

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Financial Statements and
Supplemental Information

Year Ended
June 30, 2013

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Table of Contents

	Page
I. Introductory Section	
Organization Chart	i
Board of Education and Administration	ii
Map of School District	iii
 II. Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Governmental Funds	
Balance Sheet	18
Reconciliation of the Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	22
Proprietary Fund	
Statement of Net Position	23
Statement of Revenues, Expenses, and Changes in Fund Net Position	24
Statement of Cash Flows	25
Notes to Basic Financial Statements	26
Required Supplementary Information	
Postemployment Benefits Other Than Pensions – Schedule of Funding Progress	53
St. Paul Teachers Retirement Fund Association – Schedule of Funding Progress	53
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Major Special Revenue Funds	54
Note to Required Supplementary Information	55
Supplemental Information	
Combining and Individual Fund Statements	
General Fund	
Combining Balance Sheet	56
Balance Sheet	
General Fund Accounts	57
Fully Financed General Fund Accounts	58

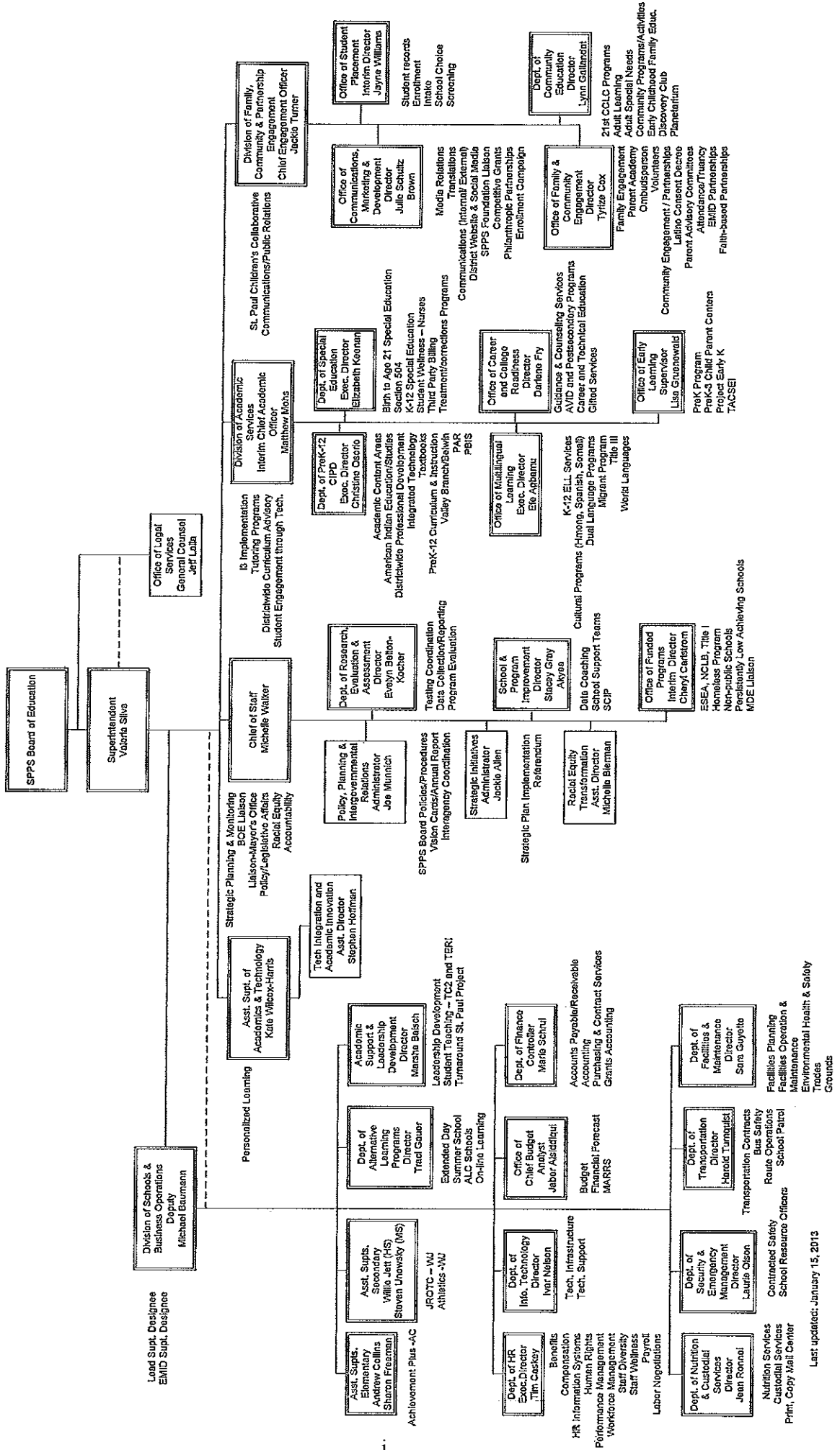
**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Table of Contents

	Page
II. Financial Section (continued)	
Supplemental Information (continued)	
Combining and Individual Fund Statements (continued)	
General Fund (continued)	
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	59
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Final Budget and Actual	
General Fund Accounts	60
Fully Financed General Fund Accounts	61
Food Service Fund	
Balance Sheet	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance	63
Community Service Fund	
Balance Sheet	64
Schedule of Revenues, Expenditures, and Changes in Fund Balance	65
Capital Projects Fund	
Balance Sheet	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Final Budget and Actual	67
Debt Service Fund	
Balance Sheet	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Final Budget and Actual	69
III. Other District Information (Unaudited)	
Fully Financed Fund Program Grant Analysis	
Schedule of Reimbursable Programs’ Revenues and Expenditures (Unaudited)	70
Community Service Fund – Fully Financed Fund Program Grant Analysis	
Schedule of Reimbursable Programs’ Revenues and Expenditures (Unaudited)	75

INTRODUCTORY SECTION

Saint Paul Public Schools
Organization Chart Effective December 18, 2012



Last updated: January 15, 2013

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Board of Education and Administration

June 30, 2013

BOARD OF EDUCATION

Jean O'Connell	Chairperson
Mary C. Doran	Vice Chairperson
Keith Hardy	Treasurer
Louise Seeba	Clerk
John Brodrick	Director
Anne Carroll	Director
Elona Street-Stewart	Director

ADMINISTRATION

Valeria Silva	Superintendent
Michael Baumann	Deputy Superintendent, Schools & Business Operations
Michelle Walker	Chief of Staff
Mathew Mohs	Interim Chief Academic Officer
Jackie Turner	Chief Engagement Officer
Willie Jett	Assistant Superintendent, Secondary
Steve Unowsky	Assistant Superintendent, Middle Grades
Andrew Collins	Assistant Superintendent, Elementary Schools
Sharon Freeman	Assistant Superintendent, Elementary Schools
Dr. Kathleen Wilcox-Harris	Assistant Superintendent, Academic & Technology Innovation
Dr. Elizabeth Keenan	Executive Director, Special Education
Dr. Efe Agbamu	Executive Director, Dual Language Programs & World Languages
Julie Schultz-Brown	Director of Communications, Marketing & Development
Marsha Baisch	Director, Office of Leadership Development & Academic Support
Michelle Bierman	Assistant Director, Equity
Jackie Allen	Administrator, Strategic Initiatives
Jeff Lalla	General Counsel

FINANCIAL SECTION



PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 625, Saint Paul, Minnesota (the District) as of and for the year ended June 30, 2013, 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, 2013, 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.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013 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 20, 2013

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis
June 30, 2013

This section of Independent School District No. 625, Saint Paul, Minnesota's (the District) annual financial report presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the other components of the District's annual financial report.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2013 by \$125.9 million (net position). The District's total net position decreased by \$6.5 million during the fiscal year ended June 30, 2013.
- Government-wide revenues totaled \$633.0 million and were \$6.5 million less than expenses of \$639.5 million.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$4.7 million from the prior year, compared to a \$26.4 million decrease planned in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial report 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, except for the fiduciary funds. 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 non-financial 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>2013</u>	<u>2012</u>
Assets		
Current and other assets	\$ 439.7	\$ 507.5
Capital assets, net of depreciation	<u>407.4</u>	<u>404.8</u>
Total assets	<u>\$ 847.1</u>	<u>\$ 912.3</u>
Deferred outflows of resources		
Deferred amount on refunding of debt	<u>\$ 1.2</u>	<u>\$ 0.7</u>
Liabilities		
Current and other liabilities	\$ 123.2	\$ 216.9
Long-term liabilities, including due within one year	<u>518.7</u>	<u>489.5</u>
Total liabilities	<u>\$ 641.9</u>	<u>\$ 706.4</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	<u>\$ 80.5</u>	<u>\$ 74.2</u>
Net position		
Net investment in capital assets	\$ 113.5	\$ 112.9
Restricted	22.3	20.5
Unrestricted	<u>(9.9)</u>	<u>(1.0)</u>
Total net position	<u>\$ 125.9</u>	<u>\$ 132.4</u>

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 postemployment benefits (OPEB), which impacts the unrestricted portion of net position.

Total net position decreased by \$6.5 million. As presented in the table above, net investment in capital assets and restricted net position experienced an increase over the prior year, while unrestricted net position decreased.

The District's decrease in unrestricted net position is due in part to the increase in other postemployment benefit obligations which impacts unrestricted net position.

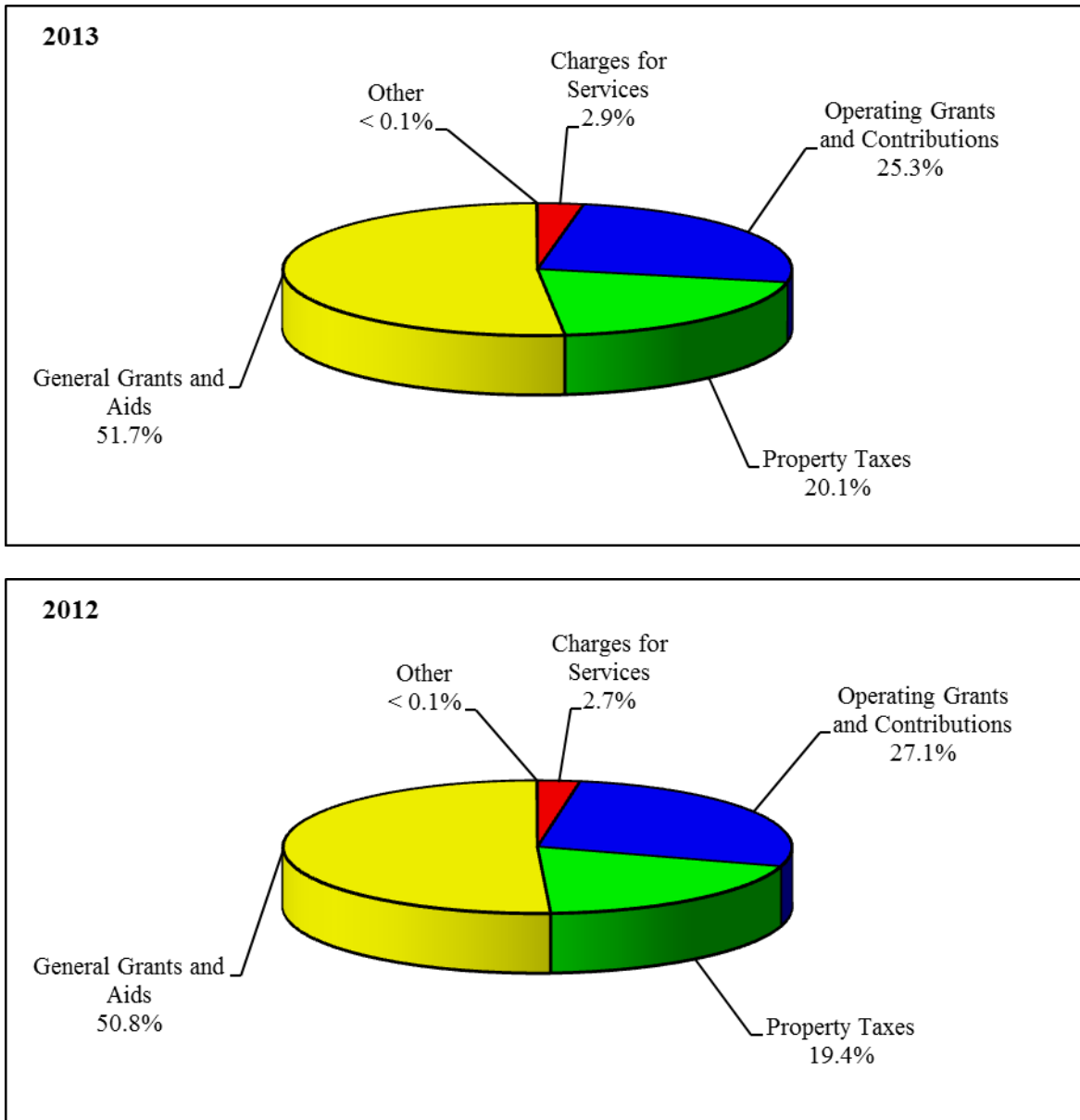
Table 2 presents a summarized version of the District's Statement of Activities:

Table 2		
Summary Statement of Activities		
for the Years Ended June 30, 2013 and 2012		
(in millions)		
	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues		
Charges for services	\$ 18.4	\$ 16.8
Operating grants and contributions	160.2	170.0
General revenues		
Property taxes	127.0	121.5
General grants and aids	327.1	318.5
Other	0.3	0.2
Total revenues	<u>633.0</u>	<u>627.0</u>
Expenses		
Administration	19.3	17.5
District support services	15.8	15.3
Elementary and secondary regular instruction	288.7	274.1
Vocational education instruction	4.8	4.8
Special education instruction	109.9	109.8
Instructional support services	33.3	32.2
Pupil support services	47.7	46.1
Sites and buildings	50.8	48.0
Food service	26.2	24.2
Community service	25.0	24.6
Interest and fiscal charges on debt	18.0	15.8
Total expenses	<u>639.5</u>	<u>612.4</u>
Change in net position	(6.5)	14.6
Net position – beginning	<u>132.4</u>	<u>117.8</u>
Net position – ending	<u>\$ 125.9</u>	<u>\$ 132.4</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 2013 and 2012

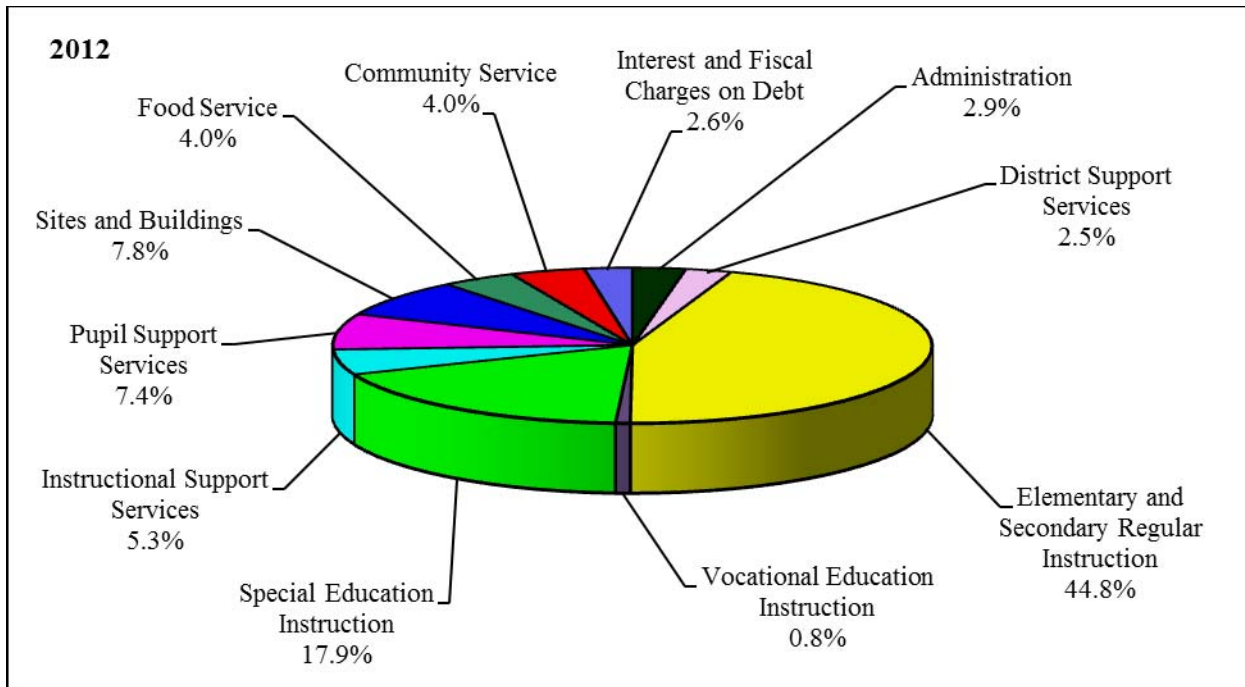
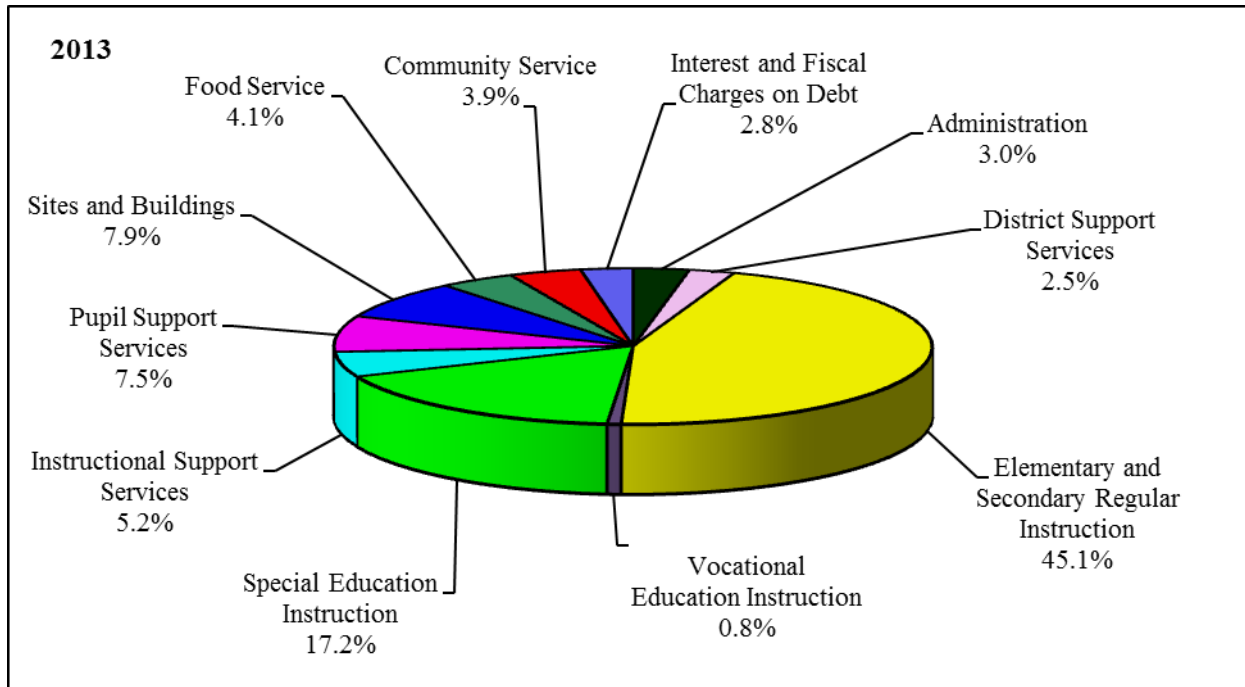


The largest share of the District’s revenue is received from the state, including the general education aid formula and most of the operating grants. This significant reliance on the state for funding has placed tremendous pressure on local school districts as a result of limited funding due to the state’s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

Figure B shows further analysis of these expense functions.

Figure B – Expenses for Fiscal Years 2013 and 2012



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>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Major funds			
General	\$ 114.9	\$ 110.3	\$ 4.6
Food Service	4.0	4.8	(0.8)
Community Service	3.7	3.6	0.1
Capital Projects	46.9	48.1	(1.2)
Debt Service	68.7	50.0	18.7
	<hr/>	<hr/>	<hr/>
Total governmental funds	<u>\$ 238.2</u>	<u>\$ 216.8</u>	<u>\$ 21.4</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 School Board.

At June 30, 2013, the District's governmental funds reported combined fund balances of \$238.2 million, an increase of \$21.4 million in comparison with the prior year. Approximately 12.0 percent of this amount (\$28.7 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 is it 1) not in spendable form (\$4.2 million), 2) restricted for particular purposes (\$137.7 million), 3) committed for particular purposes (\$27.9 million), or 4) assigned for particular purposes (\$39.7 million).

Analysis of the General Fund

At year-end, the fund balance of the General Fund was \$114,931,086. The increase from the prior year was mainly due to the carryover to fiscal year 2014 of two General Fund projects for the Strong Schools, Strong Communities initiative.

Analysis of Food Service Fund

The Food Service Fund is used to record the activity of the District's child nutrition program. This fund ended the year with expenditures exceeding revenues and other financing sources by \$895,470, compared to a balanced budget. At year-end, the fund balance in this fund was \$3,959,121.

Analysis of Community Service Fund

The Community Service Fund ended the year with revenues exceeding expenditures, increasing equity by \$110,941, compared to a planned fund balance reduction of \$686,850. At year-end, the fund balance in this fund was \$3,730,533.

Analysis of the Capital Projects Fund

The Capital Projects Fund ended the year with a fund balance of \$46,881,627 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 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 \$18,740,332 increase in fund balance is due to the \$28,635,000 Crossover Refunding Bonds, Series 2013B issued in the current year offset by the \$15,990,000 of payments on refunded bonds.

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>\$ 529.5</u>	<u>\$ 547.6</u>	<u>\$ 18.1</u>	<u>3.4%</u>
Expenditures and other financing uses	<u>\$ 536.4</u>	<u>\$ 574.1</u>	<u>\$ 37.7</u>	<u>7.0%</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:

Table 5 General Fund Operating Results (in millions)						
	2013 Actual	Over (Under) Final Budget		Over (Under) Prior Year		
		Amount	Percent	Amount	Percent	
Revenue and other financing sources	\$ 539.1	\$ (8.5)	(1.6%)	\$ 6.3	1.2%	
Expenditures and other financing uses	<u>534.4</u>	\$ (39.7)	(6.9%)	\$ 20.4	4.0%	
Net change in fund balances	<u><u>\$ 4.7</u></u>					

Actual revenue for fiscal year 2013 was 1.6 percent less than budgeted, while actual expenditures were 6.9 percent less than budget appropriations. The revenue variance was primarily in state sources for special education and general education funding along with Fully Financed General Fund federal revenue being under budget. The District budgeted for full federal entitlements and only received revenue on a reimbursement basis. Significant federal entitlement funding was carried over to fiscal year 2014.

The variance in expenditures is primarily due to unspent funds that were carried over to fiscal year 2014 for Strong Schools, Strong Communities project that began in late fiscal year 2013 along with middle school transitional expenditures that carried into fiscal year 2014. Another major contributing factor to the variance in expenditures was the Fully Financed General Fund activity. Similar to revenue, 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 2014.

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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Land	\$ 26.0	\$ 26.0	\$ –
Construction in progress	11.9	8.7	3.2
Land improvements	22.2	21.2	1.0
Buildings	341.4	341.4	–
Building improvements	287.9	271.1	16.8
Equipment	18.1	17.0	1.1
Less accumulated depreciation	<u>(300.1)</u>	<u>(280.6)</u>	<u>(19.5)</u>
Total	<u>\$ 407.4</u>	<u>\$ 404.8</u>	<u>\$ 2.6</u>
Depreciation expense	<u>\$ 19.7</u>	<u>\$ 18.3</u>	<u>\$ 1.4</u>

By the end of fiscal 2013, 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 2013, specifically the following deferred maintenance projects: outdoor repairs and replacements at 8 sites; boiler and ventilation projects at 14 sites; lighting projects at 16 sites; flooring, window and piping replacements at 11 sites; roof replacements at 3 sites and remodeling at 13 sites.

The District only capitalizes furniture and equipment valued at \$5,000 or more.

Long-Term Liabilities

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

	<u>2013</u>	<u>2012</u>	<u>Change</u>
General obligation bonds payable	\$ 369.1	\$ 352.2	\$ 16.9
Certificates of participation payable	20.4	26.2	(5.8)
Unamortized discount/premium	20.0	13.8	6.2
Severance benefits payable	10.7	10.2	0.5
Vacation payable	5.7	4.9	0.8
Early retirement incentive payable	3.7	4.7	(1.0)
Net other postemployment benefit obligation	<u>89.1</u>	<u>77.5</u>	<u>11.6</u>
Total	<u><u>\$ 518.7</u></u>	<u><u>\$ 489.5</u></u>	<u><u>\$ 29.2</u></u>

Bonds payable increased with the issuance of \$24,485,000 School Building Bonds and \$28,635,000 School Building Refunding Bonds. This increase was offset by the planned repayment schedule reflecting principal payments and payments on refunded bonds during fiscal year 2013.

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	\$ 17,561,483,128
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 2,634,222,469</u></u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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 \$50 per pupil in fiscal year 2013 to \$5,224. The Legislature has added \$78, or 1.5 percent, per pupil to the formula for fiscal year 2014. Beginning with the 2015 fiscal year several funding and pupil weighting changes are effective, which include an equivalent increase of \$80, or 1.5 percent, for basic general education formula funding. A weakened economy and growing demand on limited resources continue to present challenges in funding education for Minnesota schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is 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 this report 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
SAINT PAUL, MINNESOTA**

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 164,579,447
Restricted cash and investments for capital projects	54,500,368
Restricted cash and investments for debt service	16,636,338
Current taxes receivable	79,498,369
Delinquent taxes receivable	3,328,036
Due from other governmental units	59,878,454
Other receivables	747,861
Inventories	1,539,431
Prepaid items	2,659,344
Total current assets	<u>383,367,648</u>
Noncurrent assets	
Restricted cash and investments in revocable trust for OPEB obligations	3,137,546
Restricted cash and investments for debt service	53,192,228
Capital assets, not depreciated	37,892,563
Capital assets, depreciated, net of accumulated depreciation	369,534,373
Total noncurrent assets	<u>463,756,710</u>
Total assets	<u>847,124,358</u>
Deferred outflows of resources	
Deferred amount on refunding of debt	1,189,123
Total assets and deferred outflows of resources	<u>\$ 848,313,481</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 25,755,477
Accrued expenses	57,557,804
Aid anticipation certificate payable	35,801,365
Due to other governmental units	466,199
Unearned revenue	3,678,935
Long-term obligations due within one year	49,150,873
Total current liabilities	<u>172,410,653</u>
Noncurrent liabilities	
Net other postemployment benefit obligation	89,047,745
Long-term obligations	380,534,993
Total noncurrent liabilities	<u>469,582,738</u>
Total liabilities	<u>641,993,391</u>
Deferred inflows of resources	
Property taxes levied for subsequent year	80,464,471
Net position	
Net investment in capital assets	113,508,078
Restricted for	
Debt service	3,682,607
Capital projects	8,280,347
Community services	3,814,260
Food service	3,959,121
Other purposes	2,514,487
Unrestricted	(9,903,281)
Total net position	<u>125,855,619</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 848,313,481</u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Statement of Activities
Year Ended June 30, 2013

Functions/programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities				
Administration	\$ 19,318,073	\$ 194,481	\$ 9,772	\$ (19,113,820)
District support services	15,754,453	21,558	65,714	(15,667,181)
Elementary and secondary regular instruction	288,683,624	3,317,174	34,493,285	(250,873,165)
Vocational education instruction	4,811,537	3,781	937,271	(3,870,485)
Special education instruction	109,909,209	6,243,199	51,590,007	(52,076,003)
Instructional support services	33,352,266	17,544	2,937,980	(30,396,742)
Pupil support services	47,697,824	—	26,127,418	(21,570,406)
Sites and buildings	50,767,576	175,846	5,311,864	(45,279,866)
Food service	26,164,979	2,460,775	22,557,363	(1,146,841)
Community service	25,053,021	6,006,298	16,199,222	(2,847,501)
Interest and fiscal costs	18,031,842	—	—	(18,031,842)
Total governmental activities	<u>\$ 639,544,404</u>	<u>\$ 18,440,656</u>	<u>\$ 160,229,896</u>	<u>(460,873,852)</u>
General revenues				
Taxes				
Property taxes levied for general purposes				85,101,249
Property taxes levied for community services				3,400,475
Property taxes levied for debt services				38,494,541
General grants and aids				327,125,332
Investment earnings				286,060
Total general revenues				<u>454,407,657</u>
Changes in net position				(6,466,195)
Net position, beginning of year				<u>132,321,814</u>
Net position, end of year				<u>\$ 125,855,619</u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Balance Sheet

Governmental Funds

June 30, 2013

	<u>General</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets						
Cash and investments	\$ 129,764,181	\$ 3,606,787	\$ 2,918,456	\$ —	\$ 14,014,692	\$ 150,304,116
Restricted cash and investments in revocable trust for OPEB obligations	3,137,546	—	—	—	—	3,137,546
Restricted cash and investments for debt service	—	—	—	—	69,828,566	69,828,566
Restricted cash and investments for capital projects	—	—	—	54,500,368	—	54,500,368
Receivables						
Current taxes	51,430,252	—	2,046,595	—	26,021,522	79,498,369
Delinquent taxes	2,133,222	—	99,901	—	1,094,913	3,328,036
Due from other governmental units	55,119,059	1,190,607	2,734,427	—	834,361	59,878,454
Other	332,311	1,957	97,905	13,697	301,991	747,861
Inventories	613,023	926,408	—	—	—	1,539,431
Prepaid items	1,247,924	—	34,420	—	1,377,000	2,659,344
Total assets	<u>\$ 243,777,518</u>	<u>\$ 5,725,759</u>	<u>\$ 7,931,704</u>	<u>\$ 54,514,065</u>	<u>\$ 113,473,045</u>	<u>\$ 425,422,091</u>
Liabilities						
Accounts payable	\$ 16,600,398	\$ 756,324	\$ 1,026,426	\$ 7,370,329	\$ 2,000	\$ 25,755,477
Accrued expenditures	35,964,282	1,010,314	1,075,537	262,109	—	38,312,242
Aid anticipation certificate payable	35,801,365	—	—	—	—	35,801,365
Due to other governmental units	466,199	—	—	—	—	466,199
Unearned revenue	3,434,837	—	244,098	—	—	3,678,935
Total liabilities	<u>92,267,081</u>	<u>1,766,638</u>	<u>2,346,061</u>	<u>7,632,438</u>	<u>2,000</u>	<u>104,014,218</u>
Deferred inflows of resources						
Property taxes levied for subsequent year	34,860,246	—	1,771,383	—	43,832,842	80,464,471
Unavailable revenue – delinquent taxes	1,719,105	—	83,727	—	915,285	2,718,117
Total deferred inflows of resources	<u>36,579,351</u>	<u>—</u>	<u>1,855,110</u>	<u>—</u>	<u>44,748,127</u>	<u>83,182,588</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Balance Sheet

Governmental Funds

June 30, 2013

	<u>General</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Fund balances						
Nonspendable						
Inventories and prepaid items	1,860,947	926,408	34,420	—	1,377,000	4,198,775
Restricted for						
Operating capital	8,280,347	—	—	—	—	8,280,347
Area learning center	607,649	—	—	—	—	607,649
Adult basic education	—	—	699,114	—	—	699,114
Alternative facilities program	—	—	—	16,444,380	—	16,444,380
Capital projects	—	—	—	30,437,247	—	30,437,247
School readiness	—	—	226,037	—	—	226,037
Community education	—	—	1,838,929	—	—	1,838,929
ECFE	—	—	541,450	—	—	541,450
Community service	—	—	390,583	—	—	390,583
Bond refunding	—	—	—	—	66,341,524	66,341,524
QSCB payments	—	—	—	—	3,789,033	3,789,033
Food service	—	3,032,713	—	—	—	3,032,713
Retiree health insurance premiums	1,906,838	—	—	—	—	1,906,838
OPEB revocable trust	3,137,546	—	—	—	—	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	4,201,473	—	—	—	—	4,201,473
Next year operations	12,654,313	—	—	—	—	12,654,313
Strong Schools, Strong Communities initiative	11,340,000	—	—	—	—	11,340,000
OPEB revocable trust	8,545,687	—	—	—	—	8,545,687
Site based operations	716,328	—	—	—	—	716,328
Intraschool activities	2,301,660	—	—	—	—	2,301,660
Unassigned						
Health and safety restricted account deficit	(853,158)	—	—	—	—	(853,158)
Unassigned	32,315,708	—	—	—	(2,784,639)	29,531,069
Total fund balances	<u>114,931,086</u>	<u>3,959,121</u>	<u>3,730,533</u>	<u>46,881,627</u>	<u>68,722,918</u>	<u>238,225,285</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 243,777,518</u>	<u>\$ 5,725,759</u>	<u>\$ 7,931,704</u>	<u>\$ 54,514,065</u>	<u>\$ 113,473,045</u>	<u>\$ 425,422,091</u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Reconciliation of the Balance Sheet
to the Statement of Net Position

Governmental Funds

June 30, 2013

Total fund balances – governmental funds		\$ 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	\$ 707,500,585	
Accumulated depreciation	<u>(300,073,649)</u>	407,426,936
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		2,718,117
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.		(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.		1,513,348
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.		(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	(369,100,000)	
Certificates of participation payable	(20,424,799)	
Deferred amounts on refunding	1,189,123	
Accrued interest on the bonds payable and certificates of participation payable	(6,483,579)	
Severance benefits payable	(10,728,156)	
Vacation payable	(5,735,702)	
Early retirement incentive payable	<u>(3,673,659)</u>	<u>(414,956,772)</u>
Net position of governmental activities		<u>\$ 125,855,619</u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2013

	<u>General</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues						
Local sources						
Property taxes	\$ 85,176,569	\$ —	\$ 3,409,737	\$ —	\$ 38,541,364	\$ 127,127,670
County and other	14,980,532	34,584	7,354,676	204,189	193,998	22,767,979
State	390,342,972	1,216,903	12,898,387	—	3,878,320	408,336,582
Federal	47,971,924	21,340,460	1,979,284	—	509,349	71,801,017
Investment earnings (charges)	183,250	1,032	1,304	(39,722)	136,193	282,057
Sales and conversions of assets	389,280	2,460,775	2,186	—	—	2,852,241
Total revenues	<u>539,044,527</u>	<u>25,053,754</u>	<u>25,645,574</u>	<u>164,467</u>	<u>43,259,224</u>	<u>633,167,546</u>
Expenditures						
Current						
Administration	18,987,128	—	—	—	—	18,987,128
District support services	14,655,827	—	—	—	—	14,655,827
Elementary and secondary regular instruction	263,182,275	—	—	—	—	263,182,275
Vocational education instruction	4,805,661	—	—	—	—	4,805,661
Special education instruction	108,879,793	—	—	—	—	108,879,793
Instructional support services	32,956,175	—	—	—	—	32,956,175
Pupil support services	46,715,132	—	958,820	—	—	47,673,952
Sites and buildings	43,664,771	—	—	26,869,165	—	70,533,936
Food service	—	25,999,778	—	—	—	25,999,778
Community service	—	—	24,575,813	—	—	24,575,813
Debt service						
Principal payments	—	—	—	—	25,989,469	25,989,469
Interest	426,417	—	—	—	17,202,768	17,629,185
Other debt	78,433	—	—	238,852	300,367	617,652
Total expenditures	<u>534,351,612</u>	<u>25,999,778</u>	<u>25,534,633</u>	<u>27,108,017</u>	<u>43,492,604</u>	<u>656,486,644</u>
Excess (deficiency) of revenues over (under) expenditures	4,692,915	(946,024)	110,941	(26,943,550)	(233,380)	(23,319,098)
Other financing sources (uses)						
Refunding bonds issued	—	—	—	—	28,635,000	28,635,000
Building bonds issued	—	—	—	23,963,340	521,660	24,485,000
Premium on bonds issued	—	—	—	1,777,058	5,807,052	7,584,110
Principal payments by refunded bond escrow agent	—	—	—	—	(15,990,000)	(15,990,000)
Transfers in	—	33,820	—	—	—	33,820
Transfers (out)	(33,820)	—	—	—	—	(33,820)
Sale of capital assets	21,331	16,734	—	—	—	38,065
Total other financing sources (uses)	<u>(12,489)</u>	<u>50,554</u>	<u>—</u>	<u>25,740,398</u>	<u>18,973,712</u>	<u>44,752,175</u>
Net change in fund balances	4,680,426	(895,470)	110,941	(1,203,152)	18,740,332	21,433,077
Fund balance at beginning of year	110,250,660	4,854,591	3,619,592	48,084,779	49,982,586	216,792,208
Fund balance at end of year	<u>\$ 114,931,086</u>	<u>\$ 3,959,121</u>	<u>\$ 3,730,533</u>	<u>\$ 46,881,627</u>	<u>\$ 68,722,918</u>	<u>\$ 238,225,285</u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

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

Governmental Funds

Year Ended June 30, 2013

Total net change in fund balances – governmental funds	\$	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	\$ 22,247,829	
Depreciation expense	<u>(19,665,712)</u>	2,582,117
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.		(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	20,195,000	
Certificates of participation payable	5,794,469	
Payments by refunded bond escrow agent	<u>15,990,000</u>	41,979,469
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	<u>(24,485,000)</u>	(53,120,000)
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	(1,104,935)	
Increase in severance benefits payable	(520,817)	
Increase in vacation payable	(808,836)	
Decrease in early retirement incentive payable	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.	<u>(6,264,180)</u>	(7,627,101)
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.		(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.		<u>4,003</u>
Change in net position of governmental activities	\$	<u><u>(6,466,195)</u></u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Statement of Net Position

Proprietary Fund

June 30, 2013

	<u>Governmental Activities – Internal Service Fund</u>
Assets	
Current assets	
Cash and investments	\$ 14,275,331
Liabilities	
Current liabilities	
Workers' compensation payable	<u>12,761,983</u>
Net position	
Unrestricted	<u><u>\$ 1,513,348</u></u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Fund

Year Ended June 30, 2013

	<u>Governmental Activities – Internal Service Fund</u>
Operating revenues	
Insurance service fees	\$ 4,306,741
Operating expenses	
Claims expense	<u>4,306,741</u>
Operating income	—
Nonoperating revenues	
Investment earnings	<u>4,003</u>
Change in net position	4,003
Net position at beginning of year	<u>1,509,345</u>
Net position at end of year	<u><u>\$ 1,513,348</u></u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Statement of Cash Flows

Proprietary Fund

Year Ended June 30, 2013

	<u>Governmental Activities – Internal Service Fund</u>
Cash flows from operating activities	
Assessments from other funds	\$ 4,306,741
Workers' compensation payments	<u>(3,126,562)</u>
Net cash flows from operating activities	1,180,179
Cash flows from investing activities	
Investment income received	<u>4,003</u>
Net change in cash and investments	1,184,182
Cash at beginning of year	<u>13,091,149</u>
Cash at end of year	<u><u>\$ 14,275,331</u></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>1,180,179</u>
Net cash flows from operating activities	<u><u>\$ 1,180,179</u></u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

Independent School District No. 625, Saint Paul, Minnesota (the District) is an instrumentality of the state of Minnesota established to function as an educational institution. The Board of Education consists of elected officials and is responsible for legislative and fiscal control of the District. A superintendent is appointed by the Board of Education and is responsible for administrative control of the District.

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 include 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, the District's Board of Education has elected to control and be financially accountable with respect to the underlying extracurricular activities. Accordingly, the extracurricular student activity accounts are included in these financial statements in the General Fund.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the 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.

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 items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for the purpose for which both restricted and unrestricted resources are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities. The effect of interfund activity has been removed from these statements.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2013

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

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the financial statement of the Internal Service Fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's Internal Service Fund is charges to customers for service. Operating expenses for the Internal Service Fund include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide and proprietary fund 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 recognized as revenues in the 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 as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of fiscal year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles (U.S. GAAP). Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

In governmental funds, when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to fund balance classifications in the following order to the extent available: committed, assigned, then unassigned.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

Funds

The District reports its financial activities through the use of fund accounting. This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The existence of the various funds of the District has been established by the state of Minnesota, Department of Education. A description of the activities of the various funds is provided below:

Governmental Funds

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. 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 – Reports the activities and restricted revenues and resources relating to the school lunch and related programs.

Community Service Special Revenue Fund – Elementary and Secondary Community Service and Fully Financed Community Service – Reports the activities and restricted and committed revenues and resources relating to the adult education programs, recreation and civic programs, and community programs that are fully financed by federal, state, or private grants.

Capital Projects Fund – This fund accounts for resources that are restricted for the acquisition and construction of major capital facilities for elementary and secondary schools.

Debt Service Fund – This fund accounts for resources that are restricted to repay indebtedness incurred to finance major property acquisition, construction, and improvement programs for elementary and secondary schools.

Proprietary Fund

The District reports the following proprietary fund:

Internal Service Fund – This fund accounts for the activities of the District's workers' compensation self-insurance program.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2013

(d) *Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balances, and Net Position*

(i) Cash and Investments

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

Restricted cash and investments include balances held in segregated accounts that are established for specific purposes. In the General Fund, this represents assets held in a revocable trust established to finance the District's liability for postemployment insurance benefits. In the Capital Projects Fund, restricted accounts are established for cash and investments 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.

Investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement. Investment income is allocated to the various funds based upon average monthly cash and investment balances. 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. Assets held in trust for postemployment insurance benefits also directly allocate investment earnings.

For purposes of the Statement of Cash Flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with maturities of three months or less from the date of acquisition. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

(ii) Receivables

All receivables are shown net of any allowance for uncollectibles. The only receivables not expected to be collected within one year are property taxes receivable.

(iii) Inventories

Inventories are recorded using the consumption method of accounting. Inventory in the General Fund consists of textbooks and supplies held for consumption. Inventory in the Food Service Fund consists of food and related preparation supplies for the school nutrition programs. Inventory is valued at cost (first-in, first-out) or market and charged to expenditures when used. Commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2013

(iv) 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.

(v) 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 \$53,900,689 of the property tax levy collectible in 2013 as revenue to the District in fiscal year 2012-2013. The remaining portion of the taxes collectible in 2013 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.

(vi) Capital Assets

Capital assets have been acquired for school purposes. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost of purchased or constructed assets. Donated capital assets are recorded at estimated fair market value at the date of donation.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2013

Capital assets are recorded in the government-wide and proprietary fund 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. Capital assets not being depreciated include land and construction in progress. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Estimated useful lives are as follows:

Land improvements	20 years
Buildings	50 years
Building improvements	25 years
Equipment	5 years

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

(vii) Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities of governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line amortization, which approximates the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

(viii) Compensated Absences – Severance Benefits Payable and Vacation Payable

Under 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.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2013

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.

(ix) 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.

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2013

(x) Net Position

In the government-wide and Internal Service Fund financial statements, net position represents the difference between assets, deferred outflows of resources (if any), 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 do not meet the definition of “restricted” or “net investment in capital assets.”

(xi) Fund Balance

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 – Includes amounts that cannot be spent because they are either (a) not in spendable form, such as inventories and prepaids; or (b) legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

Restricted – Includes amounts that have constraints placed on their use by either (a) externally imposed restrictions, such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District’s Board of Education. Those committed amounts cannot be used for any other purpose unless the District’s Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Includes all amounts that are constrained by the District’s intent to use for specific purposes but are neither restricted or committed.

Unassigned – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2013

Committed Fund Balance Policy

The District's committed fund balances are established as required by the Board of Education, either because of policy in the Policy Manual, or because of motions that passed at meetings of the Board of Education.

Assigned Fund Balance Policy

The District's assigned fund balances are established through Board of Education authority, under the direction of the Deputy, School and Business Operations.

Minimum Fund Balance Policy

The District's Policy Manual states:

1. The administration shall plan and manage annual revenue and expenditure budgets that provide an unassigned General Fund balance of at least five percent (5%) of annual General Fund expenditures.
2. If the unassigned General Fund balance should fall below five 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.

(e) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(f) Change in Accounting Principles

During the year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 63 created two new financial statement elements, *deferred outflows of resources* (a consumption of net position that is applicable to a future reporting period) and *deferred inflows of resources* (an acquisition of net position that is applicable to a future reporting period), which are distinct from assets and liabilities. It also defined *net position* as the residual of all other elements presented in a statement of net position (assets + deferred outflows of resources – liabilities – deferred inflows of resources = net position). GASB Statement No. 65 identified specific items previously reported as assets that will now be classified as either deferred outflows of resources or outflows (expenditures/expenses), and items previously reported as liabilities that will now be reported as either deferred inflows or resources or inflows (revenues).

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

(2) Cash and Investments

(a) Components of Cash and Investments

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

Deposits	\$	3,942,664
Investments		288,103,263
		292,045,927
	\$	292,045,927

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

Statement of Net Position – current assets		
Cash and investments	\$	164,579,447
Restricted cash and investments for capital projects		54,500,368
Restricted cash and investments for debt service		16,636,338
Statement of Net Position – noncurrent assets		
Restricted cash and investments in revocable trust for OPEB obligations		3,137,546
Restricted cash and investments for debt service		53,192,228
Total	\$	292,045,927

(b) Deposits

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the Board of Education. All such depositories are members of the Federal Reserve System.

Minnesota Statutes require that all the District’s 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 deposits. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

Deposit balances at June 30, 2013 are as follows:

		<u>Carrying Amount</u>			<u>Bank Balance</u>
Total bank deposits (checking and savings)	\$	3,942,664	\$		3,663,091

At June 30, 2013, all deposits for the District were insured or collateralized by securities held by the District's agent in the District's name.

(c) Investments

Minnesota Statutes authorize the District to invest in the following types of investments:

- (1) Direct obligations or obligations guaranteed by the United States or its agencies.
- (2) Shares of investment companies registered under the Federal Investment Company Act of 1940 whose only investments are securities described in (1) above.
- (3) General obligations of the state of Minnesota or any of its municipalities.
- (4) Banker's acceptances of U.S. banks eligible for purchase by the Federal Reserve System.
- (5) Commercial paper issued by U.S. corporations or their Canadian subsidiaries, of the highest quality and maturing in 270 days or less.
- (6) Guaranteed investment contracts issued or guaranteed by U.S. commercial banks or domestic branches of foreign banks or U.S. insurance companies or their subsidiaries, and with a credit quality in one of the top two highest categories.
- (7) Repurchase or reverse repurchase agreements and securities lending agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker/dealers.
- (8) Future contracts sold under authority of Minnesota Statutes 471.56, Subd. 5.
- (9) For assets held in a postemployment benefits trust fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statute § 356A.06, Subd. 7.

The District's investment policies do not further restrict investing in specific financial instruments.

The District's investments are potentially subject to various risks including the following:

- Custodial credit risk – The risk that in the event of a failure of the counterparty to an investment transaction (typically a brokerage firm or financial institution), the government would not be able to recover the value of the investment or collateral securities.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

- Credit risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.
- Concentration risk – Investing 5 percent or more of the District’s portfolio in the securities of a single issuer. This disclosure excludes U.S. government securities that are explicitly guaranteed by the U.S. government, investment pools, and mutual funds.
- Interest rate risk – 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 policy does not address the various risks noted above.

The following table presents the District’s deposit and investment balances at June 30, 2013, and information relating to potential investment risks:

	Credit Risk		Concentration Risk	Interest Rate Risk – Maturity Duration in Years			Carrying Value
	Rating	Agency	Over 5% of Portfolio	Greater Than 5			
				Less Than 1	1 to 5	Greater Than 5	
US Treasury Note	AAA	Moody's	—	\$ 847,684	\$ 17,388,741	\$ —	\$ 18,236,425
Government Agency Securities							
Federal Farm Credit Bank	AA+	S&P	—	10,395	—	—	10,395
Federal Home Loan Mortgage Corporation	AA+	S&P	—	15,187	—	—	15,187
Federal National Mortgage Association	AA+	S&P	5.6%	—	16,077,817	—	16,077,817
Federal Home Loan Banks	AA+	S&P	11.1%	16,061,205	15,799,353	—	31,860,558
Guaranteed Investment Contract	N/R	N/R	—	—	—	1,501,646	1,501,646
Repurchase Agreement (GIC underlying security)	N/R	N/R	—	—	—	2,287,387	2,287,387
U.S. Bank Commercial Paper	A1+	S&P	23.8%	68,427,186	—	—	68,427,186
Corporate Obligations	A	S&P	—	76,484	627,108	—	703,592
Corporate Obligations	AA	S&P	—	151,992	131,965	—	283,957
Investment pools/mutual funds							
Minnesota School District							
Liquid Asset Fund	AAA	S&P	—	—	—	—	146,718,458
Mutual funds	AAA	S&P	—	—	—	—	20,187
Mutual funds	N/R	N/R	—	—	—	—	1,960,468
Total investments							288,103,263
Deposits							3,942,664
Total deposits and investments							\$ 292,045,927

N/R – Not Rated

The Minnesota School District Liquid Asset Fund is regulated by Minnesota Statutes and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2a7. The District’s investment in 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

(3) Receivables

Receivables due from other governmental units at June 30, 2013 consist of the following:

	<u>General</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Debt Service</u>	<u>Total</u>
Minnesota Department of Education state aid	\$ 48,138,458	\$ 66,280	\$ 1,765,340	\$ 834,361	\$ 50,804,439
Minnesota Department of Education, principally pass-through federal assistance	5,587,865	1,103,592	916,373	—	7,607,830
Due from other school districts	535,205	20,735	—	—	555,940
Federal government direct assistance	131,274	—	—	—	131,274
Other	726,257	—	52,714	—	778,971
	<u>\$ 55,119,059</u>	<u>\$ 1,190,607</u>	<u>\$ 2,734,427</u>	<u>\$ 834,361</u>	<u>\$ 59,878,454</u>

(4) Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Completed Construction</u>	<u>Ending Balance</u>
Capital assets, not depreciated					
Land	\$ 26,015,870	\$ —	\$ —	\$ —	\$ 26,015,870
Construction in progress	8,707,043	20,902,187	—	(17,732,537)	11,876,693
Total capital assets, not depreciated	34,722,913	20,902,187	—	(17,732,537)	37,892,563
Capital assets, depreciated					
Land improvements	21,228,656	—	—	960,938	22,189,594
Buildings	341,405,511	—	—	—	341,405,511
Building improvements	271,126,190	—	—	16,771,599	287,897,789
Equipment	16,993,408	1,345,642	(223,922)	—	18,115,128
Total capital assets, depreciated	650,753,765	1,345,642	(223,922)	17,732,537	669,608,022
Less accumulated depreciation for					
Land improvements	(9,762,069)	(951,532)	—	—	(10,713,601)
Buildings	(152,969,141)	(6,445,096)	—	—	(159,414,237)
Building improvements	(106,052,263)	(10,614,827)	—	—	(116,667,090)
Equipment	(11,848,386)	(1,654,257)	223,922	—	(13,278,721)
Total accumulated depreciation	(280,631,859)	(19,665,712)	223,922	—	(300,073,649)
Net capital assets, depreciated	370,121,906	(18,320,070)	—	17,732,537	369,534,373
Total capital assets, net	<u>\$ 404,844,819</u>	<u>\$ 2,582,117</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 407,426,936</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

Depreciation expense for the year ended June 30, 2013 was charged to the following governmental functions:

Administration	\$	172,468
District support services		625,566
Elementary and secondary regular instruction		18,317,824
Special education instruction		247,198
Instructional support services		54,081
Pupil support services		66,077
Community service		182,498
		<u>19,665,712</u>
Total depreciation expense	\$	<u><u>19,665,712</u></u>

At June 30, 2013, the District had \$9,341,444 in outstanding construction commitments.

(5) Aid and Tax Anticipation Certificates

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

Issue Date	Maturity Date	Interest Rate	Beginning Balance	Additions	Retirements	Ending Balance
8/25/2011	9/9/2012	2.00%	\$ 54,758,312	\$ -	\$ (54,758,312)	\$ -
12/15/2011	9/11/2012	2.00%	24,463,846	-	(24,463,846)	-
6/14/2012	12/10/2012	0.75%	59,630,000	-	(59,630,000)	-
8/30/2012	9/10/2013	2.00%	-	35,801,365	-	35,801,365
			\$ 138,852,158	\$ 35,801,365	\$ (138,852,158)	\$ 35,801,365

Interest and other debt (fiscal charges) of \$504,850 were charged to the General Fund during the year, net of reoffering premiums.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

(6) Long-Term Liabilities

(a) Change in Long-Term Liabilities

During the fiscal year ended June 30, 2013, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds payable	\$ 352,165,000	\$ 53,120,000	\$ (36,185,000)	\$ 369,100,000	\$ 36,490,000
Certificates of participation payable	26,219,268	—	(5,794,469)	20,424,799	5,541,174
Unamortized discount/premium	<u>13,759,370</u>	<u>7,584,110</u>	<u>(1,319,930)</u>	<u>20,023,550</u>	<u>—</u>
Total long-term obligations	392,143,638	60,704,110	(43,299,399)	409,548,349	42,031,174
Compensated absences					
Severance benefits payable	10,207,339	2,008,234	(1,487,417)	10,728,156	1,905,314
Vacation payable	4,926,866	4,331,802	(3,522,966)	5,735,702	4,036,309
Early retirement incentive payable	<u>4,745,326</u>	<u>106,409</u>	<u>(1,178,076)</u>	<u>3,673,659</u>	<u>1,178,076</u>
	<u>\$ 412,023,169</u>	<u>\$ 67,150,555</u>	<u>\$ (49,487,858)</u>	<u>\$ 429,685,866</u>	<u>\$ 49,150,873</u>

The District offers a number of benefits to its employees, including severance pay, vacation pay, and early retirement incentive pay. 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, Food Service, and Community Service Funds).

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

(b) Components of Long-Term Liabilities

(i) General Obligation Bonds Payable

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds were issued for school improvement, acquisition, and construction programs. General obligation bonds outstanding at June 30, 2013 include:

Date of Issue	Issue	Date of Final Maturity	Coupon Rate Percentage	Amount of Original Issue	Outstanding at June 30, 2013
3/31/2003	2003B School Building Bonds	2/1/2024	3.0% – 4.5%	\$ 11,000,000	\$ 7,060,000
3/31/2003	2003C School Building Bonds	2/1/2024	3.5% – 4.5%	15,000,000	9,635,000
12/1/2004	2004B School Building Bonds	2/1/2025	3.0% – 5.0%	25,335,000	17,570,000
12/1/2004	2004C School Building Refunding Bonds	2/1/2017	3.5% – 4.0%	29,055,000	9,290,000
12/1/2005	2005A School Building Bonds	2/1/2026	4.0% – 5.0%	24,995,000	18,705,000
12/1/2005	2005B School Building Refunding Bonds	2/1/2021	4.0% – 5.0%	44,290,000	30,250,000
11/1/2006	2006A School Building Bonds	2/1/2021	4.0% – 5.0%	24,760,000	19,620,000
11/1/2007	2007A School Building Bonds	2/1/2028	4.0% – 5.0%	25,630,000	21,340,000
12/1/2008	2008A School Building Bonds	2/1/2029	3.0% – 5.0%	25,800,000	22,450,000
12/18/2008	2008B School Building Refunding Bonds	2/1/2018	3.5% – 4.5%	11,345,000	3,590,000
12/15/2009	2009B School Building Bonds	2/1/2030	2.0% – 4.0%	9,790,000	8,705,000
12/15/2009	2009C School Building Refunding Bonds	2/1/2015	3.0% – 5.0%	8,300,000	2,530,000
12/23/2009	2009D Taxable School Building Bonds	12/15/2025	1.585%	16,115,000	16,115,000
10/1/2010	2010A School Building Refunding Bonds	2/1/2021	3.0% – 4.0%	10,355,000	9,330,000
11/17/2010	2010B Taxable School Building Bonds	2/1/2031	.9% – 4.9%	7,750,000	7,130,000
11/17/2010	2010C Taxable School Building Bonds	2/1/2027	5.075%	18,250,000	18,250,000
6/11/2011	2011A School Building Bonds	2/1/2028	2.0% – 4.0%	26,000,000	25,065,000
8/15/2011	2011C School Building Refunding Bonds	2/1/2023	3.0% – 4.0%	16,010,000	16,010,000
6/15/2012	2012A School Building Bonds	2/1/2033	3.0% – 4.0%	24,980,000	24,980,000
6/15/2012	2012B School Building Refunding Bonds	2/1/2025	4.0% – 5.0%	28,355,000	28,355,000
6/25/2013	2013A School Building Bonds	2/1/2034	2.0% – 4.0%	24,485,000	24,485,000
6/25/2013	2013B School Building Refunding Bonds	2/1/2027	4.0% – 5.0%	28,635,000	28,635,000
				\$ 456,235,000	\$ 369,100,000

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 tax credit equal to 35 percent of the interest payment on this debt issue. Although the District has complied with all eligibility requirements for this credit, the District has received notice from the Internal Revenue Service that the next interest payment credit will be reduced by 8.7 percent.

The District's 2010C bonds were issued as Qualified School Construction Bonds – Direct Pay, for which the District will receive a federal tax credit equal to 100 percent of the interest payment on this debt issue. Although the District has complied with all eligibility requirements for this credit, the District has received notice from the Internal Revenue Service that the next interest payment credit will be reduced by 8.7 percent.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2013

During fiscal year 2012, the District issued \$16,010,000 Series 2011C General Obligation Refunding Bonds and \$28,355,000 Series 2012B General Obligation Refunding Bonds. For the 2011C issue, the proceeds were used to finance a crossover refunding of the 2002A and 2002B General Obligation Bonds. For the 2011C issue, the crossover occurred on February 1, 2013. For the 2012B issue, the proceeds were used to finance a crossover refunding of the 2003B, 2003C, and 2004B General Obligation Bonds. For the 2012B issue, the crossover of the 2003B and 2003C will occur on February 1, 2014 and the 2004B on February 1, 2015. The proceeds of the 2011C and 2012B issues were 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 2002A, 2002B, 2003B, 2003C, and 2004B issues, and all debt service on the 2011C and 2012B issues will be paid from the escrow account. The 2011C issue was undertaken to reduce the total future debt service payments by \$1,354,070 and resulted in present value savings of \$1,357,369. 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 \$24,485,000 in General Obligation School Building Bonds, Series 2013A. The proceeds will be used to finance various deferred maintenance and repairs, health and safety projects, handicapped accessibility projects, and acquisition and betterment of school facilities.

During fiscal year 2013, The District issued \$28,635,000 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 on February 1, 2017. The proceeds of the 2013B issue has 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.

The District's legal debt limit is 15 percent of the fair market value of the property within the District, totaling \$2,634,222,469 at June 30, 2013. The District's legal debt margin at June 30, 2013 is \$2,333,845,387.

At June 30, 2013, \$102,985,000 of defeased general obligation debt is outstanding.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

(ii) Certificates of Participation

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, 2013 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>
2/1/1990	1/1/2015	5.90% – 7.10%	\$ 23,148,543	\$ 717,720
1/7/1993	1/1/2017	5.40% – 6.35%	5,603,508	812,079
11/1/2006	2/1/2016	4.00%	14,420,000	5,495,000
11/1/2006	2/1/2018	4.00%	9,370,000	4,835,000
1/29/2009	2/1/2019	3.50% – 4.25%	8,715,000	5,610,000
6/15/2011	2/1/2015	3.0% – 4.0%	5,885,000	2,955,000
			<u>\$ 67,142,051</u>	<u>\$ 20,424,799</u>

(c) Minimum Debt Service Payments

Annual debt service requirements to maturity for the bonds and certificates of participation are as follows:

	<u>Bonds</u>		<u>Certificates</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending June 30:						
2014	\$ 36,490,000	\$ 14,575,514	\$ 5,541,174	\$ 2,912,215	\$ 42,031,174	\$ 17,487,729
2015	36,235,000	13,919,339	5,689,518	2,756,070	41,924,519	16,675,409
2016	35,855,000	12,362,716	3,990,476	979,712	39,845,476	13,342,428
2017	34,545,000	10,743,946	2,123,631	839,757	36,668,630	11,583,703
2018	19,320,000	9,175,271	2,045,000	125,786	21,365,000	9,301,057
2019 – 2023	85,230,000	33,647,383	1,035,000	43,986	86,265,000	33,691,369
2024 – 2028	74,800,000	17,402,741	—	—	74,800,000	17,402,741
2029 – 2033	44,980,000	3,788,796	—	—	44,980,000	3,788,796
2034	1,645,000	53,463	—	—	1,645,000	53,463
	<u>\$ 369,100,000</u>	<u>\$ 115,669,169</u>	<u>\$ 20,424,799</u>	<u>\$ 7,657,526</u>	<u>\$ 389,524,799</u>	<u>\$ 123,326,695</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

(7) 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 5 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, 2013, the present value cost of expected future benefit payments of the termination benefits under the ERI over the remaining three-year period, discounted at 2.5 percent, is \$3,673,659, and is recorded on the government-wide statements as a long-term liability.

(8) Postemployment Benefits Other than Pensions

The cost of postemployment healthcare benefits, from an accrual account perspective, similar to the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB No. 45), the District recognizes the cost of postemployment healthcare in the year the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. Recognition of the liability accumulated from prior years will be amortized over 30 years.

(a) Plan Description

The District provides postemployment healthcare benefits to certain eligible employees. The District provides these benefits in a single-employer defined benefit healthcare plan administered by the District. All of the postemployment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement. Employees who retire before age 65 and meet the eligibility requirements for health insurance shall continue to be provided health insurance contributions by the District until such employees reach 65 years of age. Employees hired into the District before January 1, 1996 and who retired prior to January 1, 1998, upon reaching age 65 and meeting the service eligibility requirements, shall receive, at no cost to the retiree, health insurance premium coverage for the remainder of the retiree's and dependent's life. Employees hired into the District before January 1, 1996 and who retire on or after January 1, 1998, upon reaching age 65 and meeting the service eligibility requirements, shall continue to receive the District's contribution toward health insurance premiums for the remainder of the retiree's and dependent's lives. Premium contributions for such policies will not exceed \$300 per month for single coverage and \$400 per month for family coverage. Premium contributions for non-Medicare-eligible employees will not exceed \$400 per month for single coverage and \$500 per month for family coverage. Employees hired on or after January 1, 1996 shall not have and acquire in any way any eligibility for District-paid health insurance premium contributions for coverage in retirement at age 65 and over.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

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

(b) Funding Policy

The required contribution is based on a projected pay-as-you-go financing requirement.

(c) Annual OPEB Cost and Net OPEB Obligation

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of 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 District’s OPEB cost for the current year and the related information is as follows at June 30, 2013:

Annual required contribution (ARC)	\$	27,724,300
Interest on net OPEB obligation		1,936,535
Adjustment to ARC		<u>(3,810,023)</u>
Annual OPEB cost (expense)		25,850,812
Contributions made		<u>(14,264,457)</u>
Increase in net OPEB obligation		11,586,355
Net OPEB obligation, beginning of year		<u>77,461,390</u>
Net OPEB obligation, end of year	\$	<u><u>89,047,745</u></u>

(d) Three-Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 25,850,812	55.2%	\$ 89,047,745
June 30, 2012	\$ 25,987,019	69.1%	\$ 77,461,390
June 30, 2011	\$ 32,070,501	44.4%	\$ 69,440,982

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

(e) *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 UAAL to 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 of 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(f) *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 AAL 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, which is a long-term rate of return on general account assets; 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.

(9) *Joint Powers Agreement*

(a) *Metropolitan Learning Alliance*

The District has formed a joint powers entity [Metropolitan Learning Alliance (MLA)] with four metropolitan area districts. The purpose of such agreement is to jointly and cooperatively establish educational programming at the Mall of America for research and development of lifelong learning and outcome-based education. This educational programming is being accomplished in collaboration with the Mall of America business community. The MLA Board of Trustees consists of 12 members. Five of the members have voting rights. The five voting members are the School Board members who have been designated as representatives by and for the respective districts. The remaining seven are the superintendents of the respective schools and two persons designated by the Mall of America business community.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2013

Each district is responsible for funding MLA on a per-pupil basis with respect to the enrollment or participation in MLA educational programming by pupils residing within the geographical boundaries of each respective district. It is the intent that each district's respective per-pupil MLA expenditures not exceed like expenditures for pupils enrolled in each respective district's own educational programming, excluding capital expenditure aid, referendum revenue, and intradistrict integration grants. It is the intent that grants and donations from other governmental and nongovernmental entities shall be a major source of MLA funding. Although the districts have equal equity interest, the amount at the end of each fiscal year is minimal. The District's equity interest at June 30, 2013 in the MLA is immaterial and, therefore, not recorded in the District's financial statements. Further financial information can be obtained from the MLA.

(b) *East Metro Integration District*

The District is a member of the East Metro Integration District (District No. 6067) that 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 District 6067 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 this can be obtained through the Joint Powers Board or member school districts. Further financial information can be obtained from District No. 6067.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

(10) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees (workers' compensation); and natural disasters. To mitigate these risks, the District has obtained general liability insurance through Riverport Insurance Company, a subsidiary of Berkley Risk Administrators (limited to \$1,500,00 each occurrence) along with property and casualty insurance through Affiliated FM Insurance Company (\$100,000 deductible per occurrence). Affiliated FM Insurance Company has obtained a reinsurance policy. Settlement 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 2013.

Workers' compensation coverage is self-insured by the District and is administered by a third party administrator, Cannon Cochran Management Services, Inc. (CCMSI). The District is a member of the Workers' Compensation Reinsurance Association (WCRA); an independent, nonprofit organization established by the State Legislature, governed by its own Board of Directors and regulated by the Department of Labor and Industry. The WCRA reimburses the District for all statutory workers' compensation loss payments in excess of the chosen retention limit on a per-occurrence basis. The District's current WCRA retention level is \$1,880,000. The District pays quarterly premiums to WCRA and is subject to additional assessments. Changes in the estimated workers' compensation liability during the past two years are as follows:

	2013	2012
Estimated liability at beginning of year	\$ 11,581,804	\$ 11,541,294
Increased claims (including IBNR)	4,306,741	3,056,479
Administrative payments	(159,503)	(154,815)
Claim payments	(2,967,059)	(2,861,154)
Estimated liability at end of year	\$ 12,761,983	\$ 11,581,804

The District carries group employer insurance for employee health and dental coverage.

(11) Defined Benefit Pension Plans

The St. Paul Teachers' Retirement Fund Association (SPTRFA) is a single-employer pension plan. The Public Employees Retirement Association (PERA) is a cost-sharing multiple employer pension plan. Substantially all employees of the District are required by state law to belong to pension plans administered by the SPTRFA or PERA.

(a) St. Paul Teachers Retirement Fund Association

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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

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:

	<u>Coordinated Plan Member</u>	<u>Basic Plan Member</u>
Tier I		
Each year of service during the first 10 years	1.2% per year	2.0% per year
Each year of service thereafter (up to a maximum of 40 years)	1.7% per year	2.0% per year
Tier II		
All years of service	1.7% per year	2.5% per year

The formula percentage is applied to the average of the highest five successive annual salaries for Coordinated Plan members and the best five 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

Funding Policy and Annual Pension Cost

The District makes 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	8.25%	5.75%
District	11.89%	8.59%
Annual pension cost	\$ 263,302	\$ 22,246,772
Contributions made	\$ 263,302	\$ 22,246,772
Actuarial valuation date	July 1, 2012	July 1, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent of pay, assuming 4% payroll growth	Level percent of pay, 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 5.0 – 9.9%, age and service based	Based on a 10-year select and ultimate rate table with rates ranging from 5.0 – 9.9%, age and service based
Cost-of-living adjustments	1.00%	1.00%

Three-Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Basic Plan	June 30, 2011	\$ 728,828	100%	\$ —
	June 30, 2012	\$ 306,455	100%	\$ —
	June 30, 2013	\$ 263,302	100%	\$ —
Coordinated Plan	June 30, 2011	\$ 20,924,608	100%	\$ —
	June 30, 2012	\$ 20,951,778	100%	\$ —
	June 30, 2013	\$ 22,246,772	100%	\$ —

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

(b) *Public Employees Retirement Association*

Plan Description

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

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

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2013

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERS. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA, 60 Empire Drive, Suite 200, St. Paul, MN 55103-2088, or by calling (651) 296-7460 or (800) 652-9026.

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 statute. GERS Basic and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary. The District was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members and 7.25 percent for Coordinated Plan members. The District's contributions to GERS for the years ended June 30, 2013, 2012, and 2011 were \$6,865,761, \$6,513,609, and \$6,421,530, respectively, equal to the contractually required contributions for each year as set by state statutes.

(12) Expenditures over Appropriations

Actual expenditures exceeded budgeted amounts in the Food Service and Debt Service Funds by \$1,102,278 and \$1,642,604, respectively. These variances were financed by revenues in excess of budget, other financing sources, or available fund balance.

(13) Transfers

During fiscal year 2013, the District transferred \$33,820 from the General Fund to the Food Service Fund for amounts levied on behalf of the food service operation.

(14) Commitments and Contingencies

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.

Legal Claims

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.

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Required Supplementary Information

June 30, 2013

Postemployment Benefits Other Than Pensions

Schedule of Funding Progress – Unaudited Required Supplementary Information

Actuarial analysis of the District’s funding status is presented below.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
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

Schedule of Funding Progress – Unaudited Required Supplementary Information

Actuarial analysis of the District’s funding status is presented below. All amounts are expressed in thousands of dollars.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2012	\$ 911,930	\$ 1,471,216	\$ 559,286	61.98%	\$ 239,053	233.96%
July 1, 2011	\$ 972,718	\$ 1,389,875	\$ 417,157	69.99%	\$ 239,738	174.01%
July 1, 2010	\$ 1,001,444	\$ 1,471,630	\$ 470,186	68.05%	\$ 239,996	195.91%

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

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, 2013

	General			Food Service			Community Service		
	Budgeted Amounts		Actual	Budgeted Amounts		Actual	Budgeted Amounts		Actual
	Original	Final		Original	Final		Original	Final	
Revenues									
Local sources									
Property taxes	\$ 82,111,331	\$ 82,111,331	\$ 85,176,569	\$ —	\$ —	\$ —	\$ 3,280,769	\$ 3,280,769	\$ 3,409,737
County and other	10,277,788	13,714,585	14,980,532	—	—	34,584	5,887,208	7,245,154	7,354,676
State	394,814,260	396,670,533	390,342,972	1,562,000	1,562,000	1,216,903	12,458,990	13,023,023	12,898,387
Federal	42,279,638	55,113,237	47,971,924	20,869,000	20,869,000	21,340,460	1,318,751	2,262,456	1,979,284
Investment earnings	—	—	183,250	1,800	1,800	1,032	—	—	1,304
Sales and conversions of assets	—	—	389,280	2,429,700	2,429,700	2,460,775	—	—	2,186
Total revenues	529,483,017	547,609,686	539,044,527	24,862,500	24,862,500	25,053,754	22,945,718	25,811,402	25,645,574
Expenditures									
Current									
Administration	26,395,856	25,169,113	18,987,128	—	—	—	—	—	—
District support services	12,707,668	22,434,947	14,655,827	—	—	—	—	—	—
Elementary and secondary regular instruction	252,889,323	277,825,580	263,182,275	—	—	—	—	—	—
Vocational education instruction	1,067,978	2,569,191	4,805,661	—	—	—	—	—	—
Special education instruction	101,033,017	108,193,650	108,879,793	—	—	—	—	—	—
Instructional support services	29,926,440	37,428,411	32,956,175	—	—	—	—	—	—
Pupil support services	46,736,701	51,624,097	46,715,132	—	—	—	812,000	980,882	958,820
Sites and buildings	65,039,334	48,214,675	43,664,771	—	—	—	—	—	—
Food service	—	—	—	24,897,500	24,897,500	25,999,778	—	—	—
Community service	—	—	—	—	—	—	22,820,568	25,517,370	24,575,813
Debt service									
Interest	—	—	426,417	—	—	—	—	—	—
Other debt	600,000	600,000	78,433	—	—	—	—	—	—
Total expenditures	536,396,317	574,059,664	534,351,612	24,897,500	24,897,500	25,999,778	23,632,568	26,498,252	25,534,633
Excess (deficiency) of revenues over (under) expenditures	(6,913,300)	(26,449,978)	4,692,915	(35,000)	(35,000)	(946,024)	(686,850)	(686,850)	110,941
Other financing sources (uses)									
Transfers in	—	—	—	15,000	15,000	33,820	—	—	—
Transfers (out)	—	—	(33,820)	—	—	—	—	—	—
Sale of capital assets	13,300	4,300	21,331	20,000	20,000	16,734	—	—	—
Total other financing sources (uses)	13,300	4,300	(12,489)	35,000	35,000	50,554	—	—	—
Net change in fund balances	\$ (6,900,000)	\$ (26,445,678)	4,680,426	\$ —	\$ —	(895,470)	\$ (686,850)	\$ (686,850)	110,941
Fund balances at beginning of year			110,250,660			4,854,591			3,619,592
Fund balances at end of year			\$ 114,931,086			\$ 3,959,121			\$ 3,730,533

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Note to Required Supplementary Information

June 30, 2013

Budgetary Information

The budget for the General Fund, Food Service, and Community Service Special Revenue Funds is 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 Deputy of School and Business Operations 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 three 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 Fund exceeded budgeted appropriations by \$1,102,278 during fiscal year ended June 30, 2013. This variance was financed with revenues in excess of budget and available fund balance.

SUPPLEMENTAL INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

General Fund
Combining Balance Sheet
June 30, 2013

	General Fund Accounts	Fully Financed General Fund Accounts	Totals
Assets			
Cash and investments	\$ 129,250,526	\$ 513,655	\$ 129,764,181
Restricted cash and investments in revocable trust for OPEB obligations	3,137,546	—	3,137,546
Receivables			
Current taxes	51,430,252	—	51,430,252
Delinquent taxes	2,133,222	—	2,133,222
Due from other governmental units	48,973,740	6,145,319	55,119,059
Other	78,711	253,600	332,311
Inventories	613,023	—	613,023
Prepaid items	1,199,926	47,998	1,247,924
Total assets	\$ 236,816,946	\$ 6,960,572	\$ 243,777,518
Liabilities			
Accounts payable	\$ 15,931,138	\$ 669,260	\$ 16,600,398
Accrued expenditures	33,094,311	2,869,971	35,964,282
Aid anticipation certificate payable	35,801,365	—	35,801,365
Due to other governmental units	463,278	2,921	466,199
Unearned revenue	481,775	2,953,062	3,434,837
Total liabilities	85,771,867	6,495,214	92,267,081
Deferred inflows of resources			
Property taxes levied for subsequent year	34,860,246	—	34,860,246
Unavailable revenue – delinquent taxes	1,719,105	—	1,719,105
Total deferred inflows of resources	36,579,351	—	36,579,351
Fund balance			
Nonspendable for inventories and prepaid items	1,812,949	47,998	1,860,947
Restricted for			
Operating capital	8,280,347	—	8,280,347
Area learning center	607,649	—	607,649
Retiree health insurance premiums	1,906,838	—	1,906,838
OPEB revocable trust	3,137,546	—	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	4,201,473	—	4,201,473
Next year operations	12,654,313	—	12,654,313
Strong Schools, Strong Communities initiative	11,340,000	—	11,340,000
OPEB revocable trust	8,545,687	—	8,545,687
Site based operations	716,328	—	716,328
Intraschool activities	2,301,660	—	2,301,660
Unassigned			
Health and safety restricted account deficit	(853,158)	—	(853,158)
Unassigned	31,898,348	417,360	32,315,708
Total fund balance	114,465,728	465,358	114,931,086
Total liabilities, deferred inflows of resources, and fund balance	\$ 236,816,946	\$ 6,960,572	\$ 243,777,518

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

General Fund Accounts

Balance Sheet

June 30, 2013

Assets	
Cash and investments	\$ 129,250,526
Restricted cash and investments in revocable trust for OPEB obligations	3,137,546
Receivables	
Current taxes	51,430,252
Delinquent taxes	2,133,222
Due from other governmental units	48,973,740
Other	78,711
Inventories	613,023
Prepaid items	<u>1,199,926</u>
Total assets	<u><u>\$ 236,816,946</u></u>
Liabilities	
Accounts payable	\$ 15,931,138
Accrued expenditures	33,094,311
Aid anticipation certificate payable	35,801,365
Due to other governmental units	463,278
Unearned revenue	<u>481,775</u>
Total liabilities	<u>85,771,867</u>
Deferred inflows of resources	
Property taxes levied for subsequent year	34,860,246
Unavailable revenue – delinquent taxes	<u>1,719,105</u>
Total deferred inflows of resources	<u>36,579,351</u>
Fund balance	
Nonspendable for inventories and prepaid items	1,812,949
Restricted for	
Operating capital	8,280,347
Area learning center	607,649
Retiree health insurance premiums	1,906,838
OPEB revocable trust	3,137,546
Committed to	
Severance pay	2,538,018
Retiree health insurance	25,377,730
Assigned to	
Contractual obligations	4,201,473
Next year operations	12,654,313
Strong Schools, Strong Communities initiative	11,340,000
OPEB revocable trust	8,545,687
Site based operations	716,328
Intraschool activities	2,301,660
Unassigned	
Health and safety restricted account deficit	(853,158)
Unassigned	<u>31,898,348</u>
Total fund balance	<u>114,465,728</u>
Total liabilities, deferred inflows or resources, and fund balances	<u><u>\$ 236,816,946</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Fully Financed General Fund Accounts

Balance Sheet

June 30, 2013

Assets	
Cash and investments	\$ 513,655
Receivables	
Due from other governmental units	6,145,319
Other	253,600
Prepaid items	<u>47,998</u>
Total assets	<u><u>\$ 6,960,572</u></u>
Liabilities	
Accounts payable	\$ 669,260
Accrued expenditures	2,869,971
Due to other governmental units	2,921
Unearned revenue	<u>2,953,062</u>
Total liabilities	<u>6,495,214</u>
Fund balance	
Nonspendable for prepaid items	47,998
Unassigned	<u>417,360</u>
Total fund balance	<u>465,358</u>
Total liabilities and fund balance	<u><u>\$ 6,960,572</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

General Fund

Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances

Year Ended June 30, 2013

	General Fund Accounts	Fully Financed General Fund Accounts	Totals
Revenues			
Local sources			
Property taxes	\$ 85,176,569	\$ —	\$ 85,176,569
County and other	10,182,109	4,798,423	14,980,532
State	387,957,196	2,385,776	390,342,972
Federal	1,361,649	46,610,275	47,971,924
Investment earnings	183,250	—	183,250
Sales and conversions of assets	389,280	—	389,280
	485,250,053	53,794,474	539,044,527
Expenditures			
Current			
Administration	18,953,956	33,172	18,987,128
District support services	14,572,018	83,809	14,655,827
Elementary and secondary regular instruction	227,218,636	35,963,639	263,182,275
Vocational education instruction	3,870,951	934,710	4,805,661
Special education instruction	96,912,499	11,967,294	108,879,793
Instructional support services	30,055,974	2,900,201	32,956,175
Pupil support services	45,060,966	1,654,166	46,715,132
Sites and buildings	43,664,771	—	43,664,771
Debt service			
Interest	426,417	—	426,417
Other debt	78,433	—	78,433
	480,814,621	53,536,991	534,351,612
Excess of revenues over expenditures	4,435,432	257,483	4,692,915
Other financing sources (uses)			
Transfer (out)	(33,820)	—	(33,820)
Sale of capital assets	21,331	—	21,331
	(12,489)	—	(12,489)
Net change in fund balances	4,422,943	257,483	4,680,426
Fund balance at beginning of year	110,042,785	207,875	110,250,660
Fund balance at end of year	\$ 114,465,728	\$ 465,358	\$ 114,931,086

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

General Fund Accounts

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Final Budget and Actual

Year Ended June 30, 2013

	Final Budget	Actual
Revenues		
Local sources		
Property taxes	\$ 82,111,331	\$ 85,176,569
County and other	6,919,079	10,182,109
State	393,827,204	387,957,196
Federal	850,001	1,361,649
Interest earnings	—	183,250
Sales and conversions of assets	—	389,280
	483,707,615	485,250,053
Expenditures		
Current		
Administration	25,139,113	18,953,956
District support services	22,236,848	14,572,018
Elementary and secondary regular instruction	235,767,779	227,218,636
Vocational education instruction	1,513,905	3,870,951
Special education instruction	93,820,745	96,912,499
Instructional support services	33,176,181	30,055,974
Pupil support services	49,688,347	45,060,966
Sites and buildings	48,214,675	43,664,771
Debt service		
Interest	—	426,417
Other debt	600,000	78,433
	510,157,593	480,814,621
Excess (deficiency) of revenues over (under) expenditures	(26,449,978)	4,435,432
Other financing sources (uses)		
Transfers (out)	—	(33,820)
Sale of capital assets	4,300	21,331
	4,300	(12,489)
Total other financing sources (uses)		
Net change in fund balances	\$ (26,445,678)	4,422,943
Fund balance at beginning of year		110,042,785
Fund balance at end of year		\$ 114,465,728

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Fully Financed General Fund Accounts

Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Final Budget and Actual

Year Ended June 30, 2013

	Final Budget	Actual
Revenues		
Local sources		
County and other	\$ 6,795,506	\$ 4,798,423
State	2,843,329	2,385,776
Federal	54,263,236	46,610,275
Total revenues	63,902,071	53,794,474
Expenditures		
Current		
Administration	30,000	33,172
District support services	198,099	83,809
Elementary and secondary regular instruction	42,057,801	35,963,639
Vocational education instruction	1,055,286	934,710
Special education instruction	14,372,905	11,967,294
Instructional support services	4,252,230	2,900,201
Pupil support services	1,935,750	1,654,166
Total expenditures	63,902,071	53,536,991
Net change in fund balances	\$ —	257,483
Fund balance at beginning of year		207,875
Fund balance at end of year		\$ 465,358

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Food Service Fund

Balance Sheet

June 30, 2013

Assets	
Cash and investments	\$ 3,606,787
Receivables	
Due from other governmental units	1,190,607
Other	1,957
Inventories	<u>926,408</u>
Total assets	<u>\$ 5,725,759</u>
Liabilities	
Accounts payable	\$ 756,324
Accrued expenditures	<u>1,010,314</u>
Total liabilities	<u>1,766,638</u>
Fund balance	
Nonspendable for inventories	926,408
Restricted for food service	<u>3,032,713</u>
Total fund balance	<u>3,959,121</u>
Total liabilities and fund balance	<u>\$ 5,725,759</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Food Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2013

Revenues		
Local sources		
County and other	\$	34,584
State		1,216,903
Federal		21,340,460
Investment earnings		1,032
Sales and conversion of assets		<u>2,460,775</u>
Total revenues		<u>25,053,754</u>
Expenditures		
Current		
Food service		<u>25,999,778</u>
Excess (deficiency) of revenues over (under) expenditures		(946,024)
Other financing sources		
Transfer in		33,820
Sale of capital assets		<u>16,734</u>
Total other financing sources		<u>50,554</u>
Net change in fund balances		(895,470)
Fund balance at beginning of year		<u>4,854,591</u>
Fund balance at end of year	\$	<u><u>3,959,121</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Community Service Fund

Balance Sheet

June 30, 2013

Assets	
Cash and investments	\$ 2,918,456
Receivables	
Current taxes	2,046,595
Delinquent taxes	99,901
Due from other governmental units	2,734,427
Other	97,905
Prepaid items	<u>34,420</u>
Total assets	<u><u>\$ 7,931,704</u></u>
Liabilities	
Accounts payable	\$ 1,026,426
Accrued expenditures	1,075,537
Unearned revenue	<u>244,098</u>
Total liabilities	<u>2,346,061</u>
Deferred inflows of resources	
Property taxes levied for subsequent year	1,771,383
Unavailable revenue – delinquent taxes	<u>83,727</u>
Total deferred inflows of resources	<u>1,855,110</u>
Fund balance	
Nonspendable for prepaid items	34,420
Restricted for	
Adult basic education	699,114
School readiness	226,037
Community education	1,838,929
ECFE	541,450
Community service	<u>390,583</u>
Total fund balance	<u>3,730,533</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 7,931,704</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Community Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2013

Revenues		
Local sources		
Property taxes	\$	3,409,737
County and other		7,354,676
State		12,898,387
Federal		1,979,284
Investment earnings		1,304
Sale and conversion of assets		2,186
		<hr/>
Total revenues		25,645,574
		<hr/>
Expenditures		
Current		
Pupil support services		958,820
Community service		24,575,813
		<hr/>
Total expenditures		25,534,633
		<hr/>
Net change in fund balances		110,941
Fund balance at beginning of year		3,619,592
		<hr/>
Fund balance at end of year	\$	<u><u>3,730,533</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Capital Projects Fund

Balance Sheet

June 30, 2013

Assets	
Restricted cash and investments for capital projects	\$ 54,500,368
Receivables	
Other	<u>13,697</u>
Total assets	<u>\$ 54,514,065</u>
Liabilities	
Accounts payable	\$ 7,370,329
Accrued expenditures	<u>262,109</u>
Total liabilities	<u>7,632,438</u>
Fund balance	
Restricted for	
Alternative facilities program	16,444,380
Capital projects	<u>30,437,247</u>
Total fund balance	<u>46,881,627</u>
Total liabilities and fund balance	<u>\$ 54,514,065</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Final Budget and Actual

Year Ended June 30, 2013

	Final Budget	Actual
Revenues		
Local sources		
County and other	\$ 5,000	\$ 204,189
Investment earnings (charges)	95,000	(39,722)
Total revenues	100,000	164,467
Expenditures		
Current		
Sites and buildings	29,000,000	26,869,165
Debt service		
Other debt	—	238,852
Total expenditures	29,000,000	27,108,017
Deficiency of revenue under expenditures	(28,900,000)	(26,943,550)
Other financing sources		
Building bonds issued	26,000,000	23,963,340
Premium on bonds issued	—	1,777,058
Total other financing sources	26,000,000	25,740,398
Net change in fund balances	\$ (2,900,000)	(1,203,152)
Fund balance at beginning of year		48,084,779
Fund balance at end of year		\$ 46,881,627

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Debt Service Fund

Balance Sheet

June 30, 2013

Assets	
Cash and investments	\$ 14,014,692
Restricted cash and investments for debt service	69,828,566
Receivables	
Current taxes	26,021,522
Delinquent taxes	1,094,913
Due from other governmental units	834,361
Other	301,991
Prepaid items	<u>1,377,000</u>
Total assets	<u>\$ 113,473,045</u>
Liabilities	
Accounts payable	<u>\$ 2,000</u>
Deferred inflows of resources	
Property taxes levied for subsequent year	43,832,842
Unavailable revenue – delinquent taxes	<u>915,285</u>
Total deferred inflows of resources	<u>44,748,127</u>
Fund balance	
Nonspendable for prepaid items	1,377,000
Restricted for	
Bond refunding	66,341,524
QSCB payments	3,789,033
Unassigned	<u>(2,784,639)</u>
Total fund balance	<u>68,722,918</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 113,473,045</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Final Budget and Actual

Year Ended June 30, 2013

	Final Budget	Actual
Revenues		
Local sources		
Property taxes	\$ 39,498,000	\$ 38,541,364
County and other	—	193,998
State	3,733,000	3,878,320
Federal	—	509,349
Investment earnings	200,000	136,193
Total revenues	43,431,000	43,259,224
Expenditures		
Debt service		
Principal payments	26,970,000	25,989,469
Interest	14,740,000	17,202,768
Other debt	140,000	300,367
Total expenditures	41,850,000	43,492,604
Excess (deficiency) of revenues over (under) expenditures	1,581,000	(233,380)
Other financing sources (uses)		
Refunding bonds issued	—	28,635,000
Building bonds issued	—	521,660
Premium on refunding bonds issued	—	5,807,052
Principal payments by refunded bond escrow agent	—	(15,990,000)
Total other financing sources (uses)	—	18,973,712
Net change in fund balances	\$ 1,581,000	18,740,332
Fund balance at beginning of year		49,982,586
Fund balance at end of year		\$ 68,722,918

OTHER DISTRICT INFORMATION

(UNAUDITED)

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools
Fully Financed Fund Program Grant Analysis
Schedule of Reimbursable Programs' Revenues and Expenditures
Year Ended June 30, 2013

Budget Code	Program Description	Budget	Cash	Grant Receivable June 30, 2013	Grant Payable June 30, 2013	Unearned Revenue June 30, 2013	Total Revenue	Total Expenditures
			Received or Transferred During Year Ended June 30, 2013					
	Title 1:							
29-2300 401	Title 1 Educationally Disadvantaged	\$19,316,094	\$22,159,333	\$1,791,388			\$23,950,721	\$14,353,208
29-2304 401	Title 1 Data Team Support	378,104	—				—	240,669
29-2305 401	Title 1 Professional Development	1,100,000	—				—	730,223
29-2307 401	Title 1 Prior Year	—	—				—	4,256,910
29-2310 401	Title 1 Homeless	935,000	—				—	778,762
29-2311 868	Title 1 Homeless McKinney Vento	100,000	61,632	35,667			97,299	97,298
29-2317 868	Title 1 Homeless McKinney Vento PY	14,187	14,187				14,187	14,187
29-2340 401	Title 1 Delinquent	250,000	—				—	112,435
29-2341 406	Title 1 Project For Delinquency	223,182	110,647				110,647	110,647
29-2347 406/471	Title 1 Project For Delinquency PY Carry Over	131,883	131,882				131,882	131,883
29-2632 401	Title 1 District Support	269,000	—				—	145,936
29-2633 401	Title 1 LEA Level Activities	1,426,217	—				—	55,605
29-2636 401	Title 1 Neglected	150,000	—				—	55,646
29-2638 401	Title 1 Parent Involvement	317,901	—				—	256,405
29-2642 401	Title 1 LEA Activities – School Improvement	450,000	—				—	—
29-2643 401	Title 1 District Improvement PD CP	1,163,100	—				—	—
29-2645 401	Title I Part A Basic – OCPE – Parent Academy	700,000	—				—	560,152
29-2646 401	Title I Part A Basic – Fostering Connection	123,149	—				—	103,144
29-2647 401	Title I	414,436	(165,112)	165,112			—	192,292
29-2667 401	Title I Part A Basic – Focus School Set Aside	1,000,000	—				—	2,109,334
29-3300 851	Title 1 School Improvement	927,066	241,979	702,572			944,551	944,551
29-3300 473	Title 1 School Improvement – Humboldt	412,546	332,667	79,879			412,546	412,546
29-3300 473	Title 1 School Improvement – Maxfield	381,673	213,364	99,489			312,853	312,853
29-3303 473	Title 1 AYP Additional Grants – Humboldt	517,834	385,678	94,386			480,064	480,064
29-3303 473	Title 1 AYP Additional Grants – Maxfield	306,111	212,165	60,732			272,897	272,897
	Total Title 1	31,007,483	23,698,422	3,029,225	—	—	26,727,647	26,727,647
	Title IV:							
29-1011	Federal Carry Over	196,599	1,575,331				1,575,331	1,575,331
29-1012	Federal Carry Over Year 2	581,587	581,587				581,587	581,587
29-1080	Preschool Incentive	319,992	216,123	19,786			235,909	235,909
29-1290	Part H	584,018	262,941	51,970			314,911	314,911
29-1330	Public Law 94-142	9,924,497	6,767,763	291,669	(750)		7,058,682	7,058,682
29-1351	Program Evaluation & Continuous Improvement	70,150	70,150				70,150	70,150
29-1640	Professional Development	—	—	23,266			23,266	23,266
	Total Title IV	11,676,843	9,473,895	386,691	(750)	—	9,859,836	9,859,836
	Title II:							
29-4430	Title II, Part A	2,929,964	1,757,012	446,797	(770)		2,203,039	2,203,039
29-4437	Title II, Part A PY Carry Over	2,178,699	2,098,108	80,591			2,178,699	2,178,699
	Total Title II	5,108,663	3,855,120	527,388	(770)	—	4,381,738	4,381,738
	Title III:							
29-4695	Title III	1,633,641	827,526	108,128			935,654	935,654
29-4695 442	Title III Children & Youth – Limited Eligibility	166,691	48,943	21,762			70,705	70,705
29-4697	Title III – PY Carry Over	771,380	717,798	53,582			771,380	771,380
	Total Title III	2,571,712	1,594,267	183,472	—	—	1,777,739	1,777,739

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools
Fully Financed Fund Program Grant Analysis
Schedule of Reimbursable Programs' Revenues and Expenditures
Year Ended June 30, 2013

Budget Code	Program Description	Budget	Cash	Grant Receivable June 30, 2013	Grant Payable June 30, 2013	Unearned Revenue June 30, 2013	Total Revenue	Total Expenditures
			Received or Transferred During Year Ended June 30, 2013					
29-2980 428/475	Carl Perkins Act, Public Law 84-524: Intensified Services for Disadvantaged	563,893	517,408	42,384	(1,368)		558,424	558,424
29-2981	Perkins PY Carry Over	35,981	35,981				35,981	35,981
29-3080	Strengthening Community Partnerships	6,000	—	3,538			3,538	3,538
	Total Carl Perkins Act	605,874	553,389	45,922	(1,368)	—	597,943	597,943
29-2010	Indian Education: Indian Education Title VII	285,764	272,221	14,415			286,636	286,636
	Total Indian Education	285,764	272,221	14,415	—	—	286,636	286,636
29-1053	Miscellaneous Federal: SPDG Collaboration with MPLS	298,141	115,632	172,504			288,136	288,136
29-2040	Johnson-O'Malley	47,298	8,087	27,625			35,712	35,712
29-2070	Indian Education Chemical Prevention	159,734	97,839	58,773			156,612	156,612
29-2195	CPC – Investing In Innovation – U of MN	368,923	225,905	318,684			544,589	544,589
29-2209	Advanced Placement Incentive Program	86,075	—	84,157			84,157	84,157
29-2260	JROTC Programs	852,149	940,164			(6,822)	933,342	933,342
29-2365	Federal Reading Recovery i3	2,680	4,530			(983)	3,547	3,547
29-3356	Foreign Language Assistance Chinese Immersion	62,018	51,319	10,699			62,018	62,018
29-3830	Get Ready/Gear Up	255,000	223,679	108,719		(7)	332,391	332,391
29-4300	Reimbursable Health Services	247,043	(41,837)	244,407			202,570	202,570
29-4301	MCH Adolescent Health	18,527	13,527	2,231			15,758	15,758
29-4375	Elementary School Counselors	388,391	326,642	12,273			338,915	338,915
29-4631	Turnaround St. Paul	815,307	515,179	52,283			567,462	567,462
29-4715	KOM Refugee	10,000	41,831	881		(17,740)	24,972	24,972
29-4805	EPA Grant	35,324	15,172	13,979			29,151	29,151
	Total Miscellaneous Federal	3,646,610	2,537,669	1,107,215	—	(25,552)	3,619,332	3,619,332
29-1014	State of Minnesota: Alternative Delivery of Specialized Instruction Services (ADSIS)	1,371,923	961,976				961,976	961,976
29-2045	Diabetes Grant	27,684	32,063				32,063	32,063
29-2075	ICAP Program	40,697	8,447	32,588			41,035	41,035
29-2075	ICAP Intervention for College Attendance Program – Central	18,800	18,800			(18,800)	—	—
29-2200	Advanced Placement – Central	—	(500)	51,243			50,743	48,921
29-2200	Advanced Placement – Como Sr.	43,000	2,880	30,214			33,094	30,214
29-2200	Advanced Placement – Harding	—	7,483				7,483	—
29-2200	Advanced Placement – Humboldt	41,245	41,245	5,432			46,677	9,485
29-2200	Advanced Placement – Johnson	12,110	12,471	17,867			30,338	20,264
29-2200	Advanced Placement – Open World Learning	1,288	1,288	1,366			2,654	2,654
29-2200	Advanced Placement – Washington	—	1,950	6,440			8,390	7,472
29-2200	Advanced Placement – Murray Jr.	175	175				175	175
29-2200	IB PYP – Benjamin E Mays	—	11,735	2,770			14,505	—
29-2200	IB PYP – Highland Elem	—	1,797	2,979			4,776	4,776
29-2210	International Baccalaureate – Central	—	5,123	65,440			70,563	77,003
29-2220	International Baccalaureate – Harding	—	—	82,704			82,704	82,704
29-2225	IB PYP MYP Programs – Highland Pk Jr.	6,882	6,172	5,939			12,111	6,172
29-2225	IB PYP MYP Programs – Ramsey Jr.	4,623	—	9,747			9,747	4,624
29-2230	International Baccalaureate – Highland	66,625	—	52,096			52,096	52,096
29-2660	MSAB Grant – Open World	2,882	2,882				2,882	2,882
29-2660	MSAB Grant – Linwood	3,514	5,115			(1,601)	3,514	3,514
29-2660	MSAB Grant – Monroe	2,235	1,585				1,585	1,585
29-3070	Upward Bound – River Falls	8,000	4,314				4,314	4,314
29-3070	Upward Bound – Century College	16,000	9,276	1,779			11,055	11,055
29-3970	MN Agricultural Education – Humboldt	6,500	5,775				5,775	5,775
29-4125	VPSC Postsecondary Options Initiative – Harding	5,000	—	5,000		(264)	4,736	4,736
29-4810	Success For the Future	133,976	119,888	7,765			127,653	127,631
29-4885	Cy Pres Program	375,583	375,583			(301,736)	73,847	73,847
29-9260	Field Trip Outside Source	40,000	33,046	3,840			36,886	44,364
29-9337	Teacher Education Redesign Initiative – TERI	10,000	—	8,414			8,414	8,414
	Total State of Minnesota	2,238,742	1,670,569	393,623	—	(322,401)	1,741,791	1,669,751

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools
Fully Financed Fund Program Grant Analysis
Schedule of Reimbursable Programs' Revenues and Expenditures
Year Ended June 30, 2013

Budget Code	Program Description	Cash Received or Transferred		Grant Receivable	Grant Payable	Unearned Revenue	Total Revenue	Total Expenditures
		Budget	Year Ended June 30, 2013					
	Ramsey/ Hennepin County:							
29-1030	City of St. Paul Training	16,444	2,668				2,668	2,668
29-4385	Statewide Health Improvement	167,400	43,398	104,564			147,962	147,962
	Total Ramsey/ Hennepin County	183,844	46,066	104,564	—	—	150,630	150,630
	Private:							
29-1020	SW Miscellaneous Grants/Donations	9,290	10,915	1,990		(6,139)	6,766	6,766
29-1209	Gillette Children's Hospital TDR	4,983	9,631			(2,428)	7,203	7,203
29-2050	Indian Ed Student Celebrations	47,988	54,736	1,500		(29,948)	26,288	26,287
29-2082	Ecolab Visions For Change – Humboldt Sr.	1,131	1,131				1,131	—
29-2082	Ecolab FIRST Robotics – Humboldt Sr.	7,000	7,000			(7,000)	—	4,379
29-2082	Ecolab FIRST Robotics – Humboldt Sr.	4,653	4,653			(274)	4,379	4,379
29-2082	Ecolab AVID – Humboldt Sr.	72,498	72,497			(47,137)	25,360	25,360
29-2082	Ecolab Vista Tutoring – Humboldt Sr.	75,000	22,218	10,021			32,239	32,239
29-2082	SPPS Foundation – Washington	—	1,731				1,731	13,063
29-2660	Arts Programming	15,000	13,669			(12,820)	849	849
29-3040	Medtronics Crossroads	3,488	3,488			(497)	2,991	2,991
29-3070	Upward Bound	10,000	2,238	3,435			5,673	5,673
29-3180	Dean Witter – St. Anthony Park	—	1,611				1,611	1,611
29-3209	Center For School Change – AGAPE	17,828	10,608				10,608	10,721
29-3209	Center For School Change – Open World Learning	15,100	7,881			(1,370)	6,511	6,511
29-3209	Center For School Change – Gordon Parks	16,396	9,176				9,176	12,234
29-3209	Center For School Change – Creative Arts	18,845	11,625			(5,120)	6,505	3,335
29-3340	Actuarial Foundation – The Heights	188	188				188	186
29-3390	Deluxe Foundation – ALC On Track	272	272				272	—
29-3400	Homeless Program Charitable Contributions	6,629	5,706			(5,706)	—	—
29-3530	SPPS Foundation Grant Referendum Planning	5,000	5,035				5,035	5,000
29-3530	SPPS Foundation Grant Tutoring CBC	—	—	3,172			3,172	3,172
29-3530	SPPS Foundation Grant Inspired Educator Belwin	2,690	2,690			(129)	2,561	2,561
29-3530	SPPS Foundation Grant Health Partners	38,576	38,278				38,278	38,278
29-3530	SPPS Foundation Grant Inspired Educator Indian Ed	2,500	2,500			(107)	2,393	2,393
29-3530	SPPS Foundation Grant Tutors – Washington	10,000	3,743	7,589			11,332	—
29-3530	SPPS Foundation Grant Fuel Up To Play 60 – Battle Creek Middle	2,088	2,088			(265)	1,823	1,823
29-3530	SPPS Foundation Grant Inspired Educator Farnsworth Upper	1,980	1,980			(4)	1,976	1,976
29-3530	SPPS Foundation Grant Inspired Educator Ramsey	1,500	1,500				1,500	1,500
29-3530	SPPS Foundation Grant Adams	500	505			(4)	501	500
29-3530	SPPS Foundation Grant Yum Power – Benjamin E Mays	1,400	1,400			(585)	815	815
29-3530	SPPS Foundation Grant Cherokee Pool	2,916	3,166			(412)	2,754	2,754
29-3530	SPPS Foundation Grant Inspired Educator Eastern Heights	1,800	1,800				1,800	1,800
29-3530	SPPS Foundation Grant GiveMN.org Eastern Heights	354	354				354	354
29-3530	SPPS Foundation Grant Inspired Educator Four Seasons	1,764	1,764			(7)	1,757	1,757
29-3530	SPPS Foundation Grant Inspired Educator Frost Lake	3,000	3,000				3,000	3,000
29-3530	SPPS Foundation Grant Fuel Up To Play 60 – Frost Lake	3,300	3,300			(778)	2,522	2,522
29-3530	SPPS Foundation Grant Fuel Up To Play 60 – Crossroads	2,555	2,555				2,555	2,555
29-3530	SPPS Foundation Grant Inspired Educator Hayden Heights	729	729			(25)	704	704
29-3530	SPPS Foundation Grant Hazel Park	—	729			(216)	513	513
29-3530	SPPS Foundation Grant Inspired Educator Hazel Park	2,500	2,500			(470)	2,030	2,030
29-3530	SPPS Foundation Grant Yum Power Jackson	300	300				300	856
29-3530	SPPS Foundation Grant Fuel Up To Play 60 – Jackson	1,400	1,400				1,400	843
29-3530	SPPS Foundation Grant Inspired Educator Mann Elementary	1,705	1,704			(340)	1,364	1,364
29-3530	SPPS Foundation Grant Inspired Educator Mississippi	3,000	3,000			(1,957)	1,043	1,043
29-3530	SPPS Foundation Grant Fuel Up To Play 60 – Randolph Heights	2,000	2,000			(1,616)	384	384
29-3530	SPPS Foundation Grant Wellstone	300	300				300	300
29-3530	SPPS Foundation Grant Inspired Educator Creative Arts	2,600	2,600			(120)	2,480	2,480
29-3550	3M Grant Enrollment Campaign	2,515	2,515				2,515	2,515
29-3550	3M Grant Evaluation	49,136	49,136			(21,080)	28,056	28,056
29-3550	3M Grant Engineering is Elementary	71,327	71,327			(8,490)	62,837	62,837
29-3550	3M Grant Eastside Partnership	78,502	78,502			(44,456)	34,046	34,046
29-3550	3M – Science Concept-Oriented Reading Instruction CORI	79,787	79,788			(79,788)	—	—
29-3550	3M FIRST Lego League	91,887	91,887			(28,577)	63,310	63,310
29-3550	3M Grant Math Counts	7,327	7,327			(5,817)	1,510	1,509
29-3550	3M Grant FIRST Robotics	54,498	64,919				64,919	67,479
29-3550	3M – Renewable Energy Challenge	11,840	11,840			(1,854)	9,986	9,986
29-3550	3M Grant Field Trip Experiences	221,193	190,973			(48,308)	142,665	142,665
29-3550	3M STEP	275,961	275,961			(131,956)	144,005	144,005
29-3550	3M Gateway to Technology & Project Lead The Way	179,451	488,457			(289,596)	198,861	196,300
29-3550	3M – Physics Course Development	6,511	6,511			(6,511)	—	—

(continued)

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools
Fully Financed Fund Program Grant Analysis
Schedule of Reimbursable Programs' Revenues and Expenditures
Year Ended June 30, 2013

Budget Code	Program Description	Budget	Cash Received or Transferred		Grant Receivable	Grant Payable	Unearned Revenue	Total Revenue	Total Expenditures
			Year Ended June 30, 2013	During Year Ended June 30, 2013					
29-3550	3M Stuff For Schools	52,823	52,823					52,823	52,823
29-3550	3M Mentoring Grant – Battle Creek Middle	15,000	15,000				(515)	14,485	14,485
29-3550	3M STEM	92,516	92,516				(34,812)	57,704	57,704
29-3551	3M – Real World Design Challenge	1,080	1,080				(1,080)	—	—
29-3551	3M Science Clubs	29,116	29,115				(16,695)	12,420	12,420
29-3551	3M STEM – Secondary Science – AGAPE	5,400	5,400				(5,400)	—	—
29-3551	3M STEM – Secondary Science – Central	10,800	10,800				(5,400)	5,400	5,400
29-3551	3M STEM – Secondary Science – Como Sr.	10,800	10,800				(5,422)	5,378	5,378
29-3551	3M STEM – Secondary Science – Harding	10,800	10,800				(5,400)	5,400	5,400
29-3551	3M STEM – Secondary Science – Highland Sr.	10,800	10,800				(5,448)	5,352	5,352
29-3551	3M STEM – Secondary Science – Humboldt	5,400	5,400				(425)	4,975	4,975
29-3551	3M STEM – Secondary Science – Johnson Sr.	2,210	2,210				(208)	2,002	2,002
29-3551	3M STEM – Secondary Science – Washington	10,800	10,800				(5,747)	5,053	5,053
29-3551	3M STEM – Secondary Science – LEAP	5,400	5,400				(5,400)	—	—
29-3570	Community Foundations – Employee Recognition – Golden Apple	4,539	4,539					4,539	1,082
29-3570	Community Foundations – Open Your Heart Grant To The Hungry and Homeless	8,050	5,569					5,569	5,569
29-3570	Community Foundations – iBiology – Fernandez/Koszewski – Central	2,913	4,737				(480)	4,257	2,434
29-3570	Community Foundations – AVID Central	—	1,288				(455)	833	833
29-3570	Community Foundations – Toshiba America Foundation Grant – Highland Sr.	1,155	1,155				(185)	970	970
29-3570	Community Foundations – Step Towards Change – Humboldt – Youth Service America	910	910				(910)	—	—
29-3570	Community Foundations – Meadowlark Grant – Johnson Sr.	2,450	2,450					2,450	2,450
29-3570	Community Foundations – Summer of Innovation Award Grant – Battle Creek Middle	3,557	3,557					3,557	3,557
29-3570	Community Foundations – Fuel Up – Battle Creek Middle	926	926					926	926
29-3570	Community Foundations – Air Force Association – Farnsworth Upper	215	215				(15)	200	200
29-3570	Community Foundations – Murray Wolf Ridge	3,000	3,000					3,000	3,000
29-3570	Community Foundations – Yackel Foundation Literacy Arts & Community Building Collaboration – Benjamin E Mays	3,883	3,883					3,883	3,883
29-3570	Community Foundations – VILS (Verizon Foundation) Hamline Elementary	50,000	50,000				(50,000)	—	—
29-3570	Community Foundations – MN Business Partners – Hazel Park Preparatory	1,250	1,250				(75)	1,175	1,175
29-3570	Community Foundations – Helen Podruska Trust – Capitol Hill	10,000	10,000				(10,000)	—	—
29-3570	Community Foundations – Podruska – Jackson	10,000	10,000					10,000	10,000
29-3570	Community Foundations – Fuel Up – Jackson	965	965				(19)	946	946
29-3570	Community Foundations – Qwest Foundation Teachers & Technology Grant – St. Anthony Park	6,906	6,906				(306)	6,600	6,600
29-3570	Community Foundations – Lowe's ToolBox for Education – LEAP into Literacy	5,000	5,000				(2,109)	2,891	2,891
29-3571	Community Foundations – invent team – Central	1,841	—				(15)	(15)	1,809
29-3680	Bigelow Foundation – Enrollment Campaign	75,000	77,088					77,088	77,088
29-3680	Bigelow Foundation – Camp 67	75,000	75,000				(75,000)	—	—
29-3710	McNeely Foundation – African American Male Mentorship Program	98,000	98,000				(41,984)	56,016	56,016
29-3720	Minneapolis Foundation – Critical Transformation – Obama	37,311	37,312				(1,606)	35,706	35,706
29-3790	Peta Wakan Tipi	18,600	6,591	556				7,147	7,147
29-3850	General Mills Grant – Central	10,000	10,944				(5,064)	5,880	5,880
29-3890	United Way Grant – Reading By 3rd Grade	78,000	48,000	15,000			(3,000)	60,000	60,000
29-3890	United Way Grant – Closing The Gap – Jackson	141,806	141,860				(54)	141,806	141,806
29-3910	Using iPads to Close the ELL Achievement Gap in Literacy – Benjamin E. Mays	3,515	3,515					3,515	3,515
29-3960	Target/Scholarship America – Career Pathways Academy	700	700				(700)	—	—
29-3960	Target/Scholarship America – Hancock-Hamline	25,000	25,000					25,000	25,000
29-3960	Target/Scholarship America – Jackson	15,700	15,700					15,700	15,700
29-3960	Target/Scholarship America – Maxfield	15,000	15,000				(3,945)	11,055	11,055
29-3960	Target/Scholarship America – Phalen Lake	700	700					700	700
29-3960	Target/Scholarship America – Wellstone	15,000	15,316				(316)	15,000	15,000
29-3960	Target/Scholarship America – American Indian Magnet	1,015	700				(700)	—	—
29-3960	Target/Scholarship America – Creative Arts	—	115					115	115
29-3960	Target/Scholarship America – LEAP	700	700					700	700
29-3965	Meadowlark Grant – Riverview's World Café	3,000	3,000					3,000	3,000
29-4175	City of St. Paul Parent Academy	260,000	260,000				(244,627)	15,373	15,373
29-4190	Out For Equity	14,506	15,155				(3,053)	12,102	12,102
29-4274	Travelers Grant – Principals Academy	629,628	589,627				(255,074)	334,553	334,553
29-4275	AVID – Travelers Grant	1,146,124	1,667,763	5,922			(587,963)	1,085,722	1,085,722
29-4275	Academy of Finance – Travelers Foundation	35,000	35,000				(35,000)	—	—
29-4290	St. Paul Foundation Emergency	9,030	1,429	7,500			(2,482)	6,447	6,447
29-4291	St. Paul Foundation – Teacher Grants	—	79,864				(24,282)	55,582	55,582
29-4295	St. Paul Foundation – Referendum	25,000	25,000					25,000	25,000
29-4295	St. Paul Foundation – Enrollment Campaign	75,000	75,215				(648)	74,567	74,567
29-4295	St. Paul Foundation – Camp 67	75,000	75,000				(75,000)	—	—
29-4295	St. Paul Foundation – Gift To Murray	15,000	15,000					15,000	15,000
29-4302	Miscellaneous Donations – Student Wellness	22,000	22,720				(2,799)	19,921	19,921
29-4368	Exercise Your Right To Feel Good	13,686	13,253					13,253	12,971
29-4600	Lillian Wright Memorial	3,053	3,053				(2,054)	999	999
29-4633	Principals' Academy	17,961	17,961				(17,961)	—	—
29-4850	Merck-Asthma	2,720	2,720					2,720	2,720

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools
Fully Financed Fund Program Grant Analysis
Schedule of Reimbursable Programs' Revenues and Expenditures
Year Ended June 30, 2013

Budget Code	Program Description	Cash Received or Transferred		Grant Receivable June 30, 2013	Grant Payable June 30, 2013	Unearned Revenue June 30, 2013	Total Revenue	Total Expenditures
		Budget	Year Ended June 30, 2013					
29-5300	Mentoring Excellence Program Scholarships	1,000	1,000			(1,000)	—	—
29-5300	Scholarships – Olga B Hart Foundation	20,000	20,000			(10,000)	10,000	10,000
29-5304	Firmin "Ace" Alexander Educational Scholarship Fund	4,000	—				—	—
29-5921	YMCA – John A. Johnson Elementary	25,000	25,000				25,000	24,999
29-9203	Project Success Field Trips	1,000	1,021			(720)	301	301
29-9260	Outside Funded Transportation	61,000	19,718	15,867			35,585	24,051
29-9261	Outside Funded Transportation	17,500	15,798				15,798	15,798
29-9265	PIP/Dodge Nature Center	24,301	26,081	103		(8,914)	17,270	17,270
29-9335	TC2 Grant Prior Year	34,124	34,124			(1,011)	33,113	33,113
29-9335	TC2 Grant	104,271	140,000			(51,667)	88,333	88,333
29-9500	Federation Agreement	100,180	—	100,804			100,804	100,804
29-9770	St. Paul Chamber Orchestra – Buses	10,000	—	8,573			8,573	8,573
	Total Private	5,293,317	5,897,074	182,032	—	(2,405,052)	3,674,054	3,657,337
	Miscellaneous:							
29-1190	General Special Ed. Summer School	—	—				—	—
29-1230	Itin Vision Staff	917,440	349,840	398,531			748,371	705,066
29-1245	Special Education Purchase of Service	—	—				—	—
29-1260	Special Education Itinerant Vision Equipment	24,395	22,614				22,614	22,535
29-1310	Project Explore	—	3,781				3,781	—
29-2360	Title I Reading Recovery	21,962	—	5,000			5,000	2,114
29-3100	ELL Workshop	60,478	2,111	56			2,167	5,749
29-3520	Automotive Learning Center	10,166	14,752				14,752	5,016
29-4100	Grants Office	—	—				—	—
29-4910	Translations with administration	14,080	54,714				54,714	—
29-5090	Reimbursable Costs – Other	—	—				—	—
29-9090	Vending Machine Proceeds – 2102 University	—	199	2			201	148
29-9090	Vending Machine Proceeds – 360 Colborne	—	6				6	—
29-9211	Valley Branch ELC	63,071	6,455	4,220			10,675	3,614
29-9300	Planetarium	61,327	43,072	235			43,307	42,602
29-9522	EMID Starbase	110,300	7,457	14,101			21,558	21,558
No Budget		—	181,682			(131,700)	49,982	—
	Total Miscellaneous	1,283,219	686,683	422,145	—	(131,700)	977,128	808,402
	Total Fully Financed Fund	\$63,902,071	\$50,285,375	\$6,396,692	\$(2,888)	\$(2,884,705)	\$53,794,474	\$53,536,991

**INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools – Community Service Fund
Fully Financed Fund Program Grant Analysis
Schedule of Reimbursable Programs' Revenues and Expenditures
Year Ended June 30, 2013

Budget Code	Program Description	Budget	Cash Received or Transferred		Grant Receivable June 30, 2013	Grant Payable June 30, 2013	Unearned Revenue June 30, 2013	Total Revenue	Total Expenditures
			During Year Ended June 30, 2013	June 30, 2013					
Federal:									
30-5064	21st Century Grant – 4th Cohort Learning Centers	\$585,000	\$176,326		\$328,748			\$505,074	\$505,074
30-5240	ABE EL/Civics Grant	39,986	23,956		16,030			39,986	39,986
30-5852	Learn & Serve America Schools	11,614	4,444					4,444	4,444
30-5929	21st Century Grant – Cohort 5	846,430	244,059		500,329			744,388	744,388
30-5931	21st Century Grant – Cohort 3	10,675	10,675					10,675	10,675
Total Federal		1,493,705	459,460		845,107	—	—	1,304,567	1,304,567
State:									
30-5051	Night Moves – Eastside	2,500	1,343		1,055			2,398	2,398
30-5052	Night Moves – Como	4,700	3,629		1,565			5,194	5,194
30-5101	State Hearing Impaired	—	—		15,508			15,508	15,508
30-5235	ABE Statewide Support Services	140,000	120,960		19,182		(9,206)	130,936	130,936
30-5813	Communities To Connect	5,500	—		500		(500)	—	—
30-5908	Preschool Screening	198,250	183,594		85,423			269,017	194,087
33-5302/5350/5909	Nonpublic State Aid Programs	1,536,846	1,351,916		142,403			1,494,319	1,494,319
Total State		1,887,796	1,661,442		265,636	—	(9,706)	1,917,372	1,842,442
Other Governmental Units:									
30-5230	ABE Learner Activities	68,650	25,642		327			25,969	22,901
30-5260	Medical Careers Path	1,000	1,000					1,000	1,000
30-5265	ABE Workforce Solutions	789	789					789	789
30-5700	Day Cares	1,228,681	679,882		1,246			681,128	690,722
30-5812	Linking Primary Care – U of MN	49,951	22,971		26,534			49,505	49,505
Total Other Governmental Units		1,349,071	730,284		28,107	—	—	758,391	764,917
Private:									
30-3650	PEK McKnight Foundation	887,000	887,000				(65,786)	821,214	821,214
30-5065	Nexus Community Partner	1,885	1,885					1,885	1,885
30-5201	Ronald M Hubbs Scholarship	23,818	23,066				(13,189)	9,877	9,877
30-5269	MN FASTrac	33,026	23,066					23,066	23,066
30-5300	Indian Ed Scholarships	915	915				(415)	500	500
30-5303	Dr. Terrilyn Turner Scholarships	27,449	27,453				(9,101)	18,352	18,352
30-5703	Think Small Grant – Child Care	3,300	3,125				(851)	2,274	2,274
30-5827	PEK McKnight Foundation	72,033	72,034				(18,952)	53,082	53,082
30-5911	CET – Fair Parking	10,000	41,234					41,234	9,943
	No Budget	—	—					—	—
Total Private		1,059,426	1,079,778		—	—	(108,294)	971,484	940,193
Total Community Service Fully Financed		\$5,789,998	\$3,930,964		\$1,138,850	—	\$(118,000)	\$4,951,814	\$4,852,119