	645,881	140,833
Total federal	1,690,901	1,297,565	309,946
<b>State</b>			
Night Moves – Eastside	4,700	2,590	1,531
Night Moves – Como	6,500	3,810	1,133
State Hearing Impaired	11,000	(6,681)	15,056
ABE State-Wide Support Services	149,206	126,000	23,206
Early Learning State Scholarship	1,289,110	760,181	237,566
Preventing Obesity Among Preschoolers	53,092	20,183	32,909
Communities to Connect	5,000	5,000	–
Preschool Screening	269,071	207,672	–
Nonpublic State Aid Programs	1,656,883	1,491,256	165,695
Total state	3,444,562	2,610,011	477,096
<b>Other Governmental Units</b>			
ABE Learner Activities	7,000	19,542	668
Day Cares	1,146,351	476,482	84,891
Total other governmental units	1,153,351	496,024	85,559
<b>Private</b>			
PEK McKnight Foundation	869,790	812,804	–
GTCUW – Women’s Giving Early Childhood	41,051	1,051	46,091
Ronald M. Hubbs Scholarship	20,955	10,849	–
ABE Learner Activity	46,500	–	–
Lyle Swanson Scholarship Foundation	3,000	4,578	–
CET – Fair Parking	11,500	25,422	–
No budget	–	800,250	–
Total private	992,796	1,654,954	46,091
Total Community Service Fully Financed	\$ 7,281,610	\$ 6,058,554	\$ 918,692



Grant Payable June 30, 2016	Unearned Revenue June 30, 2016	Total Revenue	Total Expenditures
\$ —	\$ (5,301)	\$ 815,496	\$ 815,497
—	(55)	786,659	786,659
<u>—</u>	<u>(5,356)</u>	<u>1,602,155</u>	<u>1,602,156</u>
—	—	4,121	4,121
—	—	4,943	4,943
—	—	8,375	8,375
—	—	149,206	149,206
—	—	997,747	1,631,309
—	—	53,092	53,092
—	—	5,000	5,000
—	(25,109)	182,563	182,563
(65,958)	—	1,590,993	1,590,993
<u>(65,958)</u>	<u>(25,109)</u>	<u>2,996,040</u>	<u>3,629,602</u>
—	(2,577)	17,633	17,633
—	—	561,373	561,373
<u>—</u>	<u>(2,577)</u>	<u>579,006</u>	<u>579,006</u>
—	—	812,804	812,804
—	—	47,142	47,142
—	(1,305)	9,544	9,544
—	—	—	—
—	(4,578)	—	—
—	—	25,422	11,568
—	(800,250)	—	—
<u>—</u>	<u>(806,133)</u>	<u>894,912</u>	<u>881,058</u>
<u>\$ (65,958)</u>	<u>\$ (839,175)</u>	<u>\$ 6,072,113</u>	<u>\$ 6,691,820</u>

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