

INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA

Financial Statements and  
Supplemental Information

Year Ended  
June 30, 2014

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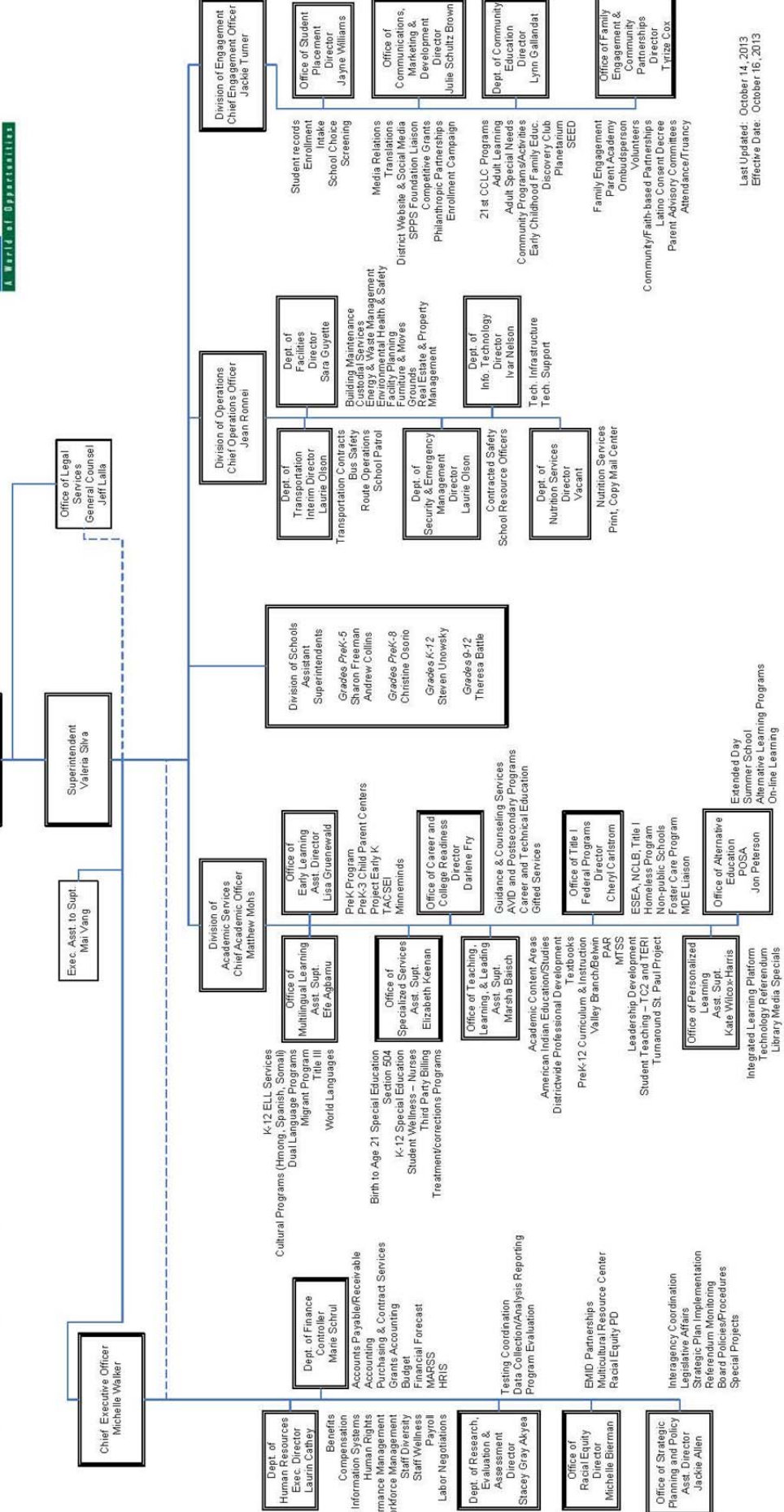
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INTRODUCTORY SECTION

# Saint Paul Public Schools Organization Chart School Year 2013-14



Last Updated: October 14, 2013  
Effective Date: October 16, 2013

INDEPENDENT SCHOOL DISTRICT NO. 625

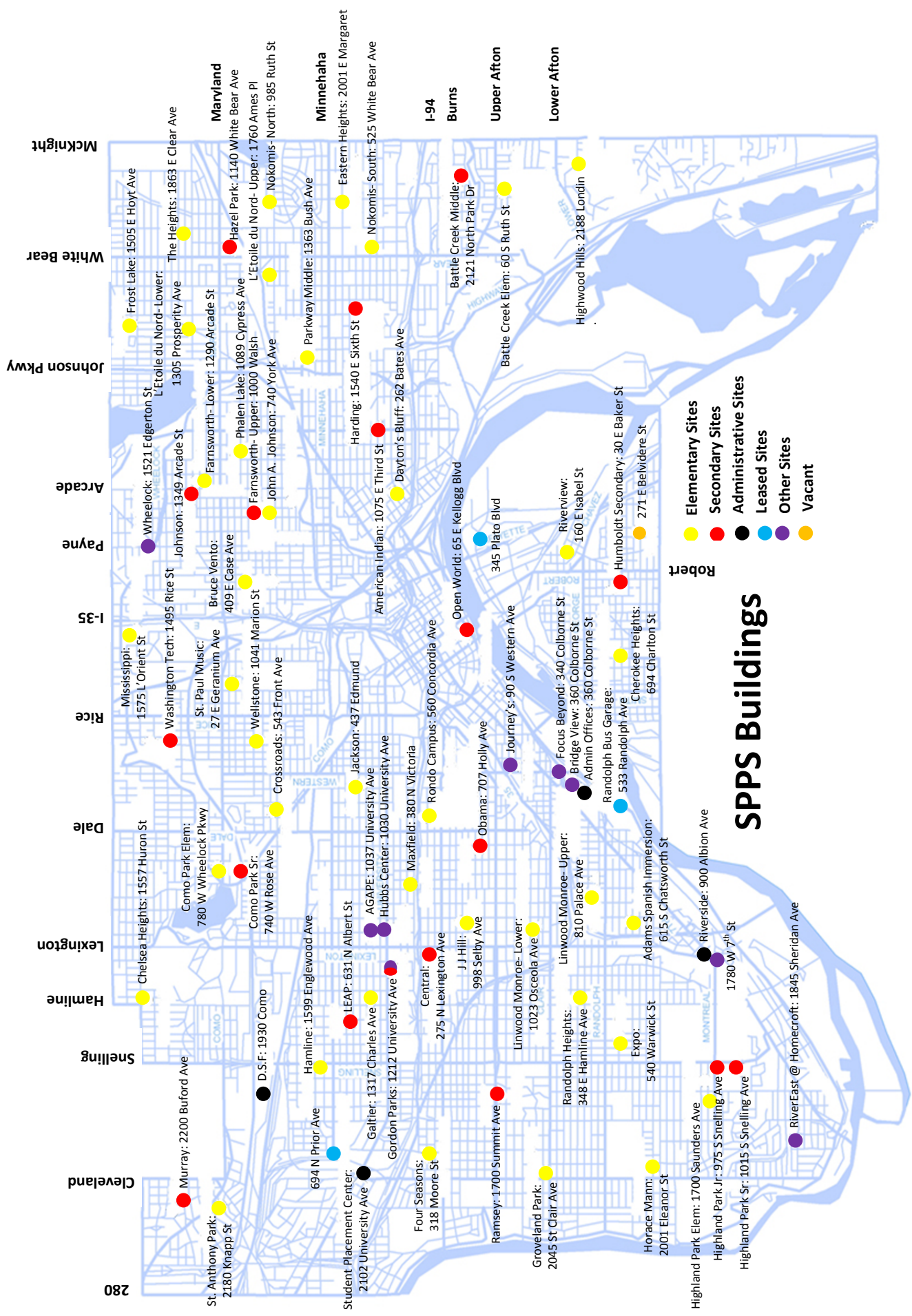
Board of Education and Administration  
Year Ended June 30, 2014

**BOARD OF EDUCATION**

	<u>Board Position</u>
Mary C. Doran	Chairperson
Keith Hardy	Vice Chairperson
Anne Carroll	Treasurer
John Brodrick	Clerk
Jean O'Connell	Director
Louise Seeba	Director
Chue Vue	Director

**ADMINISTRATION**

Valeria Silva	Superintendent
Michelle Walker	Chief Executive Officer
Jean Ronnei	Chief Operations Officer
Jackie Turner	Chief Engagement Officer
Matt Mohs	Chief Academic Officer
Andrew Collins	Assistant Superintendent, Elementary Schools
Sharon Freeman	Assistant Superintendent, Elementary Schools
Christine Osorio	Assistant Superintendent, Elementary Schools
Steve Unowsky	Assistant Superintendent, Middle Grades
Theresa Battle	Assistant Superintendent, High Schools
Dr. Efe Agbamu	Assistant Superintendent, Multilingual Learning
Dr. Kate Wilcox-Harris	Assistant Superintendent, Personalized Learning
Dr. Elizabeth Keenan	Assistant Superintendent, Specialized Services
Marsha Baisch	Assistant Superintendent, Teaching, Learning and Leading
Julie Schultz Brown	Director of Communications, Marketing and Development
Michelle Bierman	Director, Office of Equity
Laurin Cathey	Executive Director Human Resources
Ryan Vernosh	Administrator, Planning and Policy
Jacqueline Statum Allen	Assistant Director, Strategic Planning and Policy
Mai Vang	Executive Assistant to the Superintendent
Marie Schrul	Controller
Jeff Lalla	General Counsel



# SPPS Buildings



FINANCIAL SECTION

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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, 2014, 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, 2014, 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **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 section and other district information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Prior Year Comparative Information**

We have previously audited the District's 2013 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 20, 2013. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2013 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, 2014 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, 2014

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INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA

Management's Discussion and Analysis  
June 30, 2014

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, 2014. Please read it in conjunction with the other components of the District's annual financial statements.

### **FINANCIAL HIGHLIGHTS**

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2014 by \$109.0 million (net position). The District's total net position decreased by \$16.9 million during the fiscal year ended June 30, 2014.
- Government-wide revenues totaled \$650.1 million and were \$16.9 million less than expenses of \$667.0 million.
- The General Fund's total fund balance (under the governmental fund presentation) decreased \$16.1 million from the prior year, compared to a \$28.9 million 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.

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>2014</u>	<u>2013</u>
<b>Assets</b>		
Current and other assets	\$ 388.7	\$ 439.7
Capital assets, net of depreciation	<u>409.0</u>	<u>407.4</u>
<b>Total assets</b>	<b><u>\$ 797.7</u></b>	<b><u>\$ 847.1</u></b>
<b>Deferred outflows of resources</b>		
Deferred amount on refunding of debt	<b><u>\$ 2.9</u></b>	<b><u>\$ 1.2</u></b>
<b>Liabilities</b>		
Current and other liabilities	\$ 83.7	\$ 123.2
Long-term liabilities, including due within one year	<u>493.1</u>	<u>518.7</u>
<b>Total liabilities</b>	<b><u>\$ 576.8</u></b>	<b><u>\$ 641.9</u></b>
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	<b><u>\$ 114.8</u></b>	<b><u>\$ 80.5</u></b>
<b>Net position</b>		
Net investment in capital assets	\$ 109.7	\$ 113.5
Restricted	18.0	22.3
Unrestricted	<u>(18.7)</u>	<u>(9.9)</u>
<b>Total net position</b>	<b><u>\$ 109.0</u></b>	<b><u>\$ 125.9</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 and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

Total net position decreased by \$16.9 million, which reflects the current year operating results. As presented in the table above, all three components of net position decreased from the prior year.

The District's change in the net investment in capital assets is due mostly to the relationship of the District repaying debt compared to the rate the assets are being depreciated. A decrease in net position restricted for capital projects, community services, food service, and other purposes contributed to the overall change in the restricted portion of net position. The decrease in unrestricted net position is consistent with the change in financial position of the General Fund, discussed in further detail later in this report.

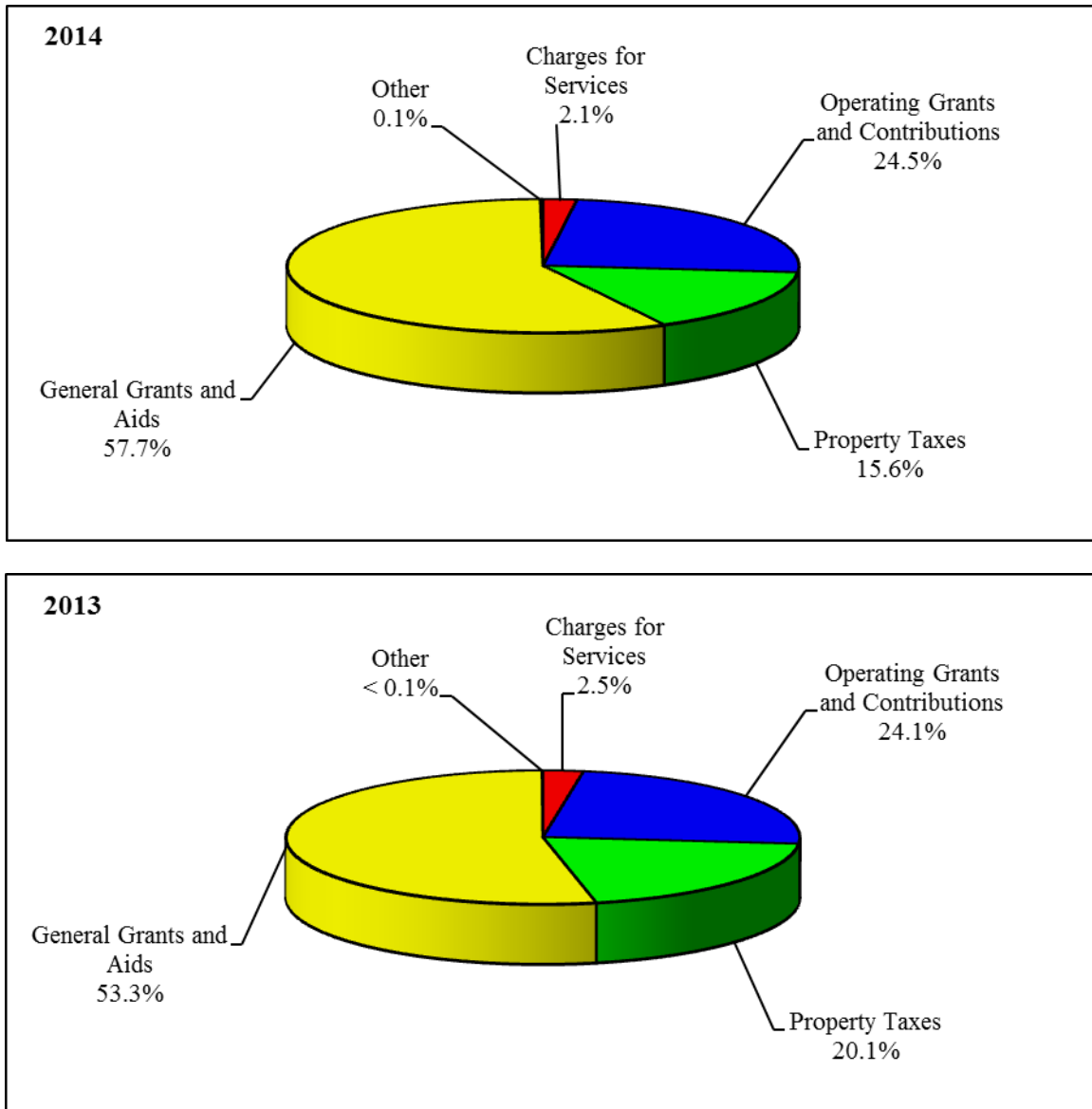
Table 2 presents a summarized version of the District's Statement of Activities:

<b>Table 2</b>		
<b>Summary Statement of Activities</b>		
<b>for the Years Ended June 30, 2014 and 2013</b>		
<b>(in millions)</b>		
	<u>2014</u>	<u>2013</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 13.8	\$ 16.0
Operating grants and contributions	159.1	152.5
General revenues		
Property taxes	101.2	127.0
General grants and aids	374.9	337.3
Other	1.1	0.3
<b>Total revenues</b>	<u>650.1</u>	<u>633.1</u>
<b>Expenses</b>		
Administration	19.8	19.3
District support services	17.9	15.8
Elementary and secondary regular instruction	293.9	288.7
Vocational education instruction	4.9	4.8
Special education instruction	112.7	109.9
Instructional support services	41.3	33.3
Pupil support services	44.9	47.7
Sites and buildings	63.6	50.8
Food service	26.5	26.2
Community service	26.9	25.0
Interest and fiscal charges on debt	14.6	18.0
<b>Total expenses</b>	<u>667.0</u>	<u>639.5</u>
<b>Change in net position</b>	(16.9)	(6.4)
<b>Net position – beginning</b>	<u>125.9</u>	<u>132.3</u>
<b>Net position – ending</b>	<u><u>\$ 109.0</u></u>	<u><u>\$ 125.9</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 2014 and 2013**



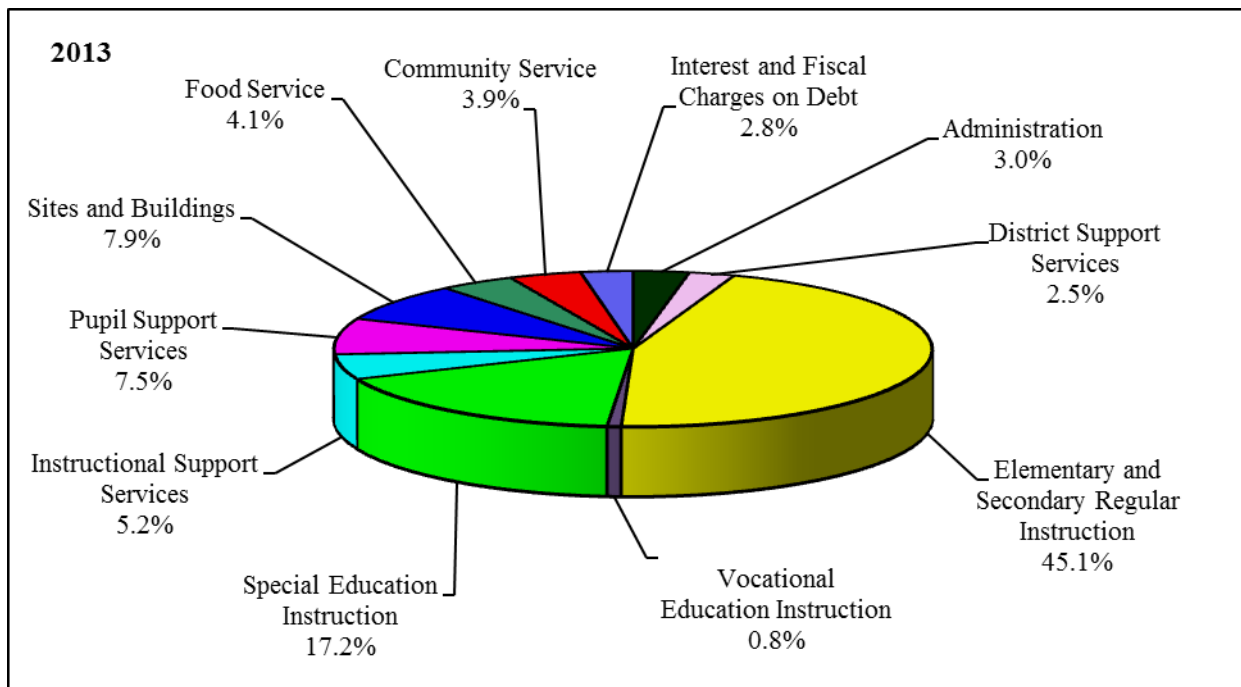
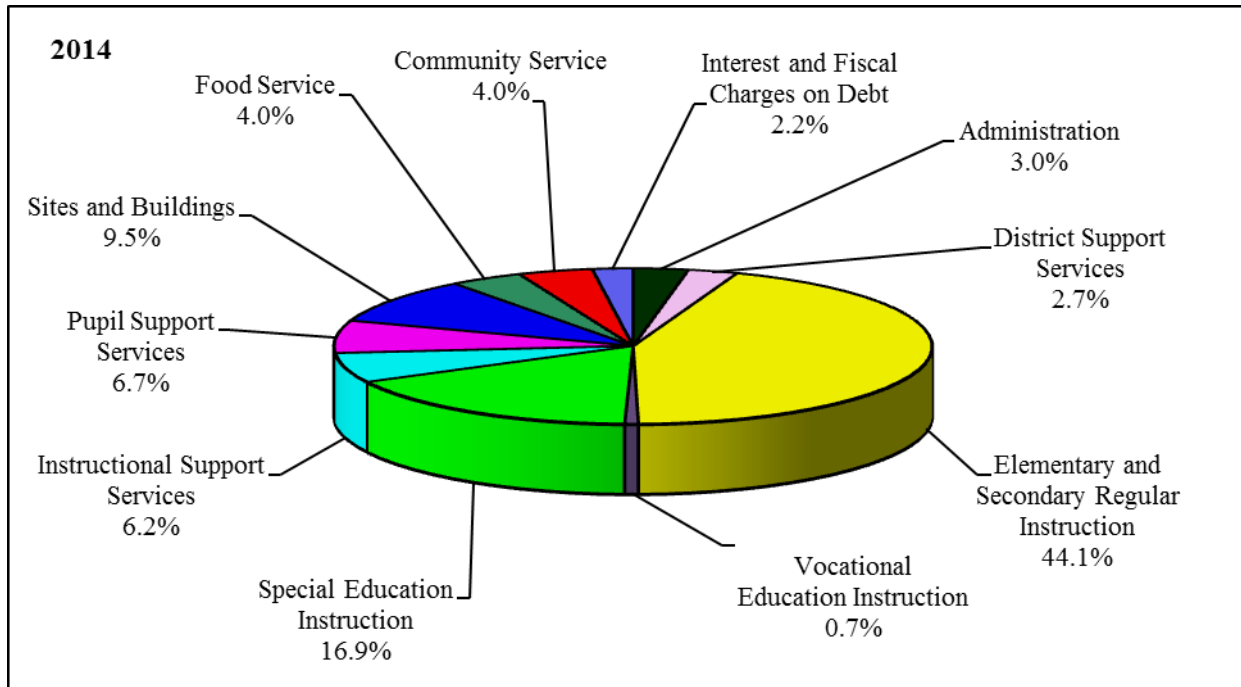
The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants. This significant reliance on the state for funding has placed tremendous pressure on local school districts as a result of limited funding due to the state’s financial position 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.

The proportionate share of district revenue from these two sources may change significantly between fiscal years, due to the “tax shift.” The tax shift is an accounting tool used on occasion to balance the state budget, whereby districts recognize cash collections for the subsequent year’s property tax levy as current year revenue, and the state adjusts aid payments to districts by an equal amount.

Figure B shows further analysis of these expense functions.

**Figure B – Expenses for Fiscal Years 2014 and 2013**



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>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Major funds			
General	\$ 98.8	\$ 114.9	\$ (16.1)
Food Service	2.9	4.0	(1.1)
Community Service	3.0	3.7	(0.7)
Capital Projects	29.5	46.9	(17.4)
Debt Service	58.3	68.7	(10.4)
	<hr/>	<hr/>	<hr/>
Total governmental funds	<u>\$ 192.5</u>	<u>\$ 238.2</u>	<u>\$ (45.7)</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, 2014, the District's governmental funds reported combined fund balances of \$192.5 million, a decrease of \$45.7 million in comparison with the prior year. Approximately 17.1 percent of this amount (\$33.0 million) 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 (\$3.8 million), 2) restricted for particular purposes (\$102.6 million), 3) committed for particular purposes (\$27.9 million), or 4) assigned for particular purposes (\$25.2 million).

### Analysis of the General Fund

At year-end, the fund balance of the General Fund was \$98,817,839. The decrease from the prior year was mainly due to the expenditures in fiscal year 2014 of General Fund projects for the Strong Schools, Strong Communities initiative and use of restricted balances for operating capital and retiree health insurance premiums.

### 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 expenditures exceeding revenues by \$1,045,939, compared to a balanced budget. At year-end, the fund balance in this fund was \$2,913,182.

### **Analysis of the Community Service Special Revenue Fund**

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues, decreasing equity by \$707,698, compared to a planned fund balance reduction of \$1,062,600. At year-end, the fund balance in this fund was \$3,022,835.

### **Analysis of the Capital Projects Fund**

The Capital Projects Fund ended the year with a fund balance of \$29,503,204 to be used for district projects. The decrease in the Capital Projects Fund was due to the District's planned spend-down of the school building bonds that were issued in the current and prior year.

### **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 \$10,398,805 decrease in fund balance is due to the payments on refunded bonds of \$15,465,000 offset by the property tax and state aid revenue less scheduled principal and interest 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>\$ 548.4</u>	<u>\$ 561.4</u>	<u>\$ 13.0</u>	<u>2.4%</u>
Expenditures and other financing uses	<u>\$ 561.1</u>	<u>\$ 590.3</u>	<u>\$ 29.2</u>	<u>5.2%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District 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:

<b>Table 5 General Fund Operating Results (in millions)</b>					
	<u>2014 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue and other financing sources	\$ 548.8	\$ (12.6)	(2.2%)	\$ 9.7	1.8%
Expenditures and other financing uses	<u>564.9</u>	\$ (25.4)	(4.3%)	\$ 30.5	5.7%
Net change in fund balances	<u>\$ (16.1)</u>				

Actual revenue and other financing sources for fiscal year 2014 were 2.2 percent, or \$12.6 million, less than budgeted. The variance to budget was primarily in local sources for property taxes, in state sources for special education, and in the Fully Financed General Fund account for federal revenues. 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 2015.

Actual revenue and other financing sources for fiscal year 2014 were 1.8 percent, or \$9.7 million, more than fiscal year 2013. The main contributor to this increase was the additional voter-approved referendum revenue of \$9.0 million for Personalized Learning Through Technology (PLTT). In addition, revenue increased in the basic state aid formula as a result of the 2013 legislative session.

Actual expenditures and other financing uses for fiscal year 2014 were 4.3 percent, or \$25.4 million, less than budgeted. The variance to budget was primarily in the areas of district support services, elementary and secondary regular instruction, and pupil support services. Factors contributing to variances in these areas include vacancies, Strong Schools Strong Communities (SSSC) project cost savings, transportation savings, and non-salary balances at various sites. 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 were carried over to fiscal year 2015.

Actual expenditures and other financing uses for fiscal year 2014 were 5.7 percent, or \$30.5 million, more than fiscal year 2013. The areas contributing to this increase include expenditures for the first year of PLTT along with funding for SSSC for middle school transition, IB/AP support, embedded professional development, and a security/HVAC system project. In addition, four schools were reopened in 2014, thus impacting the increase in expenditures.

## 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 ending June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Land	\$ 26.0	\$ 26.0	\$ -
Construction in progress	8.3	11.9	(3.6)
Land improvements	24.1	22.2	1.9
Buildings	341.4	341.4	-
Building improvements	310.7	287.9	22.8
Equipment	19.9	18.1	1.8
Less accumulated depreciation	<u>(321.4)</u>	<u>(300.1)</u>	<u>(21.3)</u>
Total	<u>\$ 409.0</u>	<u>\$ 407.4</u>	<u>\$ 1.6</u>
Depreciation expense	<u>\$ 21.4</u>	<u>\$ 19.7</u>	<u>\$ 1.7</u>

By the end of fiscal 2014, 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 2014, specifically the following deferred maintenance projects: outdoor repairs and replacements at 11 sites; boiler and ventilation projects at 4 sites; flooring, window, and piping replacements at 9 sites; roof replacements at 5 sites; remodeling and renovation at 13 sites; and safety and technology upgrades and replacements at 70 sites.

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>2014</u>	<u>2013</u>	<u>Change</u>
General obligation bonds payable	\$ 347.5	\$ 369.1	\$ (21.6)
Certificates of participation payable	14.9	20.4	(5.5)
Unamortized discount/premium	18.5	20.0	(1.5)
Severance benefits payable	10.8	10.7	0.1
Vacation payable	6.4	5.7	0.7
Early retirement incentive payable	2.6	3.7	(1.1)
Net other post-employment benefit obligation	<u>92.4</u>	<u>89.1</u>	<u>3.3</u>
Total	<u>\$ 493.1</u>	<u>\$ 518.7</u>	<u>\$ (25.6)</u>

Bonds payable decreased due to the planned repayment schedule reflecting principal payments and payments on refunded bonds during fiscal year 2014. This decrease was offset by the issuance of \$14,845,000 School Building Bonds.

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	\$ 17,685
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 2,653</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. The basic general education formula allowance for Minnesota school districts increased \$78 per pupil in fiscal year 2014 to \$5,302. Beginning with the 2015 fiscal year, several funding and pupil weighting changes are effective, which include an equivalent increase of \$105, or 2.0 percent, for basic general education formula funding. 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, 2014  
(With Partial Comparative Information as of June 30, 2013)

	Governmental Activities	
	2014	2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and investments	\$ 143,651,903	\$ 164,579,447
Restricted cash and investments for capital projects	36,259,016	54,500,368
Restricted cash and investments for debt service	15,788,842	16,636,338
Current taxes receivable	80,901,415	79,498,369
Delinquent taxes receivable	3,320,924	3,328,036
Due from other governmental units	60,742,145	59,878,454
Other receivables	1,068,975	747,861
Inventories	1,579,001	1,539,431
Prepaid items	2,287,101	2,659,344
Total current assets	345,599,322	383,367,648
<b>Noncurrent assets</b>		
Restricted cash and investments in revocable trust for OPEB obligations	4,521,182	3,137,546
Restricted cash and investments for debt service	38,591,970	53,192,228
Capital assets, not depreciated	34,249,676	37,892,563
Capital assets, depreciated, net of accumulated depreciation	374,700,570	369,534,373
Total noncurrent assets	452,063,398	463,756,710
Total assets	797,662,720	847,124,358
<b>Deferred outflows of resources</b>		
Deferred amount on refunding of debt	2,918,325	1,189,123
Total assets and deferred outflows of resources	\$ 800,581,045	\$ 848,313,481
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 20,836,137	\$ 25,755,477
Accrued expenses	58,810,800	57,557,804
Aid anticipation certificate payable	—	35,801,365
Due to other governmental units	519,617	466,199
Unearned revenue	3,506,706	3,678,935
Long-term obligations due within one year	49,130,056	49,150,873
Total current liabilities	132,803,316	172,410,653
<b>Noncurrent liabilities</b>		
Net other postemployment benefit obligation	92,430,862	89,047,745
Long-term obligations	351,546,816	380,534,993
Total noncurrent liabilities	443,977,678	469,582,738
Total liabilities	576,780,994	641,993,391
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	114,849,276	80,464,471
<b>Net position</b>		
Net investment in capital assets	109,729,408	113,508,078
<b>Restricted for</b>		
Debt service	5,250,436	3,682,607
Capital projects	6,701,153	8,280,347
Community services	3,102,728	3,814,260
Food service	2,913,182	3,959,121
Other purposes	—	2,514,487
Unrestricted	(18,746,132)	(9,903,281)
Total net position	108,950,775	125,855,619
Total liabilities, deferred inflows of resources, and net position	\$ 800,581,045	\$ 848,313,481

See accompanying notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 625

Statement of Activities  
 Year Ended June 30, 2014  
 (With Partial Comparative Information for the Year Ended June 30, 2013)

Functions/programs	2014			2013	
	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	\$ 19,831,940	\$ -	\$ -	\$ (19,831,940)	\$ (19,318,073)
District support services	17,949,262	-	-	(17,949,262)	(15,754,453)
Elementary and secondary regular instruction	293,841,181	879,872	45,497,359	(247,463,950)	(244,009,864)
Vocational education instruction	4,871,316	-	756,950	(4,114,366)	(4,213,351)
Special education instruction	112,730,181	4,527,682	55,667,725	(52,534,774)	(52,092,664)
Instructional support services	41,251,750	18,814	748,947	(40,483,989)	(32,383,011)
Pupil support services	44,945,778	-	13,974,528	(30,971,250)	(34,631,031)
Sites and buildings	63,557,748	426,329	4,842,625	(58,288,794)	(45,279,571)
Food service	26,536,751	2,550,573	22,830,513	(1,155,665)	(1,146,841)
Community service	26,866,182	5,374,185	14,795,928	(6,696,069)	(4,198,278)
Interest and fiscal charges on debt	14,611,192	-	-	(14,611,192)	(18,031,842)
Total governmental activities	<u>\$ 666,993,281</u>	<u>\$ 13,777,455</u>	<u>\$ 159,114,575</u>	(494,101,251)	(471,058,979)
General revenues					
Taxes					
Property taxes levied for general purposes				56,306,457	85,101,249
Property taxes levied for community services				1,767,460	3,400,475
Property taxes levied for debt services				43,137,512	38,494,541
General grants and aids				374,864,140	337,310,459
Investment earnings				1,120,838	286,060
Total general revenues				<u>477,196,407</u>	<u>464,592,784</u>
Changes in net position				(16,904,844)	(6,466,195)
Net position, beginning of year				<u>125,855,619</u>	<u>132,321,814</u>
Net position, end of year				<u>\$ 108,950,775</u>	<u>\$ 125,855,619</u>

See accompanying notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 625

Balance Sheet  
as of June 30, 2014  
(With Partial Comparative Information as of June 30, 2013)

	General	Food Service	Community Service	Capital Projects
<b>Assets</b>				
Cash and investments	\$ 104,481,157	\$ 1,906,954	\$ 4,672,789	\$ -
Restricted cash and investments in revocable trust for OPEB obligations	4,521,182	-	-	-
Restricted cash and investments for debt service	-	-	-	-
Restricted cash and investments for capital projects	-	-	-	36,259,016
<b>Receivables</b>				
Current taxes	54,836,058	-	2,072,590	-
Delinquent taxes	2,147,694	-	91,839	-
Due from other governmental units	55,815,807	1,141,851	2,934,997	-
Other	746,717	5,790	19,205	-
Inventories	602,352	976,649	-	-
Prepaid items	904,988	4,640	473	-
<b>Total assets</b>	<b>\$ 224,055,955</b>	<b>\$ 4,035,884</b>	<b>\$ 9,791,893</b>	<b>\$ 36,259,016</b>
<b>Liabilities</b>				
Accounts payable	\$ 12,798,727	\$ 449,946	\$ 1,056,129	\$ 6,527,935
Accrued expenditures	36,755,318	672,756	961,006	227,877
Aid anticipation certificate payable	-	-	-	-
Due to other governmental units	519,617	-	-	-
Unearned revenue	2,291,825	-	1,214,881	-
<b>Total liabilities</b>	<b>52,365,487</b>	<b>1,122,702</b>	<b>3,232,016</b>	<b>6,755,812</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for subsequent year	71,065,959	-	3,457,149	-
Unavailable revenue – delinquent taxes	1,806,670	-	79,893	-
<b>Total deferred inflows of resources</b>	<b>72,872,629</b>	<b>-</b>	<b>3,537,042</b>	<b>-</b>
<b>Fund balances</b>				
<b>Nonspendable</b>				
Inventories	602,352	976,649	-	-
Prepaid items	904,988	4,640	473	-
<b>Restricted for</b>				
Operating capital	6,701,153	-	-	-
Area learning center	-	-	-	-
Adult basic education	-	-	448,354	-
Alternative facilities program	-	-	-	5,207,974
Capital projects	-	-	-	24,295,230
School readiness	-	-	240,631	-
Community education	-	-	1,115,315	-
ECFE	-	-	431,311	-
Community service	-	-	786,751	-
Bond refunding	-	-	-	-
QSCB payments	-	-	-	-
Debt service	-	-	-	-
Food service	-	1,931,893	-	-
Retiree health insurance premiums	-	-	-	-
OPEB revocable trust	4,521,182	-	-	-
<b>Committed to</b>				
Severance pay	2,538,018	-	-	-
Retiree health insurance	25,377,730	-	-	-
<b>Assigned to</b>				
Contractual obligations	4,517,166	-	-	-
Next year operations	8,100,000	-	-	-
Strong Schools, Strong Communities initiative	5,300,000	-	-	-
OPEB revocable trust	-	-	-	-
Site based operations	1,739,131	-	-	-
Personalized Learning Through Technology	3,022,008	-	-	-
Intraschool activities	2,543,069	-	-	-
<b>Unassigned</b>				
Health and safety restricted account deficit	(1,241,315)	-	-	-
Unassigned	34,192,357	-	-	-
<b>Total fund balances</b>	<b>98,817,839</b>	<b>2,913,182</b>	<b>3,022,835</b>	<b>29,503,204</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 224,055,955</b>	<b>\$ 4,035,884</b>	<b>\$ 9,791,893</b>	<b>\$ 36,259,016</b>

See accompanying notes to basic financial statements

Debt Service	Total Governmental Funds	
	2014	2013
\$ 17,607,063	\$ 128,667,963	\$ 150,304,116
-	4,521,182	3,137,546
54,380,812	54,380,812	69,828,566
-	36,259,016	54,500,368
23,992,767	80,901,415	79,498,369
1,081,391	3,320,924	3,328,036
849,490	60,742,145	59,878,454
297,263	1,068,975	747,861
-	1,579,001	1,539,431
1,377,000	2,287,101	2,659,344
<u>\$ 99,585,786</u>	<u>\$ 373,728,534</u>	<u>\$ 425,422,091</u>
\$ 3,400	\$ 20,836,137	\$ 25,755,477
-	38,616,957	38,312,242
-	-	35,801,365
-	519,617	466,199
-	3,506,706	3,678,935
<u>3,400</u>	<u>63,479,417</u>	<u>104,014,218</u>
40,326,168	114,849,276	80,464,471
932,105	2,818,668	2,718,117
41,258,273	117,667,944	83,182,588
-	1,579,001	1,539,431
1,377,000	2,287,101	2,659,344
-	6,701,153	8,280,347
-	-	607,649
-	448,354	699,114
-	5,207,974	16,444,380
-	24,295,230	30,437,247
-	240,631	226,037
-	1,115,315	1,838,929
-	431,311	541,450
-	786,751	390,583
49,305,368	49,305,368	66,341,524
5,356,862	5,356,862	3,789,033
2,284,883	2,284,883	-
-	1,931,893	3,032,713
-	-	1,906,838
-	4,521,182	3,137,546
-	2,538,018	2,538,018
-	25,377,730	25,377,730
-	4,517,166	4,201,473
-	8,100,000	12,654,313
-	5,300,000	11,340,000
-	-	8,545,687
-	1,739,131	716,328
-	3,022,008	-
-	2,543,069	2,301,660
-	(1,241,315)	(853,158)
-	34,192,357	29,531,069
<u>58,324,113</u>	<u>192,581,173</u>	<u>238,225,285</u>
<u>\$ 99,585,786</u>	<u>\$ 373,728,534</u>	<u>\$ 425,422,091</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, 2014  
(With Partial Comparative Information as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
Total fund balances – governmental funds	\$ 192,581,173	\$ 238,225,285
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	730,369,286	707,500,585
Accumulated depreciation	(321,419,040)	(300,073,649)
Long-term receivables applicable to governmental activities are not available to pay current period expenditures and, therefore, are reported as deferred inflows of resources in governmental funds:		
Delinquent property taxes	2,818,668	2,718,117
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.		
	(18,516,004)	(20,023,550)
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.		
	1,514,335	1,513,348
Net other postemployment 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.		
	(92,430,862)	(89,047,745)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:		
General obligation bonds payable	(347,455,000)	(369,100,000)
Certificates of participation payable	(14,883,626)	(20,424,799)
Deferred amounts on refunding	2,918,325	1,189,123
Accrued interest on the bonds payable and certificates of participation payable	(6,724,238)	(6,483,579)
Severance benefits payable	(10,796,040)	(10,728,156)
Vacation payable	(6,451,311)	(5,735,702)
Early retirement incentive payable	(2,574,891)	(3,673,659)
Net position of governmental activities	<u>\$ 108,950,775</u>	<u>\$ 125,855,619</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, 2014  
 (With Partial Comparative Information for the Year Ended June 30, 2013)

	General	Food Service	Community Service	Capital Projects
<b>Revenues</b>				
Local sources				
Property taxes	\$ 56,218,892	\$ -	\$ 1,771,294	\$ -
County and other	11,115,509	22,694	7,510,354	53,010
State	436,980,096	1,286,819	15,196,873	-
Federal	43,764,048	21,543,694	2,325,147	-
Investment earnings	391,628	170	295	46,223
Sales and conversions of assets	330,211	2,550,573	4,036	-
Total revenues	<u>548,800,384</u>	<u>25,403,950</u>	<u>26,807,999</u>	<u>99,233</u>
<b>Expenditures</b>				
Current				
Administration	19,517,665	-	-	-
District support services	17,136,663	-	-	-
Elementary and secondary regular instruction	272,289,841	-	-	-
Vocational education instruction	4,870,748	-	-	-
Special education instruction	112,481,275	-	-	-
Instructional support services	41,462,960	-	-	-
Pupil support services	43,802,483	-	968,701	-
Sites and buildings	53,224,977	-	-	32,085,359
Food service	-	26,449,889	-	-
Community service	-	-	26,546,996	-
Debt service				
Principal payments	-	-	-	-
Interest	141,244	-	-	-
Other debt	-	-	-	265,685
Total expenditures	<u>564,927,856</u>	<u>26,449,889</u>	<u>27,515,697</u>	<u>32,351,044</u>
Excess (deficiency) of revenues over expenditures	(16,127,472)	(1,045,939)	(707,698)	(32,251,811)
<b>Other financing sources (uses)</b>				
Refunding bonds issued	-	-	-	-
Building bonds issued	-	-	-	14,556,575
Premium on bonds issued	-	-	-	316,813
Principal payments by refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Sale of capital assets	14,225	-	-	-
Total other financing sources (uses)	<u>14,225</u>	<u>-</u>	<u>-</u>	<u>14,873,388</u>
Net change in fund balances	(16,113,247)	(1,045,939)	(707,698)	(17,378,423)
Fund balance at beginning of year	<u>114,931,086</u>	<u>3,959,121</u>	<u>3,730,533</u>	<u>46,881,627</u>
Fund balance at end of year	<u>\$ 98,817,839</u>	<u>\$ 2,913,182</u>	<u>\$ 3,022,835</u>	<u>\$ 29,503,204</u>

See accompanying notes to basic financial statements

Debt Service	Total Governmental Funds	
	2014	2013
\$ 43,120,692	\$ 101,110,878	\$ 127,127,670
228,525	18,930,092	22,767,979
3,893,867	457,357,655	408,336,582
936,489	68,569,378	71,801,017
681,535	1,119,851	282,057
–	2,884,820	2,852,241
<u>48,861,108</u>	<u>649,972,674</u>	<u>633,167,546</u>
–	19,517,665	18,987,128
–	17,136,663	14,655,827
–	272,289,841	263,182,275
–	4,870,748	4,805,661
–	112,481,275	108,879,793
–	41,462,960	32,956,175
–	44,771,184	47,673,952
–	85,310,336	70,533,936
–	26,449,889	25,999,778
–	26,546,996	24,575,813
26,566,173	26,566,173	25,989,469
17,487,728	17,628,972	17,629,185
29,437	295,122	617,652
<u>44,083,338</u>	<u>695,327,824</u>	<u>656,486,644</u>
4,777,770	(45,355,150)	(23,319,098)
–	–	28,635,000
288,425	14,845,000	24,485,000
–	316,813	7,584,110
(15,465,000)	(15,465,000)	(15,990,000)
–	–	33,820
–	–	(33,820)
–	14,225	38,065
<u>(15,176,575)</u>	<u>(288,962)</u>	<u>44,752,175</u>
(10,398,805)	(45,644,112)	21,433,077
<u>68,722,918</u>	<u>238,225,285</u>	<u>216,792,208</u>
<u>\$ 58,324,113</u>	<u>\$ 192,581,173</u>	<u>\$ 238,225,285</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, 2014  
(With Partial Comparative Information for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Total net change in fund balances – governmental funds	\$ (45,644,112)	\$ 21,433,077
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	22,890,646	22,247,829
Depreciation expense	(21,367,336)	(19,665,712)
Certain revenues in the Statement of Activities do not provide current financial resources and are not reported as revenues in the governmental funds. This consists of current year delinquent property taxes.		
	100,551	(131,405)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
General obligation bonds payable	21,025,000	20,195,000
Certificates of participation payable	5,541,173	5,794,469
Payments by refunded bond escrow agent	15,465,000	15,990,000
Bond proceeds provide current financial resources to the governmental funds but increase long-term liabilities in the Statement of Net Position:		
Refunding bonds issued	–	(28,635,000)
Building bonds issued	(14,845,000)	(24,485,000)
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	1,488,543	(1,104,935)
Increase in severance benefits payable	(67,884)	(520,817)
Increase in vacation payable	(715,609)	(808,836)
Decrease in early retirement incentive payable	1,098,768	1,071,667
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.		
	1,507,546	(6,264,180)
Net other postemployment 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.		
	(3,383,117)	(11,586,355)
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 with governmental activities. Change in net position of governmental activities		
	<u>987</u>	<u>4,003</u>
Change in net position of governmental activities	<u>\$ (16,904,844)</u>	<u>\$ (6,466,195)</u>

See accompanying notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 625

Statement of Net Position  
 Proprietary Fund  
 as of June 30, 2014  
 (With Partial Comparative Information as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Current assets		
Cash and investments	\$ 14,983,940	\$ 14,275,331
Liabilities		
Current liabilities		
Workers' compensation payable	<u>13,469,605</u>	<u>12,761,983</u>
Net position		
Unrestricted	<u>\$ 1,514,335</u>	<u>\$ 1,513,348</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, 2014  
 (With Partial Comparative Information for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Operating revenues		
Insurance service fees	\$ 4,274,603	\$ 4,306,741
Operating expenses		
Claims expense	<u>4,274,603</u>	<u>4,306,741</u>
Operating income	-	-
Nonoperating revenues		
Investment earnings	<u>987</u>	<u>4,003</u>
Change in net position	987	4,003
Net position at beginning of year	<u>1,513,348</u>	<u>1,509,345</u>
Net position at end of year	<u><u>\$ 1,514,335</u></u>	<u><u>\$ 1,513,348</u></u>

See accompanying notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 625

Statement of Cash Flows  
 Proprietary Fund  
 Year Ended June 30, 2014  
 (With Partial Comparative Information for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Assessments from other funds	\$ 4,274,603	\$ 4,306,741
Workers' compensation payments	<u>(3,566,981)</u>	<u>(3,126,562)</u>
Net cash flows from operating activities	707,622	1,180,179
Cash flows from investing activities		
Investment income received	<u>987</u>	<u>4,003</u>
Net change in cash and investments	708,609	1,184,182
Cash at beginning of year	<u>14,275,331</u>	<u>13,091,149</u>
Cash at end of year	<u>\$ 14,983,940</u>	<u>\$ 14,275,331</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>707,622</u>	<u>1,180,179</u>
Net cash flows from operating activities	<u>\$ 707,622</u>	<u>\$ 1,180,179</u>

See accompanying notes to basic financial statements



## INDEPENDENT SCHOOL DISTRICT NO. 625

Notes to Basic Financial Statements  
June 30, 2014

### **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.

#### **Joint Powers Agreements**

**East Metro Integration District** – The District is a member of the East Metro Integration District (the Integration District), which includes 10 area districts. Each district is responsible for funding on a per-pupil basis for pupils residing within the geographic boundaries of each district. The Joint Powers Board for the Integration District consists of two representatives selected by each of the member school districts. Each representative of the Joint Powers Board from a member school district shall be entitled to cast one vote. Financial information regarding voting can be obtained through the Joint Powers Board or member school districts. Further financial information can be obtained from the Integration District.

#### **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.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

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. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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.

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

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.

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 (MDE). 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.

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

### **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 Food Service Special Revenue Fund, Capital Projects Fund, and Debt Service Fund exceeded budgeted appropriations by \$917,389, \$351,044, and \$523,338, respectively, during the fiscal year ended June 30, 2014. These variances were financed by revenues in excess of budget, other financing sources, or fund balance.

### **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 2a7-like external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the balance sheet date.

### **G. Receivables**

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 \$20,812,611 of the property tax levy collectible in 2014 as revenue to the District in fiscal year 2013–2014. The remaining portion of the taxes collectible in 2014 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 fair 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 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, statements 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 that time. The District has one type of item which qualifies for reporting in this category.

The deferred amount on refunding of debt is 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.

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 two types of items which qualify for reporting in this category.

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

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 is 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.

### O. 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 2014.
- 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.

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
2013	\$ 11,581,804	\$ 4,306,741	\$ 3,126,562	\$ 12,761,983
2014	\$ 12,761,983	\$ 4,274,603	\$ 3,566,981	\$ 13,469,605

### P. 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 their 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.”

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

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

### Q. 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 Chief Executive Officer and Controller are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

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

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

### R. Minimum Fund Balance Policy

The District’s fund balance policy states:

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



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

### S. Use of Estimates

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

### T. 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, 2013, 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.

### U. Future Change in Accounting Standards

GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to employer governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for fiscal years beginning after June 15, 2014. The District has not yet determined the financial statement impact of adopting this new standard.

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Components of Cash and Investments

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

Deposits	\$ 4,382,533
Investments	<u>234,430,380</u>
Total	<u><u>\$ 238,812,913</u></u>

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Statement of Net Position – current assets	
Cash and investments	\$ 143,651,903
Restricted cash and investments for capital projects	36,259,016
Restricted cash and investments for debt service	15,788,842
Statement of Net Position – noncurrent assets	
Restricted cash and investments in revocable trust for OPEB obligations	4,521,182
Restricted cash and investments for debt service	<u>38,591,970</u>
Total	<u>\$ 238,812,913</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 \$4,382,533 while the balance on the bank records was \$6,976,131. At June 30, 2014, the District’s collateral coverage was insufficient with \$840,894 of the bank balance not covered by insurance or collateral.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### C. Investments

The District has the following investments at year-end:

	Credit Risk		Concentration Risk		Interest Rate Risk – Maturity Duration in Years			Carrying Value
	Rating	Agency	Over 5% of Portfolio		Less Than 1	Greater Than 5		
						1 to 5		
U.S. treasury note	AAA	Moody's	–	%	\$ 815,992	\$ 16,385,863	\$ –	\$ 17,201,855
Government agency securities								
Federal National Mortgage Association	AA+	S&P	6.9	%	\$ –	\$ 16,119,502	\$ –	16,119,502
Federal Home Loan Banks	AA+	S&P	6.7	%	\$ 15,791,763	\$ –	\$ –	15,791,763
Mortgage back securities	AAA	S&P	–	%	\$ –	\$ 25,076	\$ –	25,076
Guaranteed investment contract	N/A	N/A	–	%	\$ –	\$ –	\$ 2,293,742	2,293,742
Repurchase agreement (U.S. agency underlying securities)	AAA	S&P	–	%	\$ –	\$ –	\$ 3,063,120	3,063,120
US Bank commercial paper	A1+	S&P	22.4	%	\$ 52,622,681	\$ –	\$ –	52,622,681
Corporate obligations	A	S&P	–	%	\$ 127,417	\$ 997,994	\$ –	1,125,411
Corporate obligations	AA	S&P	–	%	\$ –	\$ 211,434	\$ –	211,434
Corporate obligations	BBB	S&P	–	%	\$ 106,116	\$ –	\$ –	106,116
Investment pools/mutual funds								
Minnesota School District Liquid Asset Fund	AAA	S&P						122,909,639
Mutual funds	AAA	S&P						16,490
Mutual funds	N/R	N/R						2,943,551
Total investments								<u>\$ 234,430,380</u>

N/R – Not Rated

The Minnesota School District Liquid Asset Fund is regulated by Minnesota Statutes and is an external investment pool which is not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The District's investment in this trust is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

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, 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, 2014, the District reported the following receivables due from other governmental units:

	General	Food Service	Community Service	Debt Service	Total
Due from Minnesota Department of Education	\$ 43,451,210	\$ 40,532	\$ 2,193,402	\$ 522,760	\$ 46,207,904
Due from Minnesota Department of Education, principally pass-through federal assistance	8,607,351	1,101,319	643,550	–	10,352,220
Due from federal government, direct assistance	598,323	–	–	–	598,323
Due from other governmental units	2,905,023	–	98,045	326,730	3,329,798
Due from other Minnesota school districts	253,900	–	–	–	253,900
Total due from other governmental units	<u>\$ 55,815,807</u>	<u>\$ 1,141,851</u>	<u>\$ 2,934,997</u>	<u>\$ 849,490</u>	<u>\$ 60,742,145</u>

## NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 26,015,870	\$ –	\$ –	\$ –	\$ 26,015,870
Construction in progress	11,876,693	21,219,493	–	(24,862,380)	8,233,806
Total capital assets, not depreciated	37,892,563	21,219,493	–	(24,862,380)	34,249,676
Capital assets, depreciated					
Land improvements	22,189,594	–	–	1,912,309	24,101,903
Buildings	341,405,511	–	–	–	341,405,511
Building improvements	287,897,789	–	–	22,803,447	310,701,236
Equipment	18,115,128	1,671,153	(21,945)	146,624	19,910,960
Total capital assets, depreciated	669,608,022	1,671,153	(21,945)	24,862,380	696,119,610
Less accumulated depreciation for					
Land improvements	(10,713,601)	(1,004,465)	–	–	(11,718,066)
Buildings	(159,414,237)	(6,331,969)	–	–	(165,746,206)
Building improvements	(116,667,090)	(11,372,465)	–	–	(128,039,555)
Equipment	(13,278,721)	(2,658,437)	21,945	–	(15,915,213)
Total accumulated depreciation	(300,073,649)	(21,367,336)	21,945	–	(321,419,040)
Net capital assets, depreciated	369,534,373	(19,696,183)	–	24,862,380	374,700,570
Total capital assets, net	\$ 407,426,936	\$ 1,523,310	\$ –	\$ –	\$ 408,950,246

Depreciation expense for the year ended June 30, 2014 was charged to the following governmental functions:

Administration	\$ 187,392
District support services	679,695
Elementary and secondary regular instruction	19,902,819
Special education instruction	268,587
Instructional support services	58,760
Pupil support services	71,794
Community service	198,289
Total depreciation expense	<u>\$ 21,367,336</u>

## NOTE 5 – AID ANTICIPATION CERTIFICATES

Short-term borrowing for cash flow purposes is summarized as follows:

Issue Date	Maturity Date	Interest Rate	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
8/30/2012	9/10/2013	2.00%	\$ 35,801,365	\$ –	\$ (35,801,365)	\$ –

Interest and fiscal charges on aid anticipation certificates in the General Fund totaled \$141,244 for the year ended June 30, 2014.

## NOTE 6 – 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, 2014
12/01/2004	2004B School Building Bonds	02/01/2025	3.0–5.0%	\$ 25,335,000	\$ 16,395,000
12/01/2004	2004C School Building Refunding Bonds	02/01/2017	3.5–4.0%	29,055,000	6,290,000
12/01/2005	2005A School Building Bonds	02/01/2026	4.0–5.0%	24,995,000	17,605,000
12/01/2005	2005B School Building Refunding Bonds	02/01/2021	4.0–5.0%	44,290,000	26,540,000
11/01/2006	2006A School Building Bonds	02/01/2027	4.0–5.0%	24,760,000	18,570,000
11/01/2007	2007A School Building Bonds	02/01/2028	4.0–5.0%	25,630,000	20,310,000
12/01/2008	2008A School Building Bonds	02/01/2029	3.0–5.0%	25,800,000	21,470,000
12/18/2008	2008B School Building Refunding Bonds	02/01/2018	3.5–4.5%	11,345,000	2,920,000
12/15/2009	2009B School Building Bonds	02/01/2030	2.0–4.0%	9,790,000	8,310,000
12/15/2009	2009C School Building Refunding Bonds	02/01/2015	3.0–5.0%	8,300,000	480,000
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	8,265,000
11/17/2010	2010B Taxable School Building Bonds	02/01/2031	0.9–4.9%	7,750,000	6,795,000
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	24,110,000
08/15/2011	2011C School Building Refunding Bonds	02/01/2023	3.0–4.0%	16,010,000	14,625,000
06/15/2012	2012A School Building Bonds	02/01/2033	3.0–4.0%	24,980,000	24,085,000
06/15/2012	2012B School Building Refunding Bonds	02/01/2025	4.0–5.0%	28,355,000	28,355,000
06/25/2013	2013A School Building Bonds	02/01/2034	2.0–4.0%	24,485,000	24,485,000
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	14,845,000
Total general obligation bonds payable				<u>\$ 445,080,000</u>	<u>\$ 347,455,000</u>

These bonds were issued to finance acquisition, construction, and/or improvements of capital facilities, 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 2009D bonds 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 2010B bonds 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 2010C bonds 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 6 – LONG-TERM LIABILITIES (CONTINUED)**

During fiscal year 2012, the District issued \$28,355,000 of Series 2012B General Obligation Refunding Bonds. The proceeds were used to finance a crossover refunding of the 2003B, 2003C, and 2004B General Obligation Bonds. The crossover of the 2003B and 2003C issues occurred on February 1, 2014 and the 2004B issue will occur on February 1, 2015. The proceeds of the 2012B issue were placed in an escrow account pending the call dates of the refunded issue. Until the call date, the District will make all debt service payments on the 2004B issue, and all debt service on the 2012B issue will be paid from the escrow account. The 2012B issue was undertaken to reduce the total future debt service payments by \$2,581,962 and resulted in present value savings of \$2,586,606.

During fiscal year 2013, the District issued \$28,635,000 of Series 2013B General Obligation Refunding Bonds. The proceeds were used to finance a crossover refunding of the 2005A and 2006A General Obligation Bonds. For the 2005A issue, the crossover will occur on February 1, 2016 and the 2006A issue 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.

**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, 2014 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 Outstanding</u>
02/01/1990	01/01/2015	5.90–7.10%	\$ 23,148,543	\$ 345,316
01/07/1993	01/01/2017	5.40–6.35%	5,603,508	588,310
11/01/2006	02/01/2016	4.00%	14,420,000	3,745,000
11/01/2006	02/01/2018	4.00%	9,370,000	3,935,000
01/29/2009	02/01/2019	3.50–4.25%	8,715,000	4,760,000
06/15/2011	02/01/2015	3.0–4.0%	5,885,000	1,510,000
			<u>\$ 67,142,051</u>	<u>\$ 14,883,626</u>

**C. Legal Debt Limit and Defeased Debt**

The District’s legal debt limit is 15 percent of the fair market value of the property within the District, totaling \$2,652,803,932 at June 30, 2014. The District’s legal debt margin at June 30, 2014 is \$2,363,673,045.

At June 30, 2014, \$95,415,000 of defeased general obligation debt is outstanding.

## NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

### D. 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, 2014, the present value cost of expected future benefit payments of the termination benefits under the ERI, discounted at 2.5 percent, is \$2,574,891, and is recorded on the government-wide statements as a long-term liability. This benefit is financed from the General Fund.

### E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance and vacation benefits. 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, and Community Service Special Revenue Funds).

### F. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation Payable	
	Principal	Interest	Principal	Interest
2015	\$ 36,235,000	\$ 14,207,764	\$ 5,689,519	\$ 2,756,070
2016	36,410,000	12,816,135	3,990,476	979,712
2017	35,120,000	11,180,715	2,123,631	839,757
2018	19,905,000	9,600,540	2,045,000	125,786
2019	19,895,000	8,736,114	1,035,000	43,986
2020–2024	83,480,000	31,740,422	–	–
2025–2029	90,110,000	15,963,767	–	–
2030–2034	25,325,000	2,457,516	–	–
2035	975,000	32,906	–	–
	<u>\$ 347,455,000</u>	<u>\$ 106,735,879</u>	<u>\$ 14,883,626</u>	<u>\$ 4,745,311</u>



**NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)**

**G. Changes in Long-Term Liabilities**

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 369,100,000	\$ 14,845,000	\$ (36,490,000)	\$ 347,455,000	\$ 36,235,000
Certificates of participation payable	20,424,799	–	(5,541,173)	14,883,626	5,689,519
Unamortized premium/discount	20,023,550	316,813	(1,824,359)	18,516,004	–
Total bonds and certificates payable	409,548,349	15,161,813	(43,855,532)	380,854,630	41,924,519
Compensated absences					
Severance benefits payable	10,728,156	2,308,878	(2,240,994)	10,796,040	2,165,669
Vacation payable	5,735,702	4,623,089	(3,907,480)	6,451,311	3,861,792
Early retirement incentive payable	3,673,659	79,308	(1,178,076)	2,574,891	1,178,076
	<u>\$ 429,685,866</u>	<u>\$ 22,173,088</u>	<u>\$ (51,182,082)</u>	<u>\$ 400,676,872</u>	<u>\$ 49,130,056</u>

**NOTE 7 – DEFINED BENEFIT PENSION PLANS**

Substantially all employees of the District are required by state law to belong to defined benefit pension plans administered by the St. Paul Teachers’ Retirement Fund Association (SPTRFA) or Public Employees’ Retirement Association (PERA). The SPTRFA is a single-employer pension plan and the PERA is a cost-sharing multiple employer pension plan. Disclosures relating to these plans are as follows:

**St. Paul Teachers’ Retirement Fund Association (SPTRFA)**

**A. Plan Description**

All licensed employees are required to participate in the SPTRFA plan. Licensed employees belong to either the Coordinated or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. Benefits are established by state statute or SPTRFA bylaws.

SPTRFA provides retirement benefits, as well as death and disability benefits. All benefits vest after three years of credited service. Members first employed before July 1, 1989 are Tier I members but have the option of a Tier II benefit if this benefit is greater. All members first employed after June 30, 1989 are Tier II members. Normal retirement age in Tier I is 65. Normal retirement age in Tier II is 65 or the age in which a member becomes eligible for an unreduced Social Security benefit. In addition, the Tier I age and service requirements for unreduced benefits are the Rule of 90 or age 62 with 30 or more years of service in the Coordinated Plan, or age 60 with 25 years or more of service in the Basic Plan.

Employees in the Basic Plan with three years of credited service may retire at age 55 or older and receive a reduced retirement benefit. Employees in the Coordinated Plan with three years of credited service may retire at age 55 or older or at any age with 30 years of service and receive a reduced retirement benefit. Benefits are based upon the following formula percentages:

	Coordinated Plan Member	Basic Plan Member
<b>Tier I</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>Tier II</b>		
All years of service	1.7 percent per year	2.5 percent per year

## NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

The formula percentage is applied to the average of the highest 5 successive annual salaries for Coordinated Plan members and the best 5 years during the 10 most current years for Basic Plan members. The benefit is payable for life with five available annuity payment plans.

SPTRFA issues a publicly available financial report that includes financial statements and required supplementary information for SPTRFA. That report may be obtained by writing to SPTRFA, 1619 Dayton Avenue, Room 309, St. Paul, MN 55104, or by calling (651) 642-2550.

### B. Funding Policy and Annual Pension Cost

The District makes annual required contributions (ARC) to the pension plans. The ARC are actuarially determined. The District and the state are required by statute to make contributions, all of which have been made. The District's annual pension cost for the current fiscal year and related information is as follows:

	Basic Plan	Coordinated Plan
Contribution rates		
Employees	8.50%	6.00%
District	12.14%	8.84%
Annual pension cost	\$208,685	\$24,249,925
Contributions made	\$208,685	\$24,249,925
Actuarial valuation date	July 1, 2013	July 1, 2013
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent of pay, open, assuming 4% payroll growth	Level percent of pay, open, assuming 4% payroll growth
Remaining amortization period	25 years	25 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial assumptions		
Investment rate of return	8.0% during the 5-year period July 1, 2012 to June 30, 2017, 8.50% thereafter	8.0% during the 5-year period July 1, 2012 to June 30, 2017, 8.50% thereafter
Projected salary increases	Based on a 10-year select and ultimate rate table with rates ranging from 4.0–8.9%, age, and service based	Based on a 10-year select and ultimate rate table with rates ranging from 4.0–8.9%, age, and service based
Cost-of-living adjustments	1.00%	1.00%

### C. Three-Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Basic Plan	June 30, 2012	\$ 306,455	100%	\$ –
	June 30, 2013	\$ 263,302	100%	\$ –
	June 30, 2014	\$ 208,685	100%	\$ –
Coordinated Plan	June 30, 2012	\$ 20,951,778	100%	\$ –
	June 30, 2013	\$ 22,246,772	100%	\$ –
	June 30, 2014	\$ 24,249,925	100%	\$ –

## **NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

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

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

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

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

Two methods are used to compute benefits for 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 all GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the GERF. 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, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

## **NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

### **B. Funding Policy**

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. The GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in 2014. In fiscal 2014, the District was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members and 7.25 percent for Coordinated Plan members.

The District's contributions to the GERP for the years ended June 30, 2014, 2013, and 2012 were \$7,243,680, \$6,865,761, and \$6,513,609, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statutes.

Beginning January 1, 2015, Coordinated Plan contribution rates will increase for employees and employers to 6.50 percent and 7.50 percent, respectively.

## **NOTE 8 – 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.

**NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

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

The District’s annual OPEB cost (expense) is calculated based on the 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	\$ 23,774,639
Interest on net OPEB obligation	2,226,194
Adjustment to ARC	(4,150,067)
Annual OPEB cost	<u>21,850,766</u>
Contributions made	<u>18,467,649</u>
Increase in net OPEB obligation	3,383,117
Net OPEB obligation – beginning of year	<u>89,047,745</u>
Net OPEB obligation – end of year	<u><u>\$ 92,430,862</u></u>

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

<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, 2012	\$ 25,987,019	\$ 17,966,611	69.1%	\$ 77,461,390
June 30, 2013	\$ 25,850,812	\$ 14,264,457	55.2%	\$ 89,047,745
June 30, 2014	\$ 21,850,766	\$ 18,467,649	84.5%	\$ 92,430,862

**D. Funded Status and Funding Progress**

As of January 1, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$353,531,587, resulting in an unfunded actuarial accrued liability (UAAL) of \$353,531,587. 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 111.8 percent.

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

## **NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

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

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

In the January 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 2.5 percent investment rate of return (net of investment expenses) based on the District's own investments; and an annual medical trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after seven years. The UAAL is being amortized over a 30-year period on a level dollar method over an open period.

## **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, 2014, the District had commitments totaling \$20,622,714 under various construction contracts for which the work was not yet completed.

REQUIRED SUPPLEMENTARY INFORMATION

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INDEPENDENT SCHOOL DISTRICT NO. 625

Required Supplementary Information  
Schedules of Funding Progress  
June 30, 2014

**Post-Employment Benefits Other Than Pensions**

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, 2013	\$ 353,531,587	\$ -	\$ 353,531,587	- %	\$ 316,234,536	111.8 %
January 1, 2011	\$ 376,275,242	\$ -	\$ 376,275,242	- %	\$ 318,665,789	118.1 %
January 1, 2009	\$ 409,602,151	\$ -	\$ 409,602,151	- %	\$ 298,996,320	137.0 %

**St. Paul Teachers Retirement Fund Association**

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
July 1, 2013	\$1,467,350,000	\$ 886,296,000	\$ 581,054,000	60.40 %	\$ 247,432,000	234.83 %
July 1, 2012	\$1,471,216,000	\$ 911,930,000	\$ 559,286,000	61.98 %	\$ 239,053,000	233.96 %
July 1, 2011	\$1,389,875,000	\$ 972,718,000	\$ 417,157,000	69.99 %	\$ 239,738,000	174.01 %

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, 2014

	General			
	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 88,122,264	\$ 88,122,264	\$ 56,218,892	\$(31,903,372)
County and other	10,510,532	13,564,977	11,115,509	(2,449,468)
State	408,078,939	409,203,642	436,980,096	27,776,454
Federal	41,687,160	50,475,675	43,764,048	(6,711,627)
Investment earnings	–	–	391,628	391,628
Sales and conversions of assets	–	–	330,211	330,211
Total revenues	<u>548,398,895</u>	<u>561,366,558</u>	<u>548,800,384</u>	<u>(12,566,174)</u>
Expenditures				
Current				
Administration	19,640,987	20,015,191	19,517,665	(497,526)
District support services	25,379,850	26,622,836	17,136,663	(9,486,173)
Elementary and secondary regular instruction	272,282,279	286,904,688	272,289,841	(14,614,847)
Vocational education instruction	1,380,898	2,596,974	4,870,748	2,273,774
Special education instruction	107,666,163	112,189,136	112,481,275	292,139
Instructional support services	38,864,960	40,956,582	41,462,960	506,378
Pupil support services	48,664,513	47,903,328	43,802,483	(4,100,845)
Sites and buildings	46,986,858	52,903,237	53,224,977	321,740
Food service	–	–	–	–
Community service	–	–	–	–
Debt service				
Interest	200,000	200,000	141,244	(58,756)
Total expenditures	<u>561,066,508</u>	<u>590,291,972</u>	<u>564,927,856</u>	<u>(25,364,116)</u>
Excess (deficiency) of revenues over expenditures	(12,667,613)	(28,925,414)	(16,127,472)	12,797,942
Other financing sources				
Sale of capital assets	<u>13,300</u>	<u>13,300</u>	<u>14,225</u>	<u>925</u>
Net change in fund balances	<u><u>\$(12,654,313)</u></u>	<u><u>\$(28,912,114)</u></u>	<u><u>(16,113,247)</u></u>	<u><u>\$ 12,798,867</u></u>
Fund balances at beginning of year			<u>114,931,086</u>	
Fund balances at end of year			<u><u>\$ 98,817,839</u></u>	

Food Service				Community Service			
Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 3,354,505	\$ 3,354,505	\$ 1,771,294	\$ (1,583,211)
-	-	22,694	22,694	7,288,225	7,659,093	7,510,354	(148,739)
1,253,000	1,253,000	1,286,819	33,819	12,247,989	13,643,986	15,196,873	1,552,887
21,940,000	21,940,000	21,543,694	(396,306)	1,950,579	2,409,974	2,325,147	(84,827)
1,800	1,800	170	(1,630)	-	-	295	295
2,317,700	2,317,700	2,550,573	232,873	-	2,780	4,036	1,256
25,512,500	25,512,500	25,403,950	(108,550)	24,841,298	27,070,338	26,807,999	(262,339)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	773,700	982,700	968,701	(13,999)
-	-	-	-	-	-	-	-
25,532,500	25,532,500	26,449,889	917,389	-	-	-	-
-	-	-	-	25,130,198	27,150,238	26,546,996	(603,242)
-	-	-	-	-	-	-	-
25,532,500	25,532,500	26,449,889	917,389	25,903,898	28,132,938	27,515,697	(617,241)
(20,000)	(20,000)	(1,045,939)	(1,025,939)	(1,062,600)	(1,062,600)	(707,698)	354,902
20,000	20,000	-	(20,000)	-	-	-	-
\$ -	\$ -	(1,045,939)	\$ (1,045,939)	\$ (1,062,600)	\$ (1,062,600)	(707,698)	\$ 354,902
		3,959,121				3,730,533	
		\$ 2,913,182				\$ 3,022,835	

INDEPENDENT SCHOOL DISTRICT NO. 625

Notes to Required Supplementary Information  
June 30, 2014

**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 lapses 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's Committee of the Board reviews the citizens' recommendations and the administration's responses. The administration recommends the budget.
- The Board'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 Controller 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. Expenditures in the Food Service Special Revenue Fund exceeded budgeted appropriations by \$917,389 during the fiscal year ended June 30, 2014. This variance was financed by available fund balance.

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 625

General Fund  
Balance Sheet by Account  
as of June 30, 2014  
(With Comparative Totals as of June 30, 2013)

	General Fund Accounts	Fully Financed General Fund Accounts	Totals	
			2014	2013
<b>Assets</b>				
Cash and investments (deficit)	\$ 107,926,851	\$ (3,445,694)	\$ 104,481,157	\$ 129,764,181
Restricted cash and investments in revocable trust for OPEB obligations	4,521,182	—	4,521,182	3,137,546
<b>Receivables</b>				
Current taxes	54,836,058	—	54,836,058	51,430,252
Delinquent taxes	2,147,694	—	2,147,694	2,133,222
Due from other governmental units	47,054,160	8,761,647	55,815,807	55,119,059
Other	413,948	332,769	746,717	332,311
Inventories	602,352	—	602,352	613,023
Prepaid items	824,412	80,576	904,988	1,247,924
<b>Total assets</b>	<b>\$ 218,326,657</b>	<b>\$ 5,729,298</b>	<b>\$ 224,055,955</b>	<b>\$ 243,777,518</b>
<b>Liabilities</b>				
Accounts payable	\$ 11,402,343	\$ 1,396,384	\$ 12,798,727	\$ 16,600,398
Accrued expenditures	35,068,386	1,686,932	36,755,318	35,964,282
Aid anticipation certificate payable	—	—	—	35,801,365
Due to other governmental units	432,998	86,619	519,617	466,199
Unearned revenue	—	2,291,825	2,291,825	3,434,837
<b>Total liabilities</b>	<b>46,903,727</b>	<b>5,461,760</b>	<b>52,365,487</b>	<b>92,267,081</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for subsequent year	71,065,959	—	71,065,959	34,860,246
Unavailable revenue – delinquent taxes	1,806,670	—	1,806,670	1,719,105
<b>Total deferred inflows of resources</b>	<b>72,872,629</b>	<b>—</b>	<b>72,872,629</b>	<b>36,579,351</b>
<b>Fund balance</b>				
<b>Nonspendable for</b>				
Inventories	602,352	—	602,352	613,023
Prepaid items	824,412	80,576	904,988	1,247,924
<b>Restricted for</b>				
Operating capital	6,701,153	—	6,701,153	8,280,347
Area learning center	—	—	—	607,649
Retiree health insurance premiums	—	—	—	1,906,838
OPEB revocable trust	4,521,182	—	4,521,182	3,137,546
<b>Committed to</b>				
Severance pay	2,538,018	—	2,538,018	2,538,018
Retiree health insurance	25,377,730	—	25,377,730	25,377,730
<b>Assigned to</b>				
Contractual obligations	4,517,166	—	4,517,166	4,201,473
Next year operations	8,100,000	—	8,100,000	12,654,313
Strong Schools, Strong Communities initiative	5,300,000	—	5,300,000	11,340,000
OPEB revocable trust	—	—	—	8,545,687
Site based operations	1,739,131	—	1,739,131	716,328
Personalized Learning Through Technology	3,022,008	—	3,022,008	—
Intraschool activities	2,543,069	—	2,543,069	2,301,660
<b>Unassigned</b>				
Health and safety restricted account deficit	(1,241,315)	—	(1,241,315)	(853,158)
Unassigned	34,005,395	186,962	34,192,357	32,315,708
<b>Total fund balance</b>	<b>98,550,301</b>	<b>267,538</b>	<b>98,817,839</b>	<b>114,931,086</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 218,326,657</b>	<b>\$ 5,729,298</b>	<b>\$ 224,055,955</b>	<b>\$ 243,777,518</b>

INDEPENDENT SCHOOL DISTRICT NO. 625

General Fund Accounts  
Comparative Balance Sheet  
as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and investments	\$ 107,926,851	\$ 129,250,526
Restricted cash and investments in revocable trust for OPEB obligations	4,521,182	3,137,546
Receivables		
Current taxes	54,836,058	51,430,252
Delinquent taxes	2,147,694	2,133,222
Due from other governmental units	47,054,160	48,973,740
Other	413,948	78,711
Inventories	602,352	613,023
Prepaid items	824,412	1,199,926
	<u>218,326,657</u>	<u>236,816,946</u>
<b>Liabilities</b>		
Accounts payable	\$ 11,402,343	\$ 15,931,138
Accrued expenditures	35,068,386	33,094,311
Aid anticipation certificate payable	-	35,801,365
Due to other governmental units	432,998	463,278
Unearned revenue	-	481,775
Total liabilities	<u>46,903,727</u>	<u>85,771,867</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	71,065,959	34,860,246
Unavailable revenue – delinquent taxes	1,806,670	1,719,105
Total deferred inflows of resources	<u>72,872,629</u>	<u>36,579,351</u>
<b>Fund balance</b>		
Nonspendable for		
Inventories	602,352	613,023
Prepaid items	824,412	1,199,926
Restricted for		
Operating capital	6,701,153	8,280,347
Area learning center	-	607,649
Retiree health insurance premiums	-	1,906,838
OPEB revocable trust	4,521,182	3,137,546
Committed to		
Severance pay	2,538,018	2,538,018
Retiree health insurance	25,377,730	25,377,730
Assigned to		
Contractual obligations	4,517,166	4,201,473
Next year operations	8,100,000	12,654,313
Strong Schools, Strong Communities initiative	5,300,000	11,340,000
OPEB revocable trust	-	8,545,687
Site based operations	1,739,131	716,328
Personalized Learning Through Technology	3,022,008	-
Intraschool activities	2,543,069	2,301,660
Unassigned		
Health and safety restricted account deficit	(1,241,315)	(853,158)
Unassigned	34,005,395	31,898,348
Total fund balance	<u>98,550,301</u>	<u>114,465,728</u>
	<u>218,326,657</u>	<u>236,816,946</u>
Total liabilities, deferred inflows or resources, and fund balances	<u>\$ 218,326,657</u>	<u>\$ 236,816,946</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Fully Financed General Fund Accounts  
 Comparative Balance Sheet  
 as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and investments (deficit)	\$ (3,445,694)	\$ 513,655
Receivables		
Due from other governmental units	8,761,647	6,145,319
Other	332,769	253,600
Prepaid items	<u>80,576</u>	<u>47,998</u>
Total assets	<u>\$ 5,729,298</u>	<u>\$ 6,960,572</u>
<b>Liabilities</b>		
Accounts payable	\$ 1,396,384	\$ 669,260
Accrued expenditures	1,686,932	2,869,971
Due to other governmental units	86,619	2,921
Unearned revenue	<u>2,291,825</u>	<u>2,953,062</u>
Total liabilities	5,461,760	6,495,214
<b>Fund balance</b>		
Nonspendable for prepaid items	80,576	47,998
Unassigned	<u>186,962</u>	<u>417,360</u>
Total fund balance	<u>267,538</u>	<u>465,358</u>
Total liabilities and fund balance	<u>\$ 5,729,298</u>	<u>\$ 6,960,572</u>



INDEPENDENT SCHOOL DISTRICT NO. 625

General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances by Account  
 Year Ended June 30, 2014  
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	General Fund Accounts	Fully Financed General Fund Accounts	Totals	
			2014	2013
<b>Revenues</b>				
Local sources				
Property taxes	\$ 56,218,892	\$ -	\$ 56,218,892	\$ 85,176,569
County and other	7,679,231	3,436,278	11,115,509	14,980,532
State	436,091,014	889,082	436,980,096	390,342,972
Federal	915,000	42,849,048	43,764,048	47,971,924
Investment earnings	391,628	-	391,628	183,250
Sales and conversions of assets	330,211	-	330,211	389,280
Total revenues	<u>501,625,976</u>	<u>47,174,408</u>	<u>548,800,384</u>	<u>539,044,527</u>
<b>Expenditures</b>				
Current				
Administration	19,441,114	76,551	19,517,665	18,987,128
District support services	16,938,321	198,342	17,136,663	14,655,827
Elementary and secondary regular instruction	239,808,848	32,480,993	272,289,841	263,182,275
Vocational education instruction	4,023,485	847,263	4,870,748	4,805,661
Special education instruction	101,983,810	10,497,465	112,481,275	108,879,793
Instructional support services	39,591,569	1,871,391	41,462,960	32,956,175
Pupil support services	42,533,819	1,268,664	43,802,483	46,715,132
Sites and buildings	53,209,610	15,367	53,224,977	43,664,771
Debt service				
Interest	141,244	-	141,244	426,417
Other debt	-	-	-	78,433
Total expenditures	<u>517,671,820</u>	<u>47,256,036</u>	<u>564,927,856</u>	<u>534,351,612</u>
Excess (deficiency) of revenues over expenditures	(16,045,844)	(81,628)	(16,127,472)	4,692,915
<b>Other financing sources (uses)</b>				
Transfers in	116,192	-	116,192	-
Transfers (out)	-	(116,192)	(116,192)	(33,820)
Sale of capital assets	14,225	-	14,225	21,331
Total other financing sources (uses)	<u>130,417</u>	<u>(116,192)</u>	<u>14,225</u>	<u>(12,489)</u>
Net change in fund balances	(15,915,427)	(197,820)	(16,113,247)	4,680,426
Fund balance at beginning of year	<u>114,465,728</u>	<u>465,358</u>	<u>114,931,086</u>	<u>110,250,660</u>
Fund balance at end of year	<u>\$ 98,550,301</u>	<u>\$ 267,538</u>	<u>\$ 98,817,839</u>	<u>\$ 114,931,086</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, 2014  
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
<b>Revenues</b>				
Local sources				
Property taxes	\$ 88,122,264	\$ 56,218,892	\$ (31,903,372)	\$ 85,176,569
County and other	8,495,532	7,679,231	(816,301)	10,182,109
State	408,005,886	436,091,014	28,085,128	387,957,196
Federal	1,000,000	915,000	(85,000)	1,361,649
Interest earnings	–	391,628	391,628	183,250
Sales and conversions of assets	–	330,211	330,211	389,280
Total revenues	<u>505,623,682</u>	<u>501,625,976</u>	<u>(3,997,706)</u>	<u>485,250,053</u>
<b>Expenditures</b>				
Current				
Administration	19,767,691	19,441,114	(326,577)	18,953,956
District support services	26,168,303	16,938,321	(9,229,982)	14,572,018
Elementary and secondary regular instruction	250,102,548	239,808,848	(10,293,700)	227,218,636
Vocational education instruction	1,596,914	4,023,485	2,426,571	3,870,951
Special education instruction	99,787,040	101,983,810	2,196,770	96,912,499
Instructional support services	38,305,840	39,591,569	1,285,729	30,055,974
Pupil support services	45,877,134	42,533,819	(3,343,315)	45,060,966
Sites and buildings	52,743,626	53,209,610	465,984	43,664,771
Debt service				
Interest	200,000	141,244	(58,756)	426,417
Other debt	–	–	–	78,433
Total expenditures	<u>534,549,096</u>	<u>517,671,820</u>	<u>(16,877,276)</u>	<u>480,814,621</u>
Excess (deficiency) of revenues over expenditures	(28,925,414)	(16,045,844)	12,879,570	4,435,432
<b>Other financing sources (uses)</b>				
Transfers in	–	116,192	116,192	–
Transfers (out)	–	–	–	(33,820)
Sale of capital assets	13,300	14,225	925	21,331
Total other financing sources (uses)	<u>13,300</u>	<u>130,417</u>	<u>117,117</u>	<u>(12,489)</u>
Net change in fund balances	<u>\$ (28,912,114)</u>	<u>(15,915,427)</u>	<u>\$ 12,996,687</u>	<u>4,422,943</u>
Fund balance at beginning of year		<u>114,465,728</u>		<u>110,042,785</u>
Fund balance at end of year		<u>\$ 98,550,301</u>		<u>\$ 114,465,728</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, 2014  
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		2013	
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Local sources				
County and other	\$ 5,069,445	\$ 3,436,278	\$ (1,633,167)	\$ 4,798,423
State	1,197,756	889,082	(308,674)	2,385,776
Federal	49,475,675	42,849,048	(6,626,627)	46,610,275
Total revenues	<u>55,742,876</u>	<u>47,174,408</u>	<u>(8,568,468)</u>	<u>53,794,474</u>
Expenditures				
Current				
Administration	247,500	76,551	(170,949)	33,172
District support services	454,533	198,342	(256,191)	83,809
Elementary and secondary regular instruction	36,802,140	32,480,993	(4,321,147)	35,963,639
Vocational education instruction	1,000,060	847,263	(152,797)	934,710
Special education instruction	12,402,096	10,497,465	(1,904,631)	11,967,294
Instructional support services	2,650,742	1,871,391	(779,351)	2,900,201
Pupil support services	2,026,194	1,268,664	(757,530)	1,654,166
Sites and buildings	159,611	15,367	(144,244)	–
Total expenditures	<u>55,742,876</u>	<u>47,256,036</u>	<u>(8,486,840)</u>	<u>53,536,991</u>
Excess (deficiency) of revenues over expenditures	–	(81,628)	(81,628)	257,483
Other financing sources (uses)				
Transfers (out)	–	(116,192)	(116,192)	–
Net change in fund balances	<u>\$ –</u>	<u>(197,820)</u>	<u>\$ (197,820)</u>	<u>257,483</u>
Fund balance at beginning of year		<u>465,358</u>		<u>207,875</u>
Fund balance at end of year		<u>\$ 267,538</u>		<u>\$ 465,358</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Food Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and investments	\$ 1,906,954	\$ 3,606,787
Receivables		
Due from other governmental units	1,141,851	1,190,607
Other	5,790	1,957
Inventories	976,649	926,408
Prepaid items	4,640	-
	<u>4,035,884</u>	<u>5,725,759</u>
Total assets	<u>\$ 4,035,884</u>	<u>\$ 5,725,759</u>
<b>Liabilities</b>		
Accounts payable	\$ 449,946	\$ 756,324
Accrued expenditures	672,756	1,010,314
Total liabilities	<u>1,122,702</u>	<u>1,766,638</u>
<b>Fund balance</b>		
Nonspendable for inventories	976,649	926,408
Nonspendable for prepaid items	4,640	-
Restricted for food service	1,931,893	3,032,713
Total fund balance	<u>2,913,182</u>	<u>3,959,121</u>
	<u>\$ 4,035,884</u>	<u>\$ 5,725,759</u>
Total liabilities and fund balance	<u>\$ 4,035,884</u>	<u>\$ 5,725,759</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Food Service Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
 Budget and Actual  
 Year Ended June 30, 2014  
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over(Under)	2013
	Budget	Actual	Budget	Actual
Revenues				
Local sources				
County and other	\$ –	\$ 22,694	\$ 22,694	\$ 34,584
State	1,253,000	1,286,819	33,819	1,216,903
Federal	21,940,000	21,543,694	(396,306)	21,340,460
Investment earnings	1,800	170	(1,630)	1,032
Sales and conversion of assets	2,317,700	2,550,573	232,873	2,460,775
Total revenues	<u>25,512,500</u>	<u>25,403,950</u>	<u>(108,550)</u>	<u>25,053,754</u>
Expenditures				
Current				
Food service	<u>25,532,500</u>	<u>26,449,889</u>	<u>917,389</u>	<u>25,999,778</u>
Excess (deficiency) of revenues over expenditures	(20,000)	(1,045,939)	(1,025,939)	(946,024)
Other financing sources				
Transfer in	–	–	–	33,820
Sale of capital assets	<u>20,000</u>	<u>–</u>	<u>(20,000)</u>	<u>16,734</u>
Total other financing sources	<u>20,000</u>	<u>–</u>	<u>(20,000)</u>	<u>50,554</u>
Net change in fund balances	<u>\$ –</u>	<u>(1,045,939)</u>	<u>\$ (1,045,939)</u>	<u>(895,470)</u>
Fund balance at beginning of year		<u>3,959,121</u>		<u>4,854,591</u>
Fund balance at end of year		<u>\$ 2,913,182</u>		<u>\$ 3,959,121</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Community Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and investments	\$ 4,672,789	\$ 2,918,456
Receivables		
Current taxes	2,072,590	2,046,595
Delinquent taxes	91,839	99,901
Due from other governmental units	2,934,997	2,734,427
Other	19,205	97,905
Prepaid items	<u>473</u>	<u>34,420</u>
Total assets	<u><u>\$ 9,791,893</u></u>	<u><u>\$ 7,931,704</u></u>
<b>Liabilities</b>		
Accounts payable	\$ 1,056,129	\$ 1,026,426
Accrued expenditures	961,006	1,075,537
Unearned revenue	<u>1,214,881</u>	<u>244,098</u>
Total liabilities	3,232,016	2,346,061
<b>Deferred inflows of resources</b>		
Property taxes levied for subsequent year	3,457,149	1,771,383
Unavailable revenue – delinquent taxes	<u>79,893</u>	<u>83,727</u>
Total deferred inflows of resources	3,537,042	1,855,110
<b>Fund balance</b>		
Nonspendable for prepaid items	473	34,420
Restricted for		
Adult basic education	448,354	699,114
School readiness	240,631	226,037
Community education	1,115,315	1,838,929
ECFE	431,311	541,450
Community service	<u>786,751</u>	<u>390,583</u>
Total fund balance	<u><u>3,022,835</u></u>	<u><u>3,730,533</u></u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 9,791,893</u></u>	<u><u>\$ 7,931,704</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Community Service Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
 Budget and Actual  
 Year Ended June 30, 2014  
 (With Comparative Amounts for the Year Ended June 30, 2013)

	2014		Over(Under) Budget	2013
	Budget	Actual		Actual
Revenues				
Local sources				
Property taxes	\$ 3,354,505	\$ 1,771,294	\$ (1,583,211)	\$ 3,409,737
County and other	7,659,093	7,510,354	(148,739)	7,354,676
State	13,643,986	15,196,873	1,552,887	12,898,387
Federal	2,409,974	2,325,147	(84,827)	1,979,284
Investment earnings	–	295	295	1,304
Sale and conversion of assets	2,780	4,036	1,256	2,186
Total revenues	<u>27,070,338</u>	<u>26,807,999</u>	<u>(262,339)</u>	<u>25,645,574</u>
Expenditures				
Current				
Pupil support services	982,700	968,701	(13,999)	958,820
Community service	<u>27,150,238</u>	<u>26,546,996</u>	<u>(603,242)</u>	<u>24,575,813</u>
Total expenditures	<u>28,132,938</u>	<u>27,515,697</u>	<u>(617,241)</u>	<u>25,534,633</u>
Net change in fund balances	<u>\$ (1,062,600)</u>	<u>(707,698)</u>	<u>\$ 354,902</u>	<u>110,941</u>
Fund balance at beginning of year		<u>3,730,533</u>		<u>3,619,592</u>
Fund balance at end of year		<u>\$ 3,022,835</u>		<u>\$ 3,730,533</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Capital Projects Fund  
Comparative Balance Sheet  
as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Restricted cash and investments for capital projects	\$ 36,259,016	\$ 54,500,368
Receivables		
Other	—	13,697
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 36,259,016</u>	<u>\$ 54,514,065</u>
Liabilities		
Accounts payable	\$ 6,527,935	\$ 7,370,329
Accrued expenditures	227,877	262,109
Total liabilities	<u>6,755,812</u>	<u>7,632,438</u>
Fund balance		
Restricted for		
Alternative facilities program	5,207,974	16,444,380
Capital projects	24,295,230	30,437,247
Total fund balance	<u>29,503,204</u>	<u>46,881,627</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and fund balance	<u>\$ 36,259,016</u>	<u>\$ 54,514,065</u>



INDEPENDENT SCHOOL DISTRICT NO. 625

Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
 Budget and Actual  
 Year Ended June 30, 2014  
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
Revenues				
Local sources				
County and other	\$ –	\$ 53,010	\$ 53,010	\$ 204,189
Investment earnings (charges)	200,000	46,223	(153,777)	(39,722)
Total revenues	200,000	99,233	(100,767)	164,467
Expenditures				
Current				
Sites and buildings	32,000,000	32,085,359	85,359	26,869,165
Debt service				
Other debt	–	265,685	265,685	238,852
Total expenditures	32,000,000	32,351,044	351,044	27,108,017
Excess (deficiency) of revenue over expenditures	(31,800,000)	(32,251,811)	(451,811)	(26,943,550)
Other financing sources				
Building bonds issued	26,000,000	14,556,575	(11,443,425)	23,963,340
Premium on bonds issued	–	316,813	316,813	1,777,058
Total other financing sources	26,000,000	14,873,388	(11,126,612)	25,740,398
Net change in fund balances	\$ (5,800,000)	(17,378,423)	\$ (11,578,423)	(1,203,152)
Fund balance at beginning of year		46,881,627		48,084,779
Fund balance at end of year		\$ 29,503,204		\$ 46,881,627

INDEPENDENT SCHOOL DISTRICT NO. 625

Debt Service Fund  
Comparative Balance Sheet  
as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and investments	\$ 17,607,063	\$ 14,014,692
Restricted cash and investments for debt service	54,380,812	69,828,566
Receivables		
Current taxes	23,992,767	26,021,522
Delinquent taxes	1,081,391	1,094,913
Due from other governmental units	849,490	834,361
Other	297,263	301,991
Prepaid items	<u>1,377,000</u>	<u>1,377,000</u>
Total assets	<u>\$ 99,585,786</u>	<u>\$ 113,473,045</u>
<b>Liabilities</b>		
Accounts payable	\$ 3,400	\$ 2,000
Deferred inflows of resources		
Property taxes levied for subsequent year	40,326,168	43,832,842
Unavailable revenue – delinquent taxes	<u>932,105</u>	<u>915,285</u>
Total deferred inflows of resources	41,258,273	44,748,127
<b>Fund balance (deficit)</b>		
Nonspendable for prepaid items	1,377,000	1,377,000
Restricted for		
Bond refunding	49,305,368	66,341,524
QSCB payments	5,356,862	3,789,033
Debt service	2,284,883	–
Unassigned	<u>–</u>	<u>(2,784,639)</u>
Total fund balance	<u>58,324,113</u>	<u>68,722,918</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 99,585,786</u>	<u>\$ 113,473,045</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Debt Service Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
 Budget and Actual  
 Year Ended June 30, 2014  
 (With Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014		2013	
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenues</b>				
Local sources				
Property taxes	\$ 43,852,000	\$ 43,120,692	\$ (731,308)	\$ 38,541,364
County and other	–	228,525	228,525	193,998
State	3,733,000	3,893,867	160,867	3,878,320
Federal	930,000	936,489	6,489	509,349
Investment earnings	200,000	681,535	481,535	136,193
Total revenues	<u>48,715,000</u>	<u>48,861,108</u>	<u>146,108</u>	<u>43,259,224</u>
<b>Expenditures</b>				
Debt service				
Principal payments	28,000,000	26,566,173	(1,433,827)	25,989,469
Interest	15,510,000	17,487,728	1,977,728	17,202,768
Other debt	50,000	29,437	(20,563)	300,367
Total expenditures	<u>43,560,000</u>	<u>44,083,338</u>	<u>523,338</u>	<u>43,492,604</u>
Excess (deficiency) of revenues over expenditures	5,155,000	4,777,770	(377,230)	(233,380)
<b>Other financing sources (uses)</b>				
Refunding bonds issued	–	–	–	28,635,000
Building bonds issued	–	288,425	288,425	521,660
Premium on refunding bonds issued	–	–	–	5,807,052
Principal payments by refunded bond escrow agent	–	(15,465,000)	(15,465,000)	(15,990,000)
Total other financing sources (uses)	<u>–</u>	<u>(15,176,575)</u>	<u>(15,176,575)</u>	<u>18,973,712</u>
Net change in fund balances	<u>\$ 5,155,000</u>	<u>(10,398,805)</u>	<u>\$(15,553,805)</u>	<u>18,740,332</u>
Fund balance at beginning of year		<u>68,722,918</u>		<u>49,982,586</u>
Fund balance at end of year		<u>\$ 58,324,113</u>		<u>\$ 68,722,918</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, 2014

Project/ Budget	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2014	Grant Receivable June 30, 2014
	Title 1:			
PD00000049	Title 1 Educationally Disadvantaged	\$ 26,349,943	\$ 21,375,789	\$ 2,195,650
PD00000004	Title 1 Homeless McKinney Vento	102,702	71,593	31,109
PD00000051	Title 1 Project For Delinquency	253,892	126,054	13,565
PD00000050	Title 1 Race To The Top	190,264	165,801	24,463
PD00000006	Title 1 Adequate Yearly Progress	1,117,449	893,625	223,583
PD00000007	Title 1 School Improvement	68,820	41,236	–
PD00000008	Title 1 AYP Waiver	70,985	52,049	–
	Total Title 1	28,154,055	22,726,147	2,488,370
	Title IV:			
PR00000105	Mandatory EIS	202,337	124,104	78,233
PR00000102	Preschool Incentive	384,509	241,875	130,925
PR00000137	Part H	436,272	377,734	55,187
PR00000060	Public Law 94-142	9,523,759	5,573,166	2,269,199
PR00000134	Discretionary EIS	1,260,857	846,190	211,573
PA00000135	Program Evaluation & Continuous Improvement	68,950	31,072	37,878
	Total Title IV	11,876,684	7,194,141	2,782,995
	Title II:			
PD00000059	Title II, Part A	3,105,878	1,980,933	341,408
	Total Title II	3,105,878	1,980,933	341,408
	Title III:			
PA00000103	Title III	1,711,035	892,771	351,606
PA00000223	Title III Children & Youth – Limited Eligibility	95,987	95,987	–
	Total Title III	1,807,022	988,758	351,606
	Carl Perkins Act, Public Law 84–524:			
PA00000088	Intensified Services for Disadvantaged	558,888	216,257	295,318
PA00000187	Perkins – Reserve	19,620	–	19,619
29-3080	Strengthening Community Partnerships	–	–	–
	Total Carl Perkins Act	578,508	216,257	314,937

Grant Payable June 30, 2014	Unearned Revenue June 30, 2014	Total Revenue	Total Expenditures
\$ -	\$ -	\$ 23,571,439	\$ 23,571,439
-	-	102,702	102,702
-	-	139,619	139,619
-	-	190,264	190,264
-	-	1,117,208	1,117,208
-	-	41,236	41,236
-	-	52,049	52,049
-	-	25,214,517	25,214,517
-	-	202,337	202,337
-	-	372,800	372,800
-	-	432,921	432,921
-	-	7,842,365	7,842,365
-	-	1,057,763	1,057,763
-	-	68,950	68,950
-	-	9,977,136	9,977,136
-	-	2,322,341	2,322,341
-	-	2,322,341	2,322,341
-	-	1,244,377	1,244,377
-	-	95,987	95,987
-	-	1,340,364	1,340,364
-	-	511,575	511,575
-	-	19,619	19,619
-	-	-	800
-	-	531,194	531,994

(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, 2014

Project/ Budget	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2014	Grant Receivable June 30, 2014
	Indian Education:			
AC00000130	Indian Education Title VII	276,747	173,271	99,181
	Total Indian Education	276,747	173,271	99,181
	Miscellaneous Federal:			
PR00000002	SPDG Collaboration with Minneapolis	418,906	270,495	76,990
AC00000225	Johnson-O'Malley	49,843	10,958	20,866
PA00000067	Indian Education Chemical Prevention	159,734	112,891	5,469
PA00000003	CPC – Investing In Innovation – U of MN	564,630	85,490	1,196,524
AC00000077	JROTC Programs	874,058	853,101	71,517
PA00000229	Federal Reading Recovery i3	983	7,400	–
AC00000291	Youth Career Connect	303,100	–	–
PR00000047	Get Ready/Gear Up	255,000	175,064	138,627
PR00000048	Get Ready/Gear Up	170,000	95,921	128,135
AC00000058	Learning Jet Morgan Technology	99,999	–	75,195
PA00000190	Reimbursable Health Services	224,474	(100,724)	274,092
PA00000359	MCH Adolescent Health	10,000	7,769	2,231
AC00000057	Elementary School Counselors	49,275	26,667	–
AC00000009	Turnaround St. Paul	803,897	203,637	275,231
AC00000166	Digital Works	314,988	–	56,333
PA00000310	KOM Refugee	27,740	23,235	–
	Total Miscellaneous Federal	4,326,627	1,771,904	2,321,210
	State of Minnesota:			
PA00000133	Diabetes Grant	21,593	18,914	3,073
PA00000177	ICAP Intervention for College Attendance Program – Central	30,184	15,092	12,091
29-2200	Advanced Placement – Como Sr	–	1,600	–
PA00000239	Advanced Placement – Humboldt	37,192	–	–
PA00000308	Advanced Placement – Johnson	27,274	1,200	–
PA00000108	Advanced Placement – Washington	12,000	–	–
PA00000175	IB PYP – Benjamin E Mays	14,505	–	–
PA00000162	International Baccalaureate – Central	63,960	–	–
PA00000275	International Baccalaureate – Harding	71,070	–	–
PA00000262	IB PYP MYP Programs – Highland Park Jr.	5,939	–	–
PA00000232	IB PYP MYP Programs – Ramsey Jr.	5,123	–	–
PA00000233	International Baccalaureate – Highland	60,000	–	–
PA00000157	Arts Learning – Cesar Chavez	20,390	20,389	–



<u>Grant Payable June 30, 2014</u>	<u>Unearned Revenue June 30, 2014</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>
-	-	272,452	272,452
<hr/>	<hr/>	<hr/>	<hr/>
-	-	272,452	272,452
(1,902)	-	345,583	345,583
-	-	31,824	31,824
-	-	118,360	118,360
(57,616)	-	1,224,398	1,224,398
-	-	924,618	924,618
(5,994)	-	1,406	1,406
-	-	-	-
(9,667)	-	304,024	304,024
-	-	224,056	224,056
-	-	75,195	75,195
-	-	173,368	173,368
-	-	10,000	10,000
-	-	26,667	26,667
-	-	478,868	478,868
-	-	56,333	56,333
(11,440)	-	11,795	11,795
<hr/>	<hr/>	<hr/>	<hr/>
(86,619)	-	4,006,495	4,006,495
-	-	21,987	21,987
-	-	27,183	27,183
-	-	1,600	2,896
-	-	-	5,079
-	-	1,200	11,274
-	-	-	917
-	-	-	14,505
-	-	-	-
-	-	-	-
-	-	-	3,390
-	-	-	5,123
-	-	-	-
-	(4,851)	15,538	15,538

(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, 2014

Project/ Budget	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2014	Grant Receivable June 30, 2014
State of Minnesota (continued):				
PA00000142	MSAB Grant – Highland Junior	14,300	11,599	–
PA00000152	MSAB Grant – Linwood	19,254	19,254	–
PA00000119	Upward Bound – Metro State	8,500	5,290	2,149
PA00000113	Upward Bound Century College	12,000	8,961	2,790
29-4125	VPSC Postsecondary Options Initiative – Harding	–	5,000	–
PA00000046	Success For the Future	133,982	128,547	1,516
PA00000114	Century College ETS – TRIO	6,000	4,743	217
PA00000118	Get Ready – Department of Higher Ed	15,100	8,884	403
PA00000121	Minnesota Zoo	15,540	14,135	464
PA00000186	Teacher Education Redesign Initiative – TERI	11,586	1,586	5,776
Total State of Minnesota		605,492	265,194	28,479
Ramsey/ Hennepin County:				
PA00000169	Statewide Health Improvement Program	200,000	6,452	67,649
PA00000288	Public Entity Innovation Grant	68,000	–	15,111
PA00000307	Public Entity Innovation Grant – Recycling	91,200	–	–
Total Ramsey/ Hennepin County		359,200	6,452	82,760
Private:				
PA00000165	SW Miscellaneous Grants/Donations	5,000	4,500	–
PA00000217	Metro ECSU Assistive Technology	1,000	–	879
PA00000132	Indian Ed Student Celebrations	37,800	26,322	–
PA00000219	Ecolab Visions For Change – Humboldt Senior	1,131	–	–
PA00000220	Ecolab FIRST Robotics – Humboldt Senior	14,000	9,905	–
PA00000221	Ecolab FIRST Robotics – Humboldt Senior	274	274	–
PA00000089	Ecolab AVID – Humboldt Senior	47,137	40,000	–
PA00000202	Ecolab Vista Tutoring – Humboldt Senior	23,348	30,794	31,977
PA00000230	Ecolab – Cherokee Heights – Library	10,750	10,750	–
PA00000235	Travelers FIRST Lego League	5,000	5,000	–
PA00000109	Arts Programming	15,000	3,448	–
PA00000117	Kellogg Foundation	149,683	249,486	–
PA00000145	Travelers – AVID & LDR	20,000	19,748	–
PA00000098	Medtronics Crossroads	498	72	–
PA00000115	Upward Bound River Falls	8,000	5,748	1,014
29-3205	Gates Grant – Common Core State Standards	–	85	–
PA00000314	Center For School Change	35,429	29,050	–

<u>Grant Payable June 30, 2014</u>	<u>Unearned Revenue June 30, 2014</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>
-	-	11,599	11,599
-	(2,692)	16,562	16,562
-	-	7,439	7,663
-	-	11,751	11,751
-	(124)	4,876	4,876
-	-	130,063	130,085
-	-	4,960	4,960
-	-	9,287	9,287
-	-	14,599	14,599
-	-	7,362	7,362
-	(7,667)	286,006	326,636
-	-	74,101	74,101
-	-	15,111	15,111
-	-	-	-
-	-	89,212	89,212
-	-	4,500	4,500
-	-	879	879
-	-	26,322	26,322
-	-	-	1,022
-	-	9,905	9,905
-	-	274	274
-	(13,824)	26,176	26,176
-	-	62,771	62,771
-	-	10,750	10,750
-	(3,315)	1,685	1,685
-	-	3,448	3,448
-	(155,082)	94,404	94,404
-	(3,001)	16,747	16,747
-	-	72	72
-	-	6,762	6,762
-	-	85	85
-	(17,661)	11,389	11,389

(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, 2014

Project/ Budget	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2014	Grant Receivable June 30, 2014
	Private (continued):			
29-3400	Homeless Program Charitable Contributions	–	113	–
PA00000208	SPPS Foundation Grant Inspired Educator – Equity	2,400	2,400	–
PA00000179	SPPS Foundation Grant Health Partners	40,298	34,000	–
PA00000203	SPPS Foundation Grant Inspired Educator AGAPE	1,500	3,000	–
PA00000205	SPPS Foundation Grant Inspired Educator Central	3,000	3,000	–
PA00000206	SPPS Foundation Grant Inspired Educator Como Senior	2,657	2,657	–
PA00000289	SPPS Foundation Grant OWL History Day	5,000	5,000	–
PA00000228	SPPS Foundation Grant Tutors – Washington	14,350	8,329	4,305
PA00000212	SPPS Foundation Grant Inspired Educator Parkway	2,020	2,020	–
PA00000260	SPPS Foundation Grant Inspired Educator Murray	5,000	5,000	–
PA00000204	SPPS Foundation Grant Inspired Educator Capitol Hill	2,000	2,000	–
PA00000299	SPPS Foundation Grant Cherokee Pool	411	256	–
PA00000209	SPPS Foundation Grant Inspired Educator Farnsworth	1,500	1,500	–
PA00000207	SPPS Foundation Grant Fuel Up To Play 60 – Crossroads	2,050	2,050	–
PA00000210	SPPS Foundation Grant Inspired Educator Mann Elementary	2,000	2,000	–
PA00000213	SPPS Foundation Grant Inspired Educator Phalen Lake	2,420	2,420	–
PA00000286	SPPS Foundation Grant Fuel Up To Play 60 – Randolph Heights	1,616	161	–
PA00000214	SPPS Foundation Grant Inspired Educator Riverview	2,000	2,000	–
PA00000211	SPPS Foundation Grant Inspired Educator Monroe	2,800	2,800	–
29-3530	SPPS Foundation Grant Inspired Educator Obama	–	129	–
PA00000184	3M Grant Evaluation	41,353	20,273	–
PA00000189	3M Grant Engineering is Elementary	9,364	2,886	–
PA00000078	3M Grant Eastside Partnership	44,456	90,000	–
PA00000079	3M – Science Concept–Oriented Reading Instruction CORI	79,788	438	–
PA00000080	3M FIRST Lego League	94,446	67,908	–
PA00000081	3M Grant Math Counts	9,794	3,977	–
PA00000185	3M Grant FIRST Robotics	73,546	78,546	–
PA00000082	3M – Renewable Energy Challenge	13,449	11,596	–
PA00000083	3M Grant Field Trip Experiences	116,959	156,449	–
PA00000170	3M STEP	131,956	169,944	–
PA00000087	3M Gateway to Technology & Project Lead The Way	289,596	146,125	–
PA00000084	3M – Physics Course Development	6,511	620	–
PA00000104	3M Johnson Fab Lab	100,000	100,000	–
PA00000127	3M STEM	83,590	48,778	–
PA00000198	3M – Real World Design Challenge	2,083	1,003	–
PA00000085	3M Science Clubs	33,668	16,973	–
PA00000086	3M STEM – Secondary Science	38,851	32,179	–
PR00000160	Community Foundations – Employee Recognition – Golden Apple	3,457	–	–

<u>Grant Payable June 30, 2014</u>	<u>Unearned Revenue June 30, 2014</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>
-	(113)	-	-
-	(2,400)	-	-
-	(21,889)	12,111	12,111
-	(1,498)	1,502	1,502
-	(172)	2,828	2,728
-	-	2,657	2,657
-	(5,000)	-	-
-	-	12,634	12,634
-	-	2,020	1,932
-	-	5,000	4,983
-	-	2,000	1,971
-	-	256	256
-	-	1,500	1,433
-	-	2,050	1,860
-	(976)	1,024	1,024
-	-	2,420	2,419
-	-	161	161
-	-	2,000	2,000
-	(2,800)	-	-
-	-	129	129
-	(12,803)	7,470	7,470
-	-	2,886	2,886
-	(50,784)	39,216	39,216
-	-	438	438
-	-	67,908	67,908
-	(271)	3,706	3,706
-	(3,114)	75,432	75,432
-	(508)	11,088	11,088
-	-	156,449	156,449
-	-	169,944	169,944
-	-	146,125	146,125
-	-	620	620
-	(49,976)	50,024	50,024
-	(14,980)	33,798	33,798
-	(684)	319	319
-	(2,505)	14,468	14,468
-	-	32,179	32,179
-	-	-	2,604

(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, 2014

Project/ Budget	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2014	Grant Receivable June 30, 2014
	Private (continued):			
PA00000171	Community Foundations – Various Donor OCCR/AVID	29,503	39,039	219
PA00000155	Community Foundations – Open Your Heart Grant To The Hungry and Homeless	4,085	–	–
PA00000263	Community Foundations – FIRST FRC Rookie OWL	4,000	4,000	–
PA00000156	Community Foundations – Washington Summer of Innovation	2,400	2,400	–
PA00000237	Community Foundations – Sauer Children’s Renewal Foundation	15,000	15,000	–
PA00000095	Community Foundations – VILS (Verizon Foundation) Hamline Elementary	49,800	42,864	–
29-3570	Community Foundations – Fuel Up – American Indian Magnet	–	1,000	–
PA00000090	Community Foundations – Lowe’s ToolBox for Education – LEAP into Literacy	2,000	1,397	–
PA00000139	Bigelow Foundation – Enrollment Campaign	75,000	75,000	–
PA00000150	Bigelow Foundation – Student Success In West Side	50,000	50,000	–
PA00000062	Bigelow Foundation – Camp 67	75,000	75,000	–
PA00000140	McNeely Foundation – African American Male Mentorship Program	116,985	58,489	–
PA00000194	McNeely Foundation – P-WEB	20,000	–	–
PA00000158	Minneapolis Foundation – Critical Transformation – Obama	100,000	100,000	–
29-3790	Peta Wakan Tipi	–	140	–
PA00000124	General Mills Grant – Central	5,064	3,330	–
PA00000061	United Way Grant – Reading By 3rd Grade	13,000	3,000	–
29-3890	United Way Grant – Closing The Gap – Jackson	–	139,500	–
29-3960	Target/Scholarship America – Maxfield	–	10	–
PA00000215	Target/Scholarship America – Mississippi	700	–	–
PA00000110	EMID Mini-Grant	175,114	–	10,401
PA00000094	City of St. Paul Parent Academy	247,500	76,551	–
PA00000159	Community Organization Partnership Program	1,075	–	–
PA00000315	Out For Equity	3,053	3,970	–
PA00000054	Travelers Grant – Principals Academy	453,153	138,047	–
PA00000055	AVID – Travelers Grant	500,000	499,346	–
PA00000093	Academy of Finance – Travelers Foundation	35,000	25,258	–
PA00000196	St. Paul Foundation Emergency	2,482	1,713	–
29-4291	St. Paul Foundation – Teacher Grants	–	20,987	–
PA00000151	St. Paul Foundation – Student Success in West Side	50,000	50,000	–
PA00000347	St. Paul Foundation – West Side – KBA	25,000	–	–
PA00000302	St. Paul Foundation – Parent & Staff Engagement	43,000	43,000	–
PA00000138	St. Paul Foundation – Enrollment Campaign	75,648	75,000	–
PA00000063	St. Paul Foundation – Camp 67	75,000	75,000	–
PA00000173	St. Paul Foundation – Student Success in West Side	50,000	50,000	–
29-4302	Miscellaneous Donations – Student Wellness	–	157	–
PA00000268	Lillian Wright Memorial	12,394	2,054	–
29-4630	Leadership Institute	–	150,000	–

<u>Grant Payable June 30, 2014</u>	<u>Unearned Revenue June 30, 2014</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>
-	(16,680)	22,578	22,578
-	-	-	-
-	(2,779)	1,221	1,221
-	-	2,400	2,400
-	(8,500)	6,500	6,500
-	-	42,864	42,864
-	(1,000)	-	-
-	-	1,397	1,397
-	-	75,000	75,000
-	-	50,000	50,800
-	-	75,000	75,000
-	(36,516)	21,973	21,973
-	-	-	-
-	(78,457)	21,543	21,543
-	-	140	-
-	-	3,330	3,330
-	-	3,000	60,000
-	(10,356)	129,144	129,144
-	-	10	10
-	-	-	-
-	-	10,401	10,401
-	-	76,551	76,551
-	-	-	-
-	(917)	3,053	3,053
-	-	138,047	138,047
-	-	499,346	499,346
-	-	25,258	25,258
-	-	1,713	1,713
-	-	20,987	20,987
-	-	50,000	50,000
-	-	-	-
-	(23,944)	19,056	19,056
-	(57,409)	17,591	17,591
-	-	75,000	75,000
-	-	50,000	50,000
-	-	157	157
-	-	2,054	11,890
-	(150,000)	-	-

(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, 2014

Project/ Budget	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2014	Grant Receivable June 30, 2014
	Private (continued):			
PA0000092	Principals' Academy	17,961	17,111	–
PA0000216	MN Humanities Center – Latino Post Secondary	26,000	21,215	–
29-5300	Chuck Lund Scholarship	–	–	–
PA0000101	Mentoring Excellence Program Scholarships	1,000	1,000	–
PA0000099	Scholarships – Olga B Hart Foundation	10,000	10,000	–
PA0000102	Firmin “Ace” Alexander Educational Scholarship Fund	1,000	1,000	–
PA0000234	YMCA – John A. Johnson Elementary	25,000	25,000	–
PA0000129	Project Success Field Trips	1,500	–	–
PA0000123	Ordway Center	26,500	6,859	12,537
PA0000128	Upward Bound St. Olaf College	3,000	486	962
PA0000144	MN Children’s Museum	7,500	5,280	219
PA0000146	MN Orchestra	9,000	–	–
PA0000126	Augsburg College Urban Debate	20,000	27,899	975
PA0000100	PIP/Dodge Nature Center	6,300	10,224	–
PA0000125	TC2 Grant	51,667	74,026	–
PA0000195	Federation Agreement	100,181	–	104,326
PA0000227	Ecolab Visions For Learning MRC	3,000	3,000	–
PA0000269	EMID Full Day Subs Reimb	15,000	3,412	1,640
PA0000120	St. Paul Chamber Orchestra – Buses	9,500	–	5,112
	Total Private	4,285,004	3,491,476	174,566
	Miscellaneous:			
29-1230	Itin Vision Staff	–	–	–
PR0000226	Title I Reading Recovery	21,962	339	–
PA0000178	ELL Workshop	56,896	15,809	2,239
PR0000218	Automotive Learning Center	9,736	2,969	–
PR0000222	Grants Office	–	–	–
PR0000231	Translations with administration	53,829	2,845	–
29-9090	Vending Machine Proceeds – 2102 University	–	197	–
29-9090	Vending Machine Proceeds – 360 Colborne	–	21	5
PA0000183	Valley Branch ELC	64,403	6,786	4,800
PA0000182	Planetarium	60,833	33,650	1,150
PR0000141	EMID Starbase	100,000	152,008	–
No Budget		–	14,489	–
	Total Miscellaneous	367,659	229,113	8,194
	Total Fully Financed Fund	\$ 55,742,876	\$ 39,043,646	\$ 8,993,706



<u>Grant Payable June 30, 2014</u>	<u>Unearned Revenue June 30, 2014</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>
-	-	17,111	17,111
-	-	21,215	22,834
-	-	-	84
-	-	1,000	1,000
-	-	10,000	10,000
-	-	1,000	1,000
-	-	25,000	24,997
-	-	-	-
-	-	19,396	19,396
-	-	1,448	1,448
-	-	5,499	5,499
-	-	-	4,057
-	-	28,874	28,874
-	(4,642)	5,582	5,582
-	-	74,026	74,026
-	-	104,326	104,326
-	-	3,000	3,000
-	-	5,052	4,146
-	-	5,112	5,112
-	(754,556)	2,911,486	2,986,967
-	-	-	2,297
-	-	339	14,343
-	-	18,048	18,356
-	-	2,969	2,639
-	-	-	30,478
-	-	2,845	44,163
-	-	197	40
-	-	26	231
-	-	11,586	19,943
-	-	34,800	35,332
-	-	152,008	20,100
-	(14,102)	387	-
-	(14,102)	223,205	187,922
<u>\$ (86,619)</u>	<u>\$ (776,325)</u>	<u>\$ 47,174,408</u>	<u>\$ 47,256,036</u>

INDEPENDENT SCHOOL DISTRICT NO. 625

Elementary and Secondary Schools – Community Service Fund  
Fully Financed Fund Program Grant Analysis  
Schedule of Reimbursable Programs’ Revenues and Expenditures  
Year Ended June 30, 2014

Project/ Budget	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2014	Grant Receivable June 30, 2014
	Federal:			
PA00000010	21st Century Grant – 4th Cohort Learning Centers	\$ 675,389	\$ 411,058	\$ 262,425
PA00000011	21st Century Grant – Cohort 5	957,766	566,371	321,233
	Total Federal	<u>1,633,155</u>	<u>977,429</u>	<u>583,658</u>
	State:			
30-5051	Night Moves – Eastside	–	603	–
30-5052	Night Moves – Como	–	2,295	–
PA00000180	State Hearing Impaired	13,150	(1,336)	14,090
PA00000053	ABE Statewide Support Services	140,000	116,794	23,206
30-5703	Think Small Grant – Child Care	14,999	3,333	11,667
PA00000176	Early Learning State Scholarship	789,110	–	775,005
PA00000330	Preventing Obesity Among Preschoolers	47,964	29,005	18,959
PA00000097	Communities To Connect	5,500	–	–
PA00000148	Preschool Screening	188,714	108,472	106,163
PR00000076	Nonpublic State Aid Programs	673,681	76,203	–
PA00000167	Nonpublic State Aid Programs	358,154	940,933	–
PR00000075	Nonpublic State Aid Programs	485,624	349,524	133,623
	Total State	<u>2,716,896</u>	<u>1,625,826</u>	<u>1,082,713</u>
	Other Governmental Units:			
PR00000191	ABE Learner Activities	23,790	27,361	708
PA00000112	FastTRAC V Adult Career Pathways	8,693	8,693	–
PA00000238	FastTRAC V EMS	2,207	–	2,207
PA00000091	MN FASTtrac	9,960	5,283	4,716
PA00000096	Day Cares	1,175,133	610,261	43,426
	Total Other Governmental Units	<u>1,219,783</u>	<u>651,598</u>	<u>51,057</u>
	Private:			
PA00000052	PEK McKnight Foundation	1,048,000	2,096,000	–
PR00000172	Ronald M Hubbs Scholarship	23,067	6,548	–
PA00000131	Indian Ed Scholarships	415	415	–
30-5303	Dr. Terrilyn Turner Scholarships	–	9,101	–
PR00000188	PEK McKnight Foundation	91,506	91,540	–
PR00000201	CET – Fair Parking	10,900	30,124	–
	No Budget	–	–	–
	Total Private	<u>1,173,888</u>	<u>2,233,728</u>	<u>–</u>
	Total Community Service Fully Financed	<u>\$ 6,743,722</u>	<u>\$ 5,488,581</u>	<u>\$ 1,717,428</u>

Grant Payable June 30, 2014	Unearned Revenue June 30, 2014	Total Revenue	Total Expenditures
\$ -	\$ (2,691)	\$ 670,792	\$ 670,792
-	(10,068)	877,536	877,536
-	(12,759)	1,548,328	1,548,328
-	-	603	603
-	-	2,295	2,295
-	-	12,754	12,754
-	-	140,000	140,000
-	-	15,000	15,000
-	-	775,005	471,816
-	-	47,964	47,964
-	-	-	-
-	-	214,635	166,890
-	-	76,203	658,982
-	-	940,933	358,154
-	-	483,147	483,147
-	-	2,708,539	2,357,605
-	-	28,069	22,776
-	-	8,693	8,693
-	-	2,207	2,207
-	-	9,999	10,000
-	-	653,687	739,908
-	-	702,655	783,584
-	(1,048,000)	1,048,000	1,048,000
-	-	6,548	6,548
-	-	415	415
-	-	9,101	9,101
-	-	91,540	91,540
-	-	30,124	10,848
-	-	-	-
-	(1,048,000)	1,185,728	1,166,452
\$ -	\$ (1,060,759)	\$ 6,145,250	\$ 5,855,969

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