

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

**Basic Financial Statements and
Supplemental Information**

**June 30, 2012
(With Independent Auditors' Report Thereon)**

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

Table of Contents

	Page
I. Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Districtwide Financial Statements:	
Statement of Net Assets	19
Statement of Activities	20
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	21
Reconciliation of the Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	25
Proprietary Fund:	
Statement of Net Assets	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets	27
Statement of Cash Flows	28
Notes to Basic Financial Statements	29
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Major Special Revenue Funds	57
Note to Required Supplementary Information	58
Supplemental Information	
Combining and Individual Fund Statements:	
General Fund:	
Combining Balance Sheet	59
Balance Sheet:	
General Fund Accounts	60
Fully Financed General Fund Accounts	61
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	62
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Final Budget and Actual:	
General Fund Accounts	63
Fully Financed General Fund Accounts	64

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

Table of Contents

	Page
Supplemental Information (continued)	
Combining and Individual Fund Statements (continued):	
Community Service Fund:	
Balance Sheet	65
Schedule of Revenues, Expenditures, and Changes in Fund Balance	66
Food Service Fund:	
Balance Sheet	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance	68
Debt Service Fund:	
Balance Sheet	69
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Final Budget and Actual	70
Capital Projects Fund:	
Balance Sheet	71
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Final Budget and Actual	72
II. Other District Information (Unaudited)	
Fully Financed Fund Program Grant Analysis:	
Schedule of Reimbursable Programs' Revenues and Expenditures (Unaudited)	73
Community Service Fund – Fully Financed Fund Program Grant Analysis:	
Schedule of Reimbursable Programs' Revenues and Expenditures (Unaudited)	80



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 625, Saint Paul, Minnesota (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* and should be considered in assessing the results of our audit.

(continued)

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, along with the Schedules of Funding Progress, as presented on pages 49 and 54, all of which are considered required supplementary information, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The other district information has 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 it.

Malloy, Montague, Karnowski, Radomirich & Co., P.A.

December 20, 2012

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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

Introduction

Our discussion and analysis of Independent School District No. 625, Saint Paul, Minnesota's (SPPS or the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012. As the intent of this management discussion and analysis is to look at SPPS's financial performance as a whole; readers should also review the financial statements and notes to basic financial statements to enhance their understanding of SPPS's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

On the districtwide financial statements:

- Total net assets of SPPS increased from \$102.0 million in fiscal year 2011 to \$132.3 million in fiscal year 2012, an increase of \$30.3 million, or 29.7 percent. This increase is a result of current year operations and the prior period adjustment for the recognition of the property tax shift mandated by the Legislature.
- Total revenue increased \$7.7 million from \$619.2 million in fiscal year 2011 to \$626.9 million in fiscal year 2012, or 1.2 percent. Total expenses decreased \$15.0 million from \$627.3 million in fiscal year 2011 to \$612.3 million in fiscal year 2012. Additional information is provided in a later section of this Management's Discussion and Analysis.
- The District retired \$35.0 million of outstanding long-term debt, which included the 2001B and 2001C general obligation bond issues. Sources of the \$35.0 million included the General Obligation School Building Refunding Bonds, Series 2010A issue and scheduled property tax levy and aid for debt service.
- The District issued \$69.3 million of long-term debt: \$16.0 million (2011C) of general obligation crossover refunding bonds that will refund \$6.7 million of 2002A and \$9.3 million of 2002B; \$25.0 million (2012A) of general obligation building bonds under legislative authority for capital renovation and improvements and statutory authority for deferred maintenance; \$28.3 million (2012B) of general obligation crossover refunding bonds that will refund \$6.5 million (2003B), \$8.9 million (2003C), and \$15.2 million (2004B).

On the fund financial statements:

- The ending fund balance of all governmental funds of SPPS increased from \$161.0 million in fiscal year 2011 to \$216.8 million in fiscal year 2012; an increase of \$55.8 million, or 34.7 percent.
- The Debt Service Fund balance increased from \$6.7 million in fiscal year 2011 to \$50.0 million in fiscal year 2012. This increase of \$43.3 million was due to an additional \$39.8 million of funds held in escrow for the 2011C general obligation crossover refunding bond issue (due 2/1/2013) and the 2012B general obligation crossover refunding bond issue (a portion due 2/1/2014 and a portion due 2/1/2015) and due to \$3.7 million in excess revenue over expenditures.

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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

- The General Fund balance increased by \$35.5 million as a result of the current year operations and the prior period adjustment noted in the current year. The General Fund restricted fund balance categories increased by \$1.6 million in operating capital, \$1.9 million in retiree health insurance premiums, and \$2.0 million in OPEB revocable trust. Other notable changes include a \$3.0 million increase in committed for retiree health insurance, a \$3.3 million increase in assigned for contractual obligations (due to the assigned for encumbrances category being included with assigned for contractual obligations), \$7.2 million assigned for the Strong Schools, Strong Communities Initiative, and a \$17.0 million increase in unassigned fund balance. These increases were offset by a \$1.1 million decrease in assigned for next year operations, \$1.2 million decrease in health and safety, and decreases in other fund balance categories.

Overview of the Financial Statements

This financial section consists of five parts – Management's Discussion and Analysis (this section), independent auditors' report, the basic financial statements, required supplementary information, and combining and individual fund statements presented as supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are districtwide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the districtwide financial statements.

The governmental funds statements tell how basic services such as regular and special education were financed in the short term, as well as what remains for future spending.

Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Figure A-1				
Major Features of the Districtwide and Fund Financial Statements				
	Districtwide Financial Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education, building maintenance, food service, and community education	Activities the District operates similar to private businesses * Internal Service funds	Resources the District holds for the benefit of parties outside the District.
Required Financial Statements	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures, and Changes in Fund Balances	*Statement of Net Assets *Statement of Revenues, Expenses, and Changes in Fund Net Assets *Statement of Cash Flows	*Statement of Fiduciary Net Assets *Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be consumed and liabilities paid during the year or soon thereafter; no capital assets included or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

Districtwide Financial Statements

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

The two districtwide financial statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, the reader needs to consider additional nonfinancial factors such as changes in the District's property tax base, enrollment changes, legislative changes, and the condition of school buildings and other facilities.

In the districtwide financial statements, the District's activities are shown in one category:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes, state aids, grants, and charges for services finance most of these activities.

Net Assets			
(In millions)			
Governmental activities			
	2012	2011	Percentage change
Current assets	\$ 468.4	\$ 403.2	16.2%
Other noncurrent assets	39.1	1.1	3,454.5
Capital assets, net	404.8	397.2	1.9
Total assets	<u>\$ 912.3</u>	<u>\$ 801.5</u>	<u>13.8%</u>
Current liabilities	\$ 340.7	\$ 298.8	14.0%
Long-term liabilities	439.3	400.7	9.6
Total liabilities	<u>\$ 780.0</u>	<u>\$ 699.5</u>	<u>11.5%</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 112.9	\$ 112.9	—%
Restricted for:			
Debt service	1.8	0.1	1,700.0
Capital projects	7.0	5.5	27.3
Community services	3.7	3.8	(2.6)
Food service	4.8	4.6	4.3
Other purposes	3.1	1.9	63.2
Unrestricted	<u>(1.0)</u>	<u>(26.8)</u>	<u>96.3</u>
Total net assets	<u>\$ 132.3</u>	<u>\$ 102.0</u>	<u>29.7%</u>

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

- **Current assets** – increased \$65.2 million due to an increase in cash and short-term investments of \$53.4 million, an increase in restricted cash for debt service of \$4.4 million, a decrease of \$7.5 million in restricted cash for capital projects, an increase in taxes receivable of \$2.2 million, an increase in due from other governmental units of \$12.4 million, and an increase of \$0.5 million in prepaid expenses. These were offset by a \$0.2 decrease in other receivables.
- **Noncurrent assets** – restricted cash and investments for debt service increased by \$35.4 million and deferred charges increased by \$0.6 million. Capital assets increased nearly \$26.2 million, which when offset by the accumulated depreciation (current depreciation expense) of \$18.3 million and a loss on retirement of capital assets of \$0.3 million that in the aggregate represents the \$7.6 million net increase in capital assets.
- **Current liabilities** – increased by \$41.9 million due to an increase in the short-term borrowing – aid anticipation certificate category of \$60.1 million and an increase of \$9.7 million in long-term obligations due within one year. These were offset by a decrease of \$1.5 million in accounts payable, \$10.6 million in accrued expenses, \$14.3 million in property tax unearned revenue, \$0.7 million in other unearned revenue, \$0.3 million in due to other governmental units, and \$0.5 million in amounts held for school activities.
- **Noncurrent liabilities** – increased \$38.6 million due to the \$8.0 million increase in net other postemployment benefit obligation and a \$30.6 million increase in long-term obligations.

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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity, that is, the relative ease to convert the asset to cash. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the District, consisting of general obligation bonds, certificates of participation, and long term portions of severance, vacation, and early retirement incentive have been reported in this manner on the Statement of Net Assets. The difference between the District's assets and liabilities is its net assets.

Change in Net Assets

(In millions)

	Governmental activities		
	2012	2011	Percentage change
Revenues:			
Program revenues:			
Charges for services	\$ 16.8	\$ 14.8	13.5%
Operating grants and contributions	170.0	177.9	(4.4)
Total program revenues	<u>186.8</u>	<u>192.7</u>	<u>(3.1)</u>
General revenues:			
Property taxes levied for general purposes	79.1	96.4	(17.9)
Property taxes levied for debt services	39.0	33.8	15.4
Property taxes levied for community service	3.4	5.2	(34.6)
Federal and state aid not restricted to specific purposes	318.4	290.6	9.6
Investment earnings	0.2	0.5	(60.0)
Total general revenues	<u>440.1</u>	<u>426.5</u>	<u>3.2</u>
Total revenues	<u>626.9</u>	<u>619.2</u>	<u>1.2</u>
Expenses:			
Instruction	388.6	408.7	(4.9)
Support services:			
Pupil support	70.3	67.7	3.8
District administration	17.5	18.6	(5.9)
Sites and buildings	48.0	46.2	3.9
Instructional support	32.2	31.4	2.5
District support	15.3	15.0	2.0
Community education services	24.6	24.2	1.7
Interest and fiscal costs on long-term debt	15.8	15.5	1.9
Total expenses	<u>612.3</u>	<u>627.3</u>	<u>(2.4)</u>
Change in net assets	<u>\$ 14.6</u>	<u>\$ (8.1)</u>	<u>(280.2)%</u>

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

Management's Discussion and Analysis

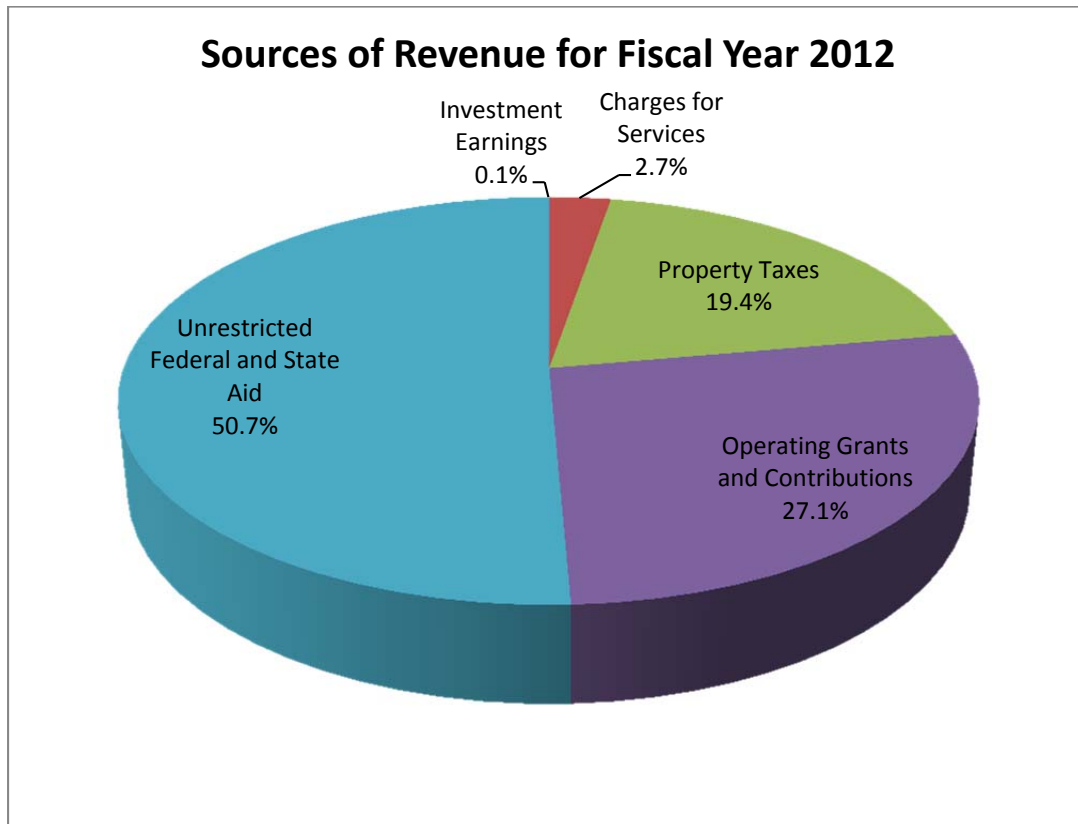
June 30, 2012
(Unaudited)

Revenues – SPPS's total revenues were \$626.9 million for the year ended June 30, 2012, compared to \$619.2 million for the year ended June 30, 2011. Revenues increased in 2012 by \$7.7 million, or 1.2 percent, as compared to 2011.

Unrestricted federal aid, state aid, and property taxes accounted for 70.1 percent of total revenue for the year. The mix between local tax revenue and state aid is controlled by state law and is subject to change each year by legislative action.

Another 27.1 percent came from operating grants and contributions, and 2.8 percent from charges for services and investment earnings.

As a percentage of the total revenue, property tax revenue decreased by 2.5 percent from 21.9 percent of revenue in fiscal year 2011 to 19.4 percent in fiscal year 2012, and federal and state aid increased from 46.8 percent of revenue in fiscal year 2011 to 50.7 percent in fiscal year 2012.

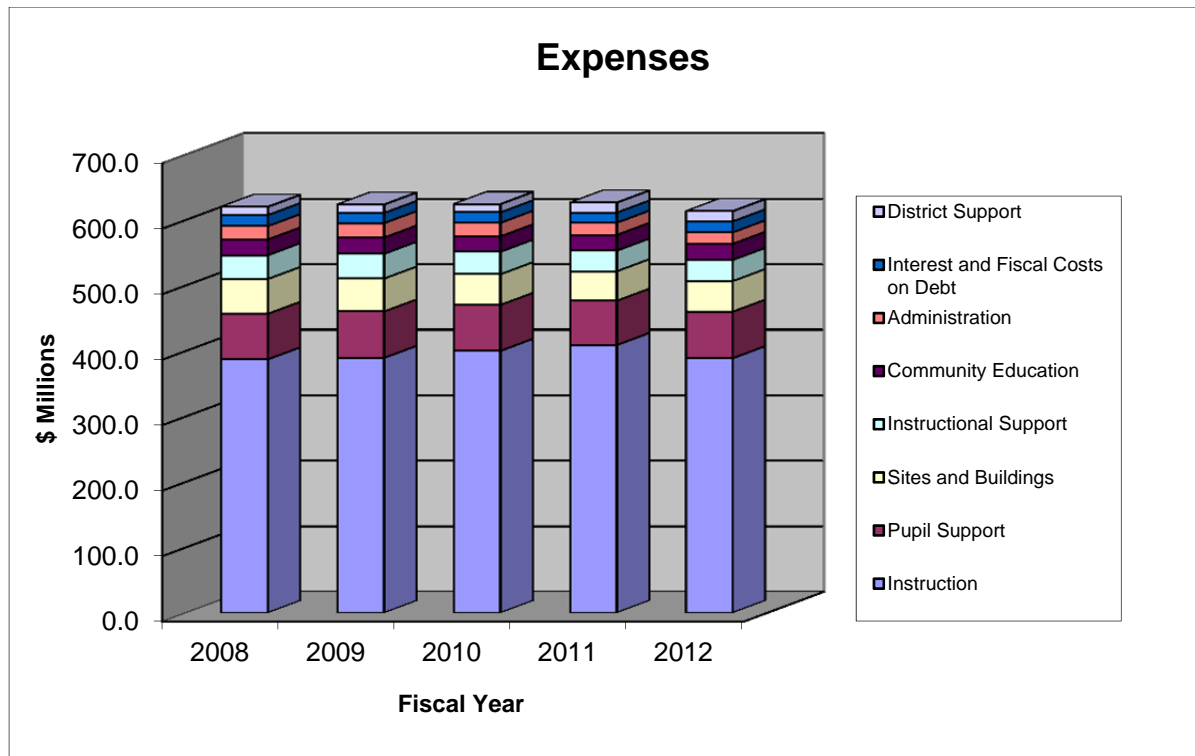
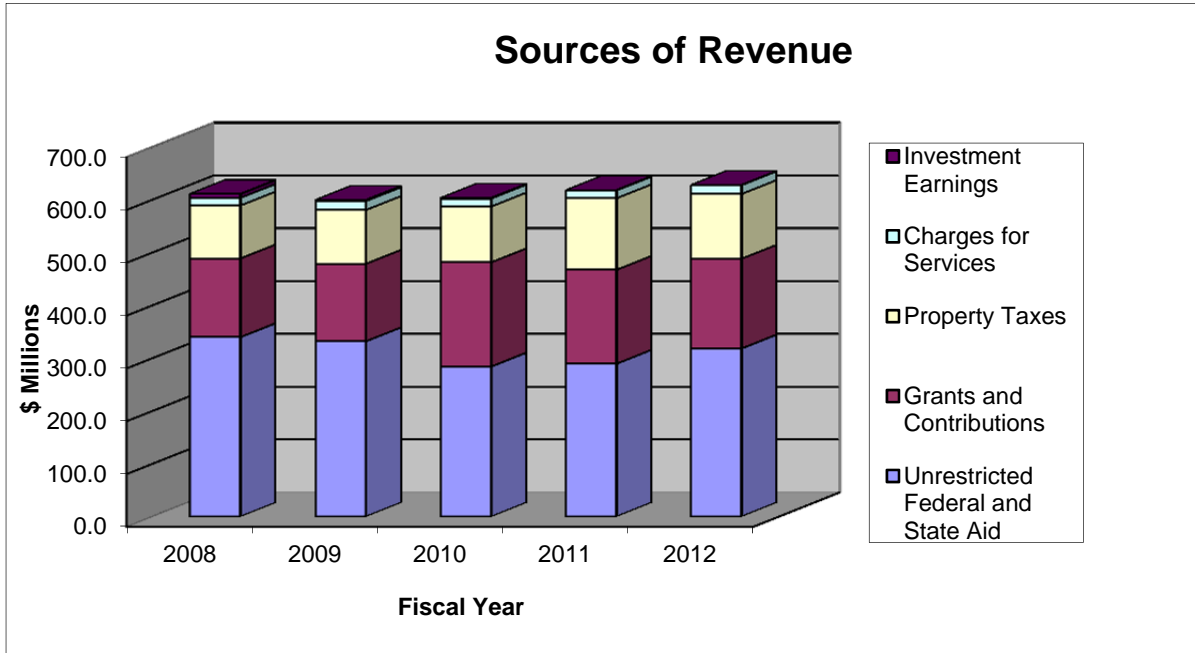


Property taxes have decreased by \$13.9 million, whereas operating grants and contributions have decreased by \$7.9 million. Unrestricted federal and state aid increased by \$27.8 million as well as the charges for services which increased \$2.0 million during 2012. Investment earnings decreased \$0.3 million due to the reduction in investment interest rates.

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

Management's Discussion and Analysis

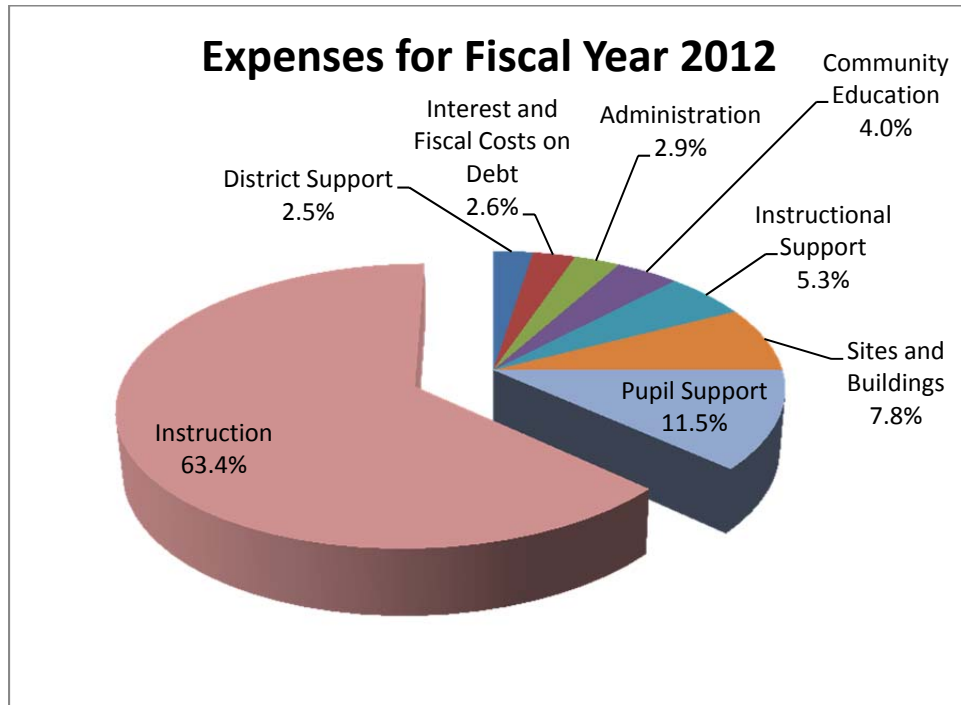
June 30, 2012
(Unaudited)



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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)



Expenses – The total cost of all programs and services was \$612.3 million.

The District's expenses for classroom instruction and caring for students are 80.2 percent, which consist of the following three program areas: instruction, instructional support, and pupil support.

Administration activities account for 2.9 percent of total costs.

Employees' salaries and related benefits account for 77 percent of total costs.

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

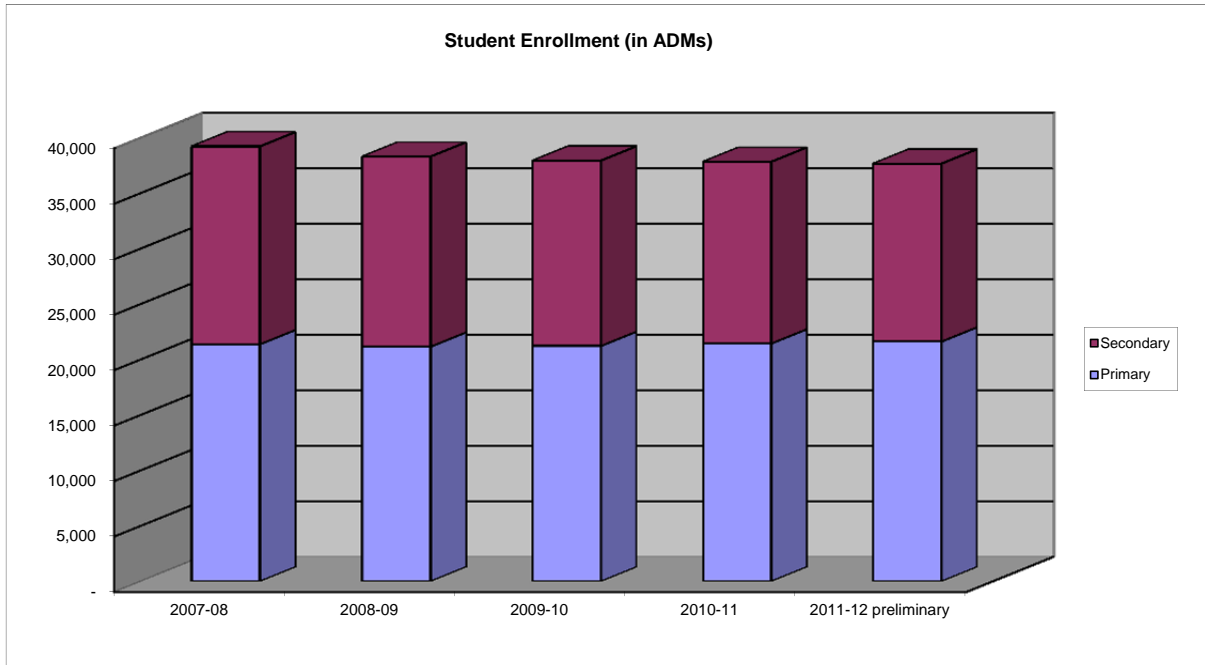
Management's Discussion and Analysis

June 30, 2012
(Unaudited)

Enrollment – Enrollment is a critical factor in determining revenue. Over the last five years, the District has experienced a decrease in average daily membership (ADM) after being 39,223 in 2008. Enrollment declined an average of 1.3 percent per year over the past five years. The following chart shows the number of students that has decreased over this time period:

Student Enrollment (Average Daily Membership)						
		2007 – 08	2008 – 09	2009 – 10	2010 – 11	2011 – 12
Primary	\$	21,379	21,159	21,231	21,444	21,623
Secondary		17,844	17,144	16,714	16,392	16,046
Total students	\$	39,223	38,303	37,945	37,836	37,669
Percent change		-2.5%	-2.3%	-0.9%	-0.3%	-0.4%

Student Enrollment (Average Daily Membership)



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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

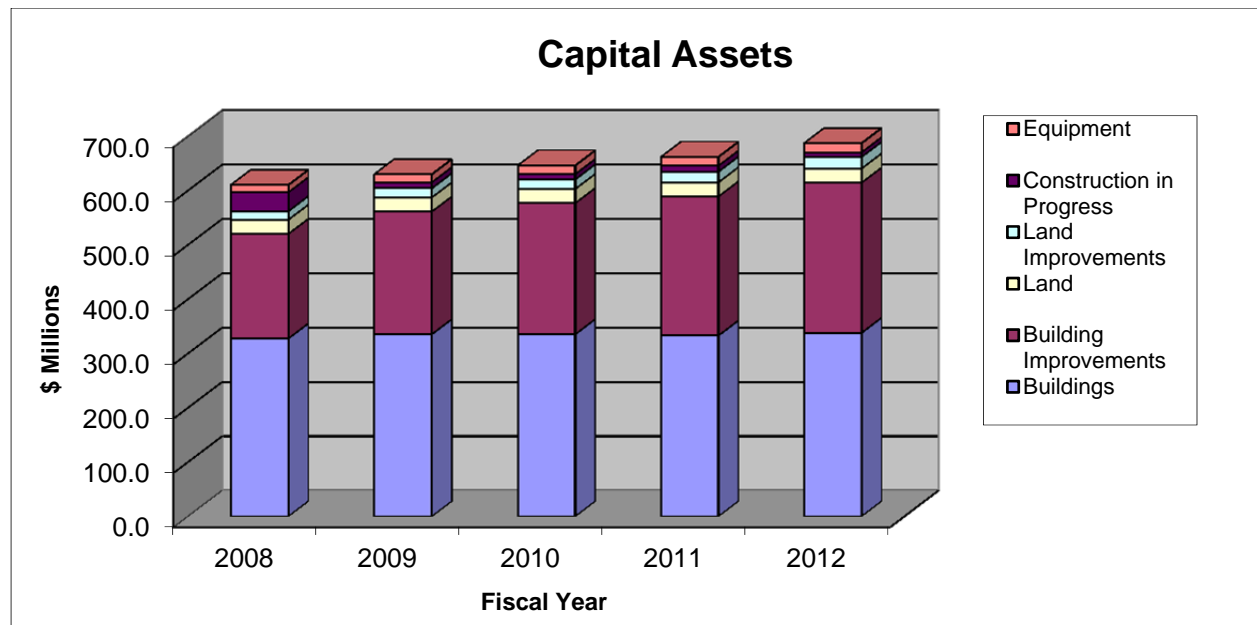
Capital Assets

At June 30, 2012, SPPS had \$404.8 million invested in a broad range of capital assets, including land, land improvements, buildings, building improvements, equipment, and construction in progress. This amount represents a net increase (including additions and depreciation) of \$7.6 million, or an increase of 1.9 percent.

Capital Assets

(Net of depreciation in millions)

	Governmental activities		
	2012	2011	Percentage change
Land	\$ 26.0	\$ 26.0	—%
Land improvements	21.2	19.5	8.7
Buildings	338.1	333.1	1.5
Building improvements	276.5	256.2	7.9
Equipment	16.5	15.9	3.8
Construction in progress	8.7	11.1	(21.6)
Total	687.0	661.8	3.8
Less accumulated depreciation	(282.2)	(264.6)	6.7
Total capital assets, net	<u>\$ 404.8</u>	<u>\$ 397.2</u>	<u>1.9%</u>



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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

The increase in capital assets land improvements in fiscal year 2012 include: tennis courts at Como Senior High School; improvements to bus and parent drop off areas throughout the District; and paving improvements or replacements at Como Park Elementary, Como Park Senior, Hancock, Linwood, Obama, Ramsey, Wilson, and others.

Major building improvements completed include: new main entries for Chelsea Heights and Como Park Elementary; main office addition for Mississippi; fire alarm system replacement at Harriet Bishop; DDC implementation at Como Park Elementary, Highwood Hills, and Maxfield; auditorium improvements at Central Senior, Highland Park Senior, and Mississippi; piping replacement at Battle Creek Middle and Farnsworth; roofing replacements at Eastern Heights, Farnsworth, Humboldt, Monroe, and Ramsey; technology improvements at Harding and Maxfield; ventilation improvements at Chelsea Heights; and window replacements at Como Park Elementary, Battle Creek Elementary, and Highwood Hills.

Capital assets are recorded at historical or estimated historical cost of purchase or construction. Capital assets are not restated to current market value.

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

Long-Term Debt

As of June 30, 2012, SPPS had \$391.5 million in general obligation bonds and other long-term debt outstanding, which represents an increase of \$40.5 million, or 11.5 percent, from last year.

Outstanding Long-Term Debt

(In millions)

	Governmental activities		
	2012	2011	Percentage change
General obligation bonds	\$ 352.2	\$ 312.1	12.8%
Certificates of participation	26.2	31.9	(17.9)
Add (Less) unamortized discount/premium	13.8	7.4	86.5
Add (Less) deferred assets on refunding	(0.7)	(0.4)	(75.0)
	\$ 391.5	\$ 351.0	11.5%

During fiscal year 2012, the District retired two general obligation bond issues (2001B and 2001C). Proceeds to retire the debt came from the 2010A refunding issue.

General obligation school building bonds in the amount of \$25.0 million (2012A) were issued in fiscal year 2012. SPPS also issued two crossover refunding bonds (2011C and 2012B) totaling \$44.4 million to refund two bonds at the crossover date in February 2013, two bonds at the crossover date in February 2014, and one bond at the crossover date in February 2015.

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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

SPPS currently has legislative authority to annually issue \$15 million in capital bonds. SPPS has statutory authority to issue alternative bonds and \$11 million for deferred maintenance.

The District's legal debt limit is 15 percent of the fair market value of the property within the District, totaling \$2,729,188,891 at June 30, 2012. The District's legal debt margin at June 30, 2012 is \$2,403,291,477.

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

Fund Financial Statements

SPPS's fund financial statements provide detailed information about the most significant funds – not SPPS as a whole. Governmental funds reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of SPPS's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance SPPS's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds on the reconciliation of the governmental funds.

Governmental Revenues

The following table presents a summary of the General Fund, Community Service Fund, Food Service Fund, Debt Service Fund, and Capital Project Fund revenues and net other financing sources (uses) by type for the year ended June 30, 2012. It also depicts the amount and percentage increases and decreases in relation to the prior year.

Revenues and Other Financing Sources (Uses)

(In millions)

Funding sources	2012	2011	Percentage change
Property taxes	\$ 123.1	\$ 134.7	(8.6)%
County and other	21.6	19.8	9.1
State aids	402.8	374.1	7.7
Federal aids	77.8	86.5	(10.1)
Investment earnings	0.2	0.2	—
Sales and conversion of assets	2.9	2.9	—
Subtotal	628.4	618.2	1.6
Other financing sources, net	65.8	58.5	12.5
Total	\$ 694.2	\$ 676.7	2.6%

Total revenues and other financing sources increased by \$17.5 million, or 2.6 percent, from the previous year. The primary reason for the increase in revenues is due to the increased other postemployment benefit levy, increased reemployment insurance levy, increased debt service levy, and increase in bonds issued. These increases were offset by the decrease in federal aids due to the expiration of the American Recovery and Reinvestment Act (ARRA). The revenue neutral tax shift which is used on occasion to balance the state budget impacts the recognition of state aid and property tax sources presented in the table above.

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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

The financing of elementary and secondary education in Minnesota is through a combination of state-collected taxes (primarily income and sales) and locally collected property taxes. Revenue to school districts is received in three major categories.

1. State Education Finance Appropriations
 - a. General Education Aid – The largest share of the education finance appropriation, general education aid, is intended to provide the basic financial support for the education program.
 - b. Categorical Aids – Categorical revenue formulas are generally used to meet costs of that program (i.e., special education) or promote certain types of programs (i.e., career and technical aid).
2. Property Tax Levies – The largest share of the levy is from voter-approved levies: the operating referendum, which is also enrollment driven and debt service levies.
3. State Paid Property Tax Credits – This is not a major source for SPPS.

Governmental Expenditures

The following table represents a summary of the General Fund, Community Service Fund, Food Service Fund, Debt Service Fund, and Capital Project Fund expenditures for the year ended June 30, 2012, and the percentage increase and decrease in relation to prior year amounts.

Expenditures

(In millions)

	<u>2012</u>	<u>2011</u>	<u>Percentage Change</u>
District administration	\$ 17.4	\$ 18.1	(3.87)%
District support services	14.7	13.9	5.76
Regular instruction	252.5	260.7	(3.15)
Vocational instruction	4.9	4.7	4.26
Exceptional instruction	107.9	110.6	(2.44)
Community education services	24.3	23.6	2.97
Instructional support services	31.9	30.2	5.63
Pupil support services	70.5	66.1	6.66
Sites, buildings, and equipment	72.4	62.3	16.21
Debt service	42.0	38.9	7.97
Total	<u>\$ 638.5</u>	<u>\$ 629.1</u>	<u>1.49%</u>

Total governmental expenditures for fiscal year 2012 remained at essentially the same level as fiscal year 2011.

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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

General Fund

The General Fund balance at June 30, 2012 is \$110,250,660, an increase from the prior fiscal year of \$18,707,537. General Fund revenues for 2012 increased \$2,549,027, or 0.5 percent, from the prior year. Total General Fund expenditures for 2012 decreased \$2,624,102, or 0.5 percent, from the prior year.

Community Service Fund

The Community Service Fund decreased total fund balance by \$41,509 from \$3,661,101 at the beginning of the year to \$3,619,592 at the end of the 2012 fiscal year. This compares to a projected decrease of \$783,355.

Food Service Fund

The Food Service Fund is used to record the activity of the District's child nutrition program. The June 30, 2012 fund balance is \$4,854,591, an increase from the prior fiscal year of \$249,545 compared to a balanced budget.

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 June 30, 2012 fund balance is \$49,982,586, an increase from the prior fiscal year of \$43,263,537. The fund balance increase is due to the District issuing \$44,365,000 in crossover refunding bonds.

Capital Projects Fund

The Capital Projects Fund ended the year with a fund balance of \$48,084,779 to be used for district projects. Expenditures exceeded revenues by \$32,585,688, which was planned in the current year budget. Building bond proceeds issued in fiscal 2012 provided the funding for these projects.

Budgetary Highlights

The budgets are prepared by fund. Within the General Fund, allocations are made to schools based mainly on the enrollment projections for the coming fall. Central services allocations are based on historical needs and projections.

- In June 2011, the Board of Education adopted a budget for fiscal year 2012 that reflected total revenue of \$616.8 million for all funds. Of this total budget, the General Fund original revenue budget for the current year was \$496.2 million.
- During the year, the District revised its budget to reappropriate fund balances, to adjust for enrollment changes, to adjust for economic changes, and to accept additional grants. The final General Fund budget had expenditures in excess of revenues by \$13.5 million due to a planned use of fund balance and the reappropriation of June 30, 2011 restricted, committed, and assigned fund balances.

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

Management's Discussion and Analysis

June 30, 2012
(Unaudited)

- Actual General Fund revenues were over budget in the current year. Actual General Fund expenditures were under budget and the variance was spread across several programs of the General Fund. Regular instruction, exceptional instruction, and district administration experienced the largest program variances with savings of \$15.0 million, \$3.5 million, and \$3.5 million, respectively.
- In June 2011, the Board of Education approved an expenditure budget for fiscal year 2012 for all funds of \$636.3 million. Of this total budget, the General Fund original expenditure budget for the current year was \$503.2 million. In November 2011, the Board of Education approved a budget amendment to expenditures of \$31.5 million for all funds due to the following factors: (1) the recognition of \$15.2 million of grants; (2) the reappropriation of \$6.6 million in fund balance to be used for contractual obligations, site-based carryover, and the Area Learning Center; (3) an increase in revenue of \$2.5 million due to an enrollment increase; and (4) \$7.2 million in new revenue resulting from the 2011 legislative session.
- Subsequent revisions to the budget by the Board of Education increased expenditures by \$10.7 million to a total of \$678.5 million for all funds. These revisions were due to increases in fully financed grants in the General Fund and Community Service Fund.
- As in past years, the District continued to operate within its total statutory budgetary parameters. That is, expenditures for all funds by major function were less than anticipated, or 94.1 percent of budget.

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 2012 to \$5,174. The Legislature has added \$50 per pupil to the formula for fiscal year 2013. A weakened economy and growing demand on limited resources continue to present challenges in funding education for Minnesota schools.

Requests for Information

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of SPPS's finances and to show SPPS's accountability for the money it receives. Additional details can be requested by mail, at the following address:

Saint Paul Public Schools
Business Office
360 Colborne Street
Saint Paul, MN 55102

Or visit our website at: <http://businessoffice.spps.org>

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

Statement of Net Assets

June 30, 2012

Assets	Governmental activities
Current assets:	
Cash and short-term investments	\$ 158,379,076
Restricted cash and investments for capital projects	50,793,420
Restricted cash and investments for debt service	16,394,165
Taxes receivable	80,305,452
Due from other governmental units	157,413,035
Other receivables	640,576
Inventories	1,458,440
Prepaid expenses	3,004,753
Total current assets	<u>468,388,917</u>
Noncurrent assets:	
Restricted cash and investments in revocable trust for OPEB obligations	1,995,800
Restricted cash and investments for debt service	35,404,661
Deferred charges	1,672,937
Capital assets, not depreciated	34,722,913
Capital assets, depreciated, net of accumulated depreciation	370,121,906
Total noncurrent assets	<u>443,918,217</u>
Total assets	<u>\$ 912,307,134</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 14,104,448
Accrued expense	56,307,092
Aid anticipation certificate	138,852,158
Due to other governmental units	80,873
Amounts held for school activities	2,242,223
Unearned revenue – property tax	74,217,933
Unearned revenue	5,351,971
Long-term obligations due within one year	49,558,421
Total current liabilities	<u>340,715,119</u>
Noncurrent liabilities:	
Net other postemployment benefit obligation	77,461,390
Long-term obligations	361,808,811
Total noncurrent liabilities	<u>439,270,201</u>
Total liabilities	<u>\$ 779,985,320</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 112,944,231
Restricted for:	
Debt service	1,754,507
Capital projects	7,015,289
Community services	3,712,581
Food service	4,854,591
Other purposes	3,058,634
Unrestricted	(1,018,019)
Total net assets	<u>\$ 132,321,814</u>

See accompanying notes to basic financial statements.

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

Statement of Activities

Year Ended June 30, 2012

Functions/programs	Expenses	Program revenues		Net (expenses) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Total governmental activities
Governmental activities:				
Regular instruction	\$ 274,076,919	\$ 1,658,251	\$ 42,438,748	\$ (229,979,920)
Exceptional instruction	109,763,197	6,115,087	53,598,556	(50,049,554)
Vocational education instruction	4,822,645	—	895,113	(3,927,532)
Community education services	24,608,464	5,613,495	15,964,135	(3,030,834)
Sites and buildings	47,962,366	267,131	6,861,352	(40,833,883)
Instructional support services	32,244,396	149,504	3,816,718	(28,278,174)
Pupil support services	70,330,323	2,619,122	46,373,337	(21,337,864)
District support services	15,267,073	52,192	64,044	(15,150,837)
District administration	17,503,797	275,264	3,574	(17,224,959)
Interest and fiscal costs on long-term debt	15,762,289	—	—	(15,762,289)
Total governmental activities	<u>\$ 612,341,469</u>	<u>\$ 16,750,046</u>	<u>\$ 170,015,577</u>	<u>(425,575,846)</u>
General revenues:				
Taxes:				
Property taxes levied for general purposes				79,065,788
Property taxes levied for debt services				39,014,708
Property taxes levied for community services				3,389,027
Federal and state aid not restricted to specific purposes				318,460,176
Investment earnings				225,706
Subtotal, general revenues				<u>440,155,405</u>
Changes in net assets				14,579,559
Net assets, beginning of year, as restated				<u>117,742,255</u>
Net assets, end of year				<u>\$ 132,321,814</u>

See accompanying notes to basic financial statements.

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

Balance Sheet
Governmental Funds
June 30, 2012

Assets	General	Community Service	Food Service	Debt Service	Capital Projects	Total Governmental Funds
Cash and short-term investments (note 2)	\$ 128,253,506	\$ 2,160,351	\$ 4,869,602	\$ 10,004,468	\$ —	\$ 145,287,927
Restricted cash and investments in revocable trust for OPEB obligations (note 2)	1,995,800	—	—	—	—	1,995,800
Restricted cash and investments for debt service (note 2)	—	—	—	51,798,826	—	51,798,826
Restricted cash and investments for capital projects (note 2)	—	—	—	—	50,793,420	50,793,420
Receivables:						
Property taxes	52,825,285	2,209,721	—	25,270,446	—	80,305,452
Due from other governmental units (note 3)	149,084,228	5,024,638	1,226,477	2,077,692	—	157,413,035
Other	524,320	17,552	25	91,582	7,097	640,576
Inventories	364,819	—	1,093,621	—	—	1,458,440
Prepaid expenditures	1,449,466	143,067	35,220	1,377,000	—	3,004,753
Total assets	\$ 334,497,424	\$ 9,555,329	\$ 7,224,945	\$ 90,620,014	\$ 50,800,517	\$ 492,698,229
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 10,069,004	\$ 1,038,054	\$ 420,213	\$ 176,331	\$ 2,400,846	\$ 14,104,448
Accrued expenditures	34,280,940	1,660,920	1,950,141	—	314,892	38,206,893
Aid and tax anticipation certificate payable (note 5)	138,852,158	—	—	—	—	138,852,158
Due to other governmental units	80,873	—	—	—	—	80,873
Amounts held for school activities	2,242,223	—	—	—	—	2,242,223
Deferred revenue – property taxes	34,741,486	1,864,872	—	40,461,097	—	77,067,455
Unearned revenue	3,980,080	1,371,891	—	—	—	5,351,971
Total liabilities	224,246,764	5,935,737	2,370,354	40,637,428	2,715,738	275,906,021

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

Balance Sheet

Governmental Funds

June 30, 2012

	<u>General</u>	<u>Community Service</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Fund balances:						
Nonspendable:						
Inventories and prepaid expenditures	\$ 1,814,285	\$ 143,067	\$ 1,128,841	\$ 1,377,000	\$ —	\$ 4,463,193
Restricted for:						
Operating capital	7,015,289	—	—	—	—	7,015,289
Area learning center	1,151,796	—	—	—	—	1,151,796
Adult basic education	—	593,378	—	—	—	593,378
Alternative facilities program	—	—	—	—	18,525,155	18,525,155
Capital projects	—	—	—	—	29,559,624	29,559,624
School readiness	—	246,662	—	—	—	246,662
Community education	—	1,977,333	—	—	—	1,977,333
ECFE	—	368,263	—	—	—	368,263
Community service	—	290,889	—	—	—	290,889
Bond refunding	—	—	—	49,551,981	—	49,551,981
QSCB payments	—	—	—	2,246,845	—	2,246,845
Food service	—	—	3,725,750	—	—	3,725,750
Retiree health insurance premiums	1,906,838	—	—	—	—	1,906,838
OPEB revocable trust	1,998,472	—	—	—	—	1,998,472
Committed to:						
Severance pay	2,538,018	—	—	—	—	2,538,018
Retiree health insurance	25,377,730	—	—	—	—	25,377,730
Assigned to:						
Contractual obligations	6,981,453	—	—	—	—	6,981,453
Next year operations	6,900,000	—	—	—	—	6,900,000
Strong Schools, Strong Communities initiative	7,241,000	—	—	—	—	7,241,000
Site based operations	864,225	—	—	—	—	864,225
Unassigned:						
Health and safety restricted account deficit	(1,163,216)	—	—	—	—	(1,163,216)
Unassigned	47,624,770	—	—	(3,193,240)	—	44,431,530
Total fund balances	<u>110,250,660</u>	<u>3,619,592</u>	<u>4,854,591</u>	<u>49,982,586</u>	<u>48,084,779</u>	<u>216,792,208</u>
Total liabilities and fund balances	<u>\$ 334,497,424</u>	<u>\$ 9,555,329</u>	<u>\$ 7,224,945</u>	<u>\$ 90,620,014</u>	<u>\$ 50,800,517</u>	<u>\$ 492,698,229</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 Assets

Governmental Funds

June 30, 2012

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances – governmental funds	\$ 216,792,208
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:	
Capital assets	\$ 687,053,069
Accumulated depreciation	<u>(282,208,250)</u> 404,844,819
Long-term receivables applicable to governmental activities are not available to pay current period expenditures and, therefore, are deferred in governmental funds:	
Delinquent property taxes	2,849,522
Debt issuance premiums, discounts, and issuance costs are reported as other financing sources, uses, or expenditures in the governmental funds, but as assets or adjustments to the carrying value of long-term obligations in the Statement of Net Assets:	
Bond issuance costs	1,672,937
Unamortized bond discount (premium)	<u>(13,759,370)</u> (12,086,433)
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 Assets.	
	1,509,345
Net other postemployment benefit obligations reported in the Statement of Net Assets do not require the use of current financial resources and are not reported as liabilities in governmental funds until actually due.	
	(77,461,390)
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	(352,165,000)
Certificates of participation payable	(26,219,268)
Deferred amounts on refunding	655,937
Accrued interest on the bonds payable and certificates of participation payable	(6,518,395)
Vacation payable	(4,926,866)
Severance benefits payable	(10,207,339)
Early retirement incentive payable	<u>(4,745,326)</u> (404,126,257)
Net assets of governmental activities	\$ <u><u>132,321,814</u></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, 2012

	<u>General</u>	<u>Community Service</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:						
Local sources:						
Property taxes	\$ 80,043,319	\$ 3,441,377	\$ 32,673	\$ 39,556,344	\$ —	\$ 123,073,713
County and other	14,266,367	7,070,303	—	225,264	62,540	21,624,474
State	383,705,822	12,436,742	1,265,709	5,411,226	—	402,819,499
Federal	54,206,626	2,283,456	21,305,665	—	22,036	77,817,783
Investment earnings	46,301	1,742	2,580	54	166,642	217,319
Sales and conversions of assets	443,782	1,982	2,445,687	—	—	2,891,451
Total revenues	<u>532,712,217</u>	<u>25,235,602</u>	<u>25,052,314</u>	<u>45,192,888</u>	<u>251,218</u>	<u>628,444,239</u>
Expenditures:						
Current:						
District administration	17,402,411	—	—	—	—	17,402,411
District support services	14,645,827	—	—	—	—	14,645,827
Regular instruction	252,482,867	—	—	—	—	252,482,867
Vocational education instruction	4,846,363	—	—	—	—	4,846,363
Exceptional instruction	107,885,106	—	—	—	—	107,885,106
Community education services	—	24,329,264	—	—	—	24,329,264
Instructional support services	31,900,494	—	—	—	—	31,900,494
Pupil support services	44,722,086	947,847	24,833,009	—	—	70,502,942
Sites and buildings	39,867,310	—	—	—	32,565,918	72,433,228
Debt service:						
Principal payments	—	—	—	24,151,950	—	24,151,950
Interest	41,637	—	—	16,813,025	—	16,854,662
Other debt	252,931	—	—	492,894	270,988	1,016,813
Total expenditures	<u>514,047,032</u>	<u>25,277,111</u>	<u>24,833,009</u>	<u>41,457,869</u>	<u>32,836,906</u>	<u>638,451,927</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,665,185</u>	<u>(41,509)</u>	<u>219,305</u>	<u>3,735,019</u>	<u>(32,585,688)</u>	<u>(10,007,688)</u>
Other financing sources (uses):						
Refunding bonds issued	—	—	—	44,365,000	—	44,365,000
Building bonds issued	—	—	—	—	24,980,000	24,980,000
Premium on bonds issued	—	—	—	6,008,518	1,219,442	7,227,960
Principal payments by refunded bond escrow agent	—	—	—	(10,845,000)	—	(10,845,000)
Sale of capital assets	42,352	—	30,240	—	—	72,592
Total other financing sources (uses)	<u>42,352</u>	<u>—</u>	<u>30,240</u>	<u>39,528,518</u>	<u>26,199,442</u>	<u>65,800,552</u>
Net change in fund balances	<u>18,707,537</u>	<u>(41,509)</u>	<u>249,545</u>	<u>43,263,537</u>	<u>(6,386,246)</u>	<u>55,792,864</u>
Fund balance at beginning of year, as restated	<u>91,543,123</u>	<u>3,661,101</u>	<u>4,605,046</u>	<u>6,719,049</u>	<u>54,471,025</u>	<u>160,999,344</u>
Fund balance at end of year	<u>\$ 110,250,660</u>	<u>\$ 3,619,592</u>	<u>\$ 4,854,591</u>	<u>\$ 49,982,586</u>	<u>\$ 48,084,779</u>	<u>\$ 216,792,208</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, 2012

Total net change in fund balances – governmental funds		\$	55,792,864
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	\$	26,244,578	
Depreciation expense		<u>(18,330,568)</u>	7,914,010
The Statement of Activities reports losses from the disposal of existing capital assets. Conversely, government funds do not report any gain or loss on the disposal of capital assets.			
			(269,320)
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.			
			(1,604,190)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:			
General obligation bonds payable		18,445,000	
Certificates of participation payable		5,706,950	
Payments by refunded bond escrow agent		<u>10,845,000</u>	34,996,950
Bond proceeds provide current financial resources to the governmental funds but increase long-term liabilities in the Statement of Net Assets.			
Building bonds issued		(24,980,000)	
Refunding bonds issued		<u>(44,365,000)</u>	(69,345,000)
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:			
Decrease in accrued interest expense		382,173	
Decrease in vacation payable		629,154	
Increase in severance benefits payable		(848,438)	
Decrease in early retirement incentive payable		444,324	
Amortization of bond issuance costs, premiums, and discounts and deferred amounts on refunding		919,644	
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
		<u>(6,420,591)</u>	(4,893,734)
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.			
			(8,020,408)
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 net operating income of the Internal Service Fund is reported with governmental activities.			
			<u>8,387</u>
Change in net assets of governmental activities		\$	<u><u>14,579,559</u></u>

See accompanying notes to basic financial statements.

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

Statement of Net Assets

Proprietary Fund

June 30, 2012

	<u>Governmental activities – Internal Service Fund</u>
	Assets
Current assets	
Cash and short-term investments	\$ 13,091,149
	Liabilities
Current liabilities	
Workers' compensation payable	<u>11,581,804</u>
	Net Assets
Unrestricted	<u><u>\$ 1,509,345</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 Assets

Proprietary Fund

Year ended June 30, 2012

	Governmental activities – Internal Service Fund
Operating revenues:	
Insurance service fees	\$ 3,056,479
Operating expenses:	
Claims expense	<u>3,056,479</u>
Operating income	—
Nonoperating revenues:	
Investment earnings	<u>8,387</u>
Change in net assets	8,387
Net assets at beginning of year	<u>1,500,958</u>
Net assets at end of year	<u><u>\$ 1,509,345</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, 2012

	<u>Governmental activities – Internal Service Fund</u>
Cash flows from operating activities:	
Assessments from other funds	\$ 3,056,479
Workers' compensation payments	<u>(3,015,969)</u>
Net cash provided by operating activities	40,510
Cash flows from investing activities:	
Investment income received	<u>8,387</u>
Net increase in cash and short-term investments	48,897
Cash at beginning of year	<u>13,042,252</u>
Cash at end of year	<u><u>\$ 13,091,149</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ —
Adjustment to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Workers' compensation payable	<u>40,510</u>
Net cash provided by operating activities	<u><u>\$ 40,510</u></u>

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

June 30, 2012

(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) Districtwide and Fund Financial Statements

The districtwide financial statements (i.e., the Statement of Net Assets and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

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 net assets are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term 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, 2012

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 districtwide 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 districtwide 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, 2012

In applying the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, the District adopted all applicable GASB pronouncements, as well as all Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, with the exception of those pronouncements that conflict with GASB pronouncements. The District has elected not to adopt FASB statements and interpretations issued after November 30, 1989.

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.

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.

Food Service Special Revenue Fund – Reports the activities and restricted revenues and resources relating to the school lunch and related programs.

Debt Service Fund – This fund accounts for resources that are restricted, committed, or assigned to repay bond indebtedness incurred to finance major property acquisition, construction, and improvement programs for Elementary and Secondary Schools.

Capital Projects Fund – This fund accounts for resources that are restricted, committed, or assigned for the acquisition and construction of major capital facilities for Elementary and Secondary Schools.

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, 2012

(d) Assets, Liabilities, Fund Balances, and Net Assets

(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 trust established to finance the District's liability for postemployment insurance benefits. 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. In the Capital Projects Fund, restricted accounts are established for cash and investments held for building construction.

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.

(ii) Receivables

All receivables are shown net of any allowance for uncollectibles. The only receivables not expected to be collected within one year are delinquent 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, 2012

(iv) Prepaid Expenditures/Expenses

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

(v) Property Taxes

Property taxes are levied each December and are certified to Ramsey County for collection in 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. Property taxes are due from taxpayers in two installments payable on May 15 and October 15. The following are the dates the District receives the calendar year 2012 property taxes from Ramsey County:

First half advance of estimated May property tax collections	May 24, 2012
Second half advance of estimated May property tax collections	June 6, 2012
Final May tax settlement	July 5, 2012
First half advance of estimated October property tax collections	October 24, 2012
Second half advance of estimated October property tax collections	November 2, 2012
Final October settlement	December 3, 2012
Final settlement for calendar year	January 25, 2013

The majority of the District's revenue in the General, Community Service, and Debt Service Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." Districts are required to recognize a percentage of the tax receipts for the calendar year as revenue for the year ended June 30. State aid is reduced by the amount of revenue recognized early. The remaining portion of the 2012 property taxes is recorded as unearned revenue since the property tax levy collectible in 2012 is intended to finance the subsequent fiscal year. As mandated by legislation, a portion of the property tax levy collectible in 2012, including the Teachers' Retirement Association (TRA) benefit levy, is recognized as revenue in fiscal year 2012.

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 deferred in the fund-based financial statements because it is not known to be available to finance the operations of the District in the current year. Based on ultimate collections experience, no allowance for uncollectible taxes is considered necessary.

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

Notes to Basic Financial Statements

June 30, 2012

(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.

Capital assets are recorded in the districtwide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. 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 – 20 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 districtwide financial statements, long-term debt and other long-term obligations are reported as liabilities of governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization, which approximates the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Notes to Basic Financial Statements

June 30, 2012

(viii) Compensated Absences – Vacation, Sick Leave, and Severance Pay

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 districtwide financial statements. Vacation pay is accrued in governmental fund financial statements only to the extent it has been used or otherwise matured prior to year end.

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

Funding for severance pay is partially funded through a special levy. All severance pay is accrued in the districtwide 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) 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.

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, 2012

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 meeting 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 5 percent of annual General Fund expenditures within a given year or the next succeeding year, the Superintendent shall alert the Board of Education to the circumstances and recommend appropriate short-term actions to maintain the desired balance.

(x) Net Assets

Net assets represent the difference between assets and liabilities in the districtwide and proprietary fund financial statements. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the districtwide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net assets are other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(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.

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

Notes to Basic Financial Statements

June 30, 2012

(f) *Prior Period Adjustment and Reclassification of Financial Statement*

For the year ended June 30, 2012, the District reviewed its interpretation of the recognition of the property tax shift mandated by the Legislature. As a result, beginning net assets of districtwide governmental activities and fund-based equity of the General Fund has been restated. The net effect on beginning net assets and fund balance is an increase of \$15,768,499.

The District also made a financial statement reclassification to report the activity previously reported in the Other Post-Employment Benefits Internal Service Fund as part of the General Fund. This change increased beginning fund balance of the General Fund by \$995,800.

(g) *Prior Period Financial Reclassification*

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

(2) Cash and Investments

(a) *Components of Cash and Investments*

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

Deposits		\$	55,350,223
Investments			207,616,899
			262,967,122
		\$	262,967,122

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

Statement of Net Assets - current assets			
Cash and short-term investments		\$	158,379,076
Restricted cash and investments for capital projects			50,793,420
Restricted cash and investments for debt service			16,394,165
Statement of Net Assets - noncurrent assets			
Restricted cash and investments in revocable trust for OPEB obligations			1,995,800
Restricted cash and investments for debt service			35,404,661
Total		\$	262,967,122

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

Notes to Basic Financial Statements

June 30, 2012

(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.

Deposit balances at June 30, 2012 are as follows:

	Carrying amount		Bank balance
Total bank deposits (checking and savings)	\$ 55,350,223	\$	48,022,894

At June 30, 2012, 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.

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

Notes to Basic Financial Statements

June 30, 2012

- (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 the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statute § 356A.06, Subd. 7.

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

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.
- 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.

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

Notes to Basic Financial Statements

June 30, 2012

The following table presents the District's deposit and investment balances at June 30, 2012, and information relating to potential investment risks:

	Interest Rate Risk - Maturity Duration in			Concentration Risk	Credit Risk		Carrying Value
	Years				Over 5% of portfolio	Rating	
	Less Than 1	1 to 5	Greater Than 5				
US Treasury Note	\$ 905,456	\$ 997,766	\$ —	—	AAA	Moody's	\$ 1,903,222
Government Agency Securities:							
Federal Farm Credit Bank	—	35,985	—	—	AA+	S&P	35,985
Federal Home Loan Mortgage Corporation	—	15,445	—	—	AA+	S&P	15,445
Federal National Mortgage Association	—	77,994	—	—	AA+	S&P	77,994
Federal Home Loan Banks	16,237,587	31,400,337	—	22.95%	AA+	S&P	47,637,924
Government Obligations	3,563,918	—	—	—	AAA	Moody's	3,563,918
Guaranteed Investment Contract	—	—	737,511	—	N/A	N/A	737,511
Repurchase Agreement (U.S. agency underlying securities)	—	1,508,058	1,277	—	AAA	S&P	1,509,335
Commercial Paper	5,992,800	—	—	—	A1+	Moody's	5,992,800
Corporate Obligations	152,539	365,296	—	—	A	S&P	517,835
Corporate Obligations	51,684	186,387	—	—	AA	S&P	238,071
Investment pools/mutual funds:							
Minnesota School District Liquid Asset Fund					AAA	S&P	144,153,201
FFI Government Fund					AAA	S&P	31,883
Fidelity Institutional Cash Portfolios					AAA	S&P	65,055
Western Asset Institutional Mutual Fund					AAA	S&P	23,578
Mutual funds					N/A	N/A	1,113,142
Total investments							207,616,899
Deposits							55,350,223
Total deposits and investments							\$ 262,967,122

N/A Not applicable

The Minnesota School District Liquid Asset Fund 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, 2012

(3) Receivables

Receivables due from other governmental units at June 30, 2012 consist of the following:

	<u>General</u>	<u>Community Service</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Total</u>
Minnesota Department of Education state aid	\$ 140,840,072	\$ 4,227,533	\$ 45,331	\$ 2,077,692	\$ 147,190,628
Minnesota Department of Education, principally pass-through federal assistance	5,841,676	705,337	1,181,146	—	7,728,159
Due from other school districts	846,355	900	—	—	847,255
Federal government direct assistance	1,476,428	—	—	—	1,476,428
Other	79,697	90,868	—	—	170,565
	<u>\$ 149,084,228</u>	<u>\$ 5,024,638</u>	<u>\$ 1,226,477</u>	<u>\$ 2,077,692</u>	<u>\$ 157,413,035</u>

(4) Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	<u>Land</u>	<u>Construction in progress</u>	<u>Total</u>
Capital assets not being depreciated:			
Cost at June 30, 2011	\$ 26,015,870	\$ 11,051,676	\$ 37,067,546
Additions and transfers in	—	22,186,517	22,186,517
Deletions and transfers out	—	(24,531,150)	(24,531,150)
Cost at June 30, 2012	<u>\$ 26,015,870</u>	<u>\$ 8,707,043</u>	<u>\$ 34,722,913</u>

	<u>Land improvements</u>	<u>Buildings</u>	<u>Building improvements</u>	<u>Equipment</u>	<u>Total</u>
Capital assets being depreciated:					
Cost at June 30, 2011	\$ 19,485,743	\$ 333,051,647	\$ 256,233,305	\$ 15,943,159	\$ 624,713,854
Additions and transfers in	1,742,913	5,034,609	20,319,358	1,333,970	28,430,850
Deletions and transfers out	—	—	—	(814,548)	(814,548)
Cost at June 30, 2012	<u>\$ 21,228,656</u>	<u>\$ 338,086,256</u>	<u>\$ 276,552,663</u>	<u>\$ 16,462,581</u>	<u>\$ 652,330,156</u>

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

Notes to Basic Financial Statements

June 30, 2012

Accumulated depreciation activity for the year ended June 30, 2012 is as follows:

	<u>Land improvements</u>	<u>Buildings</u>	<u>Building improvements</u>	<u>Equipment</u>	<u>Total</u>
Accumulated depreciation at June 30, 2011	\$ 8,750,422	\$ 146,560,410	\$ 96,198,879	\$ 13,071,560	\$ 264,581,271
Additions	969,070	6,404,068	9,889,610	1,067,820	18,330,568
Deletions	—	—	—	(703,589)	(703,589)
Accumulated depreciation at June 30, 2012	<u>\$ 9,719,492</u>	<u>\$ 152,964,478</u>	<u>\$ 106,088,489</u>	<u>\$ 13,435,791</u>	<u>\$ 282,208,250</u>
Total capital assets being depreciated, net	<u>\$ 11,509,164</u>	<u>\$ 185,121,778</u>	<u>\$ 170,464,174</u>	<u>\$ 3,026,790</u>	<u>\$ 370,121,906</u>

Depreciation expense for the year ended June 30, 2012 was charged to the following governmental functions:

Administration	\$ 160,759
District support services	583,095
Elementary and secondary regular instruction	17,074,191
Special education instruction	230,415
Instructional support services	50,409
Pupil support services	61,591
Community service	170,108
Total depreciation expense	<u>\$ 18,330,568</u>

At June 30, 2012, the District had \$8,262,437 in outstanding construction commitments.

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

Notes to Basic Financial Statements

June 30, 2012

(5) Aid and Tax Anticipation Certificates

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

Issue Date	Maturity Date	Interest Rate	Balance, June 30, 2011	Additions	Retirements	Balance, June 30, 2012
9/1/2010	9/1/2011	2.00%	\$ 78,705,542	-	\$ (78,705,542)	-
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
			<u>\$ 78,705,542</u>	<u>\$ 138,852,158</u>	<u>\$ (78,705,542)</u>	<u>\$ 138,852,158</u>

Interest and fiscal charges of \$294,568 were charged to the General Fund during the year, net of reoffering premiums.

On August 30, 2012, the District sought another short-term borrow through the Minnesota Tax and Aid Anticipation Borrowing Program and received proceeds in the net amount of \$36,352,479 from Aid Anticipation Certificates of Participation, Series 2012A. The principal of \$35,801,365 and interest are due on September 10, 2013.

(6) Long-Term Liabilities

(a) Change in Long-Term Liabilities

During the fiscal year ended June 30, 2012, the following changes occurred in long-term liabilities:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due within one year
General obligation bonds payable	\$ 312,110,000	\$ 69,345,000	\$ (29,290,000)	\$ 352,165,000	\$ 36,185,000
Certificates of participation payable	31,926,218	—	(5,706,950)	26,219,268	5,794,469
Add (less) unamortized discount/premium	7,403,681	7,227,960	(872,271)	13,759,370	—
(Less) add deferred amounts on refunding	(380,482)	(385,685)	110,230	(655,937)	—
Total long-term obligations	351,059,417	76,187,275	(35,758,991)	391,487,701	41,979,469
Compensated absences:					
Severance benefits payable	9,358,901	2,395,500	(1,547,062)	10,207,339	2,139,372
Vacation payable	5,556,020	3,912,068	(4,541,222)	4,926,866	4,261,504
Early retirement incentive payable	5,189,650	439,233	(883,557)	4,745,326	1,178,076
	<u>\$ 371,163,988</u>	<u>\$ 82,934,076</u>	<u>\$ (42,730,832)</u>	<u>\$ 411,367,232</u>	<u>\$ 49,558,421</u>

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

Notes to Basic Financial Statements

June 30, 2012

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, Community Service, and Food Service Funds).

(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, 2012 include:

Date of issue	Issue	Date of final maturity	Coupon rate percentage	Amount of original issue	Outstanding at June 30, 2012
8/1/2002	2002A School Building Bonds	2/1/2023	3.0% – 5.0%	\$ 11,000,000	\$ 7,260,000
8/1/2002	2002B School Building Bonds	2/1/2023	3.0% – 5.0%	15,000,000	9,970,000
3/31/2003	2003B School Building Bonds	2/1/2024	3.0% – 4.5%	11,000,000	7,560,000
3/31/2003	2003C School Building Bonds	2/1/2024	3.5% – 4.5%	15,000,000	10,320,000
12/1/2004	2004B School Building Bonds	2/1/2025	3.0% – 5.0%	25,335,000	18,690,000
12/1/2004	2004C School Building Refunding Bonds	2/1/2017	3.5% – 4.0%	29,055,000	12,135,000
12/1/2005	2005A School Building Bonds	2/1/2026	4.0% – 5.0%	24,995,000	19,755,000
12/1/2005	2005B School Building Refunding Bonds	2/1/2021	4.0% – 5.0%	44,290,000	33,780,000
11/1/2006	2006A School Building Bonds	2/1/2021	4.0% – 5.0%	24,760,000	20,620,000
11/1/2007	2007A School Building Bonds	2/1/2028	4.0% – 5.0%	25,630,000	22,320,000
12/1/2008	2008A School Building Bonds	2/1/2029	3.0% – 5.0%	25,800,000	23,395,000
12/18/2008	2008B School Building Refunding Bonds	2/1/2018	3.5% – 4.5%	11,345,000	5,250,000
12/15/2009	2009B School Building Bonds	2/1/2030	2.0% – 4.0%	9,790,000	9,090,000
12/15/2009	2009C School Building Refunding Bonds	2/1/2015	3.0% – 5.0%	8,300,000	4,495,000
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	10,355,000
11/17/2010	2010B Taxable School Building Bonds	2/1/2031	.9% – 4.9%	7,750,000	7,460,000
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	26,000,000
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
				<u>\$ 429,115,000</u>	<u>\$ 352,165,000</u>

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2012

In fiscal year 2011, the District issued \$10,355,000 of General Obligation School Building Refunding Bonds, Series 2010A. The proceeds of this issue and interest earned thereon were used to refund, in advance of their stated maturities, the 2013 through 2022 maturities of the District's 2001B General Obligation Refunding Bonds and 2001C General Obligation Refunding Bonds. The proceeds of the 2010A issue had been placed in an escrow account pending the February 1, 2012 call date of the refunded issue. Until the call date, the District made all debt service payments on the 2001B and 2001C issues, and all debt service on the 2010A issue was paid from the escrow account. On February 1, 2012, the escrow account was used to call the remaining principal of the 2001B and 2001C issues, and the District assumed all future principal and interest payments on the 2010A issue. This advance "crossover refunding" reduced the District's total future debt service payments by \$1,189,641 and resulted in present value savings of \$1,191,111.

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 will occur 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 have been placed in an escrow account pending the call dates of the refunded issues. Until the call dates, the District will make all debt service payments on the 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 2012, the District issued \$24,980,000 in General Obligation School Building Bonds, Series 2012A. 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.

The District's legal debt limit is 15 percent of the fair market value of the property within the District, totaling \$2,729,188,891 at June 30, 2012. The District's legal debt margin at June 30, 2012 is \$2,403,291,477.

At June 30, 2012, \$108,490,000 of defeased general obligation debt is outstanding.

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

Notes to Basic Financial Statements

June 30, 2012

(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, 2012 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	\$ 1,119,102
2/1/1993	2/1/2013	5.70% – 6.38%	4,000,000	335,000
1/7/1993	1/1/2017	5.40% – 6.35%	5,603,508	1,050,166
11/1/2006	2/1/2016	4.00%	14,420,000	7,180,000
11/1/2006	2/1/2018	4.00%	9,370,000	5,705,000
1/29/2009	2/1/2019	3.50% – 4.25%	8,715,000	6,420,000
6/15/2011	2/1/2015	3.0% – 4.0%	5,885,000	4,410,000
			<u>\$ 71,142,051</u>	<u>\$ 26,219,268</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:						
2013	\$ 36,185,000	\$ 14,134,242	\$ 5,794,469	\$ 3,068,525	\$ 41,979,469	\$ 17,202,767
2014	36,490,000	13,249,454	5,541,174	2,912,215	42,031,174	16,161,669
2015	35,205,000	11,709,239	5,689,519	2,756,070	40,894,519	14,465,309
2016	19,545,000	10,173,216	3,990,475	979,712	23,535,475	11,152,928
2017	18,330,000	9,339,571	2,123,631	839,757	20,453,631	10,179,328
2018-2022	84,950,000	34,483,472	3,080,000	169,772	88,030,000	34,653,244
2023-2027	76,065,000	18,097,724	—	—	76,065,000	18,097,724
2028-2032	43,780,000	4,601,852	—	—	43,780,000	4,601,852
2033	1,615,000	50,468	—	—	1,615,000	50,468
	<u>\$ 352,165,000</u>	<u>\$ 115,839,238</u>	<u>\$ 26,219,268</u>	<u>\$ 10,726,051</u>	<u>\$ 378,384,268</u>	<u>\$ 126,565,289</u>

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

Notes to Basic Financial Statements

June 30, 2012

(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, 2012, the present value cost of expected future benefit payments of the termination benefits under the ERI over the remaining four-year period, discounted at 2.5 percent, is \$4,745,326, and is recorded on the districtwide 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 until the employee reaches the age of eligibility for Medicare. 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 policy 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,

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

Notes to Basic Financial Statements

June 30, 2012

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.

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 cost 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, 2012:

Annual required contribution (ARC)	\$	27,562,618
Interest on net OPEB obligation		1,729,327
Adjustment to ARC		<u>(3,304,926)</u>
Annual OPEB cost (expense)		25,987,019
Contributions made		<u>(17,966,611)</u>
Increase in net OPEB obligation		8,020,408
Net OPEB obligation, beginning of year		<u>69,440,982</u>
Net OPEB obligation, end of year	\$	<u><u>77,461,390</u></u>

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

Notes to Basic Financial Statements

June 30, 2012

(d) Three-Year Trend Information

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 25,987,019	69.1%	\$ 77,461,390
June 30, 2011	\$ 32,070,501	44.4%	\$ 69,440,982
June 30, 2010	\$ 30,006,082	45.2%	\$ 51,619,118

(e) Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$376,275,242 resulting in an unfunded actuarial accrued liability (UAAL) of \$376,275,242. The covered payroll (annual payroll of active employees covered by the plan) was \$318,665,789 and the ratio of UAAL to covered payroll was 118.1 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 annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as presented below as required supplementary information, 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) Schedule of Funding Progress – Unaudited Required Supplementary Information

Analysis of the District's funding status follows:

<u>Actuarial valuation date</u>	<u>Actuarial value of plan assets</u>	<u>Actuarial accrued liability (AAL)</u>	<u>Plan assets less than AAL</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>Plan assets less than AAL as of a percentage of covered payroll</u>
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%
January 1, 2007	\$ —	\$ 312,955,987	\$ 312,955,987	—%	\$ 214,378,153	146.0%

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

Notes to Basic Financial Statements

June 30, 2012

(g) 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, 2011 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, and an annual inflation rate and annual healthcare cost trend rate of 10 percent for medical and 4 percent for dental for 2011, with medical reduced 0.5 percent each year until it reaches an annual rate of 5.0 percent in 2021. 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.

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, 2012 in the MLA is immaterial and, therefore, not recorded in the District's financial statements. Further financial information can be obtained from the MLA.

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

Notes to Basic Financial Statements

June 30, 2012

(b) East Metro Integration District

The District is a member of the East Metro Integration District (District 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 East Metro Integration District No. 6067.

(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 Berkley Risk Administrators (limited to \$1,500,00 each occurrence) along with property and casualty insurance through Travelers Insurance Company (\$250,000 deductible per occurrence). The property and casualty insurance plan requires quarterly premiums with no additional assessments. Travelers 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 2012.

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 \$1,800,000. 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:

	2012	2011
Estimated liability at beginning of year	\$ 11,541,294	\$ 11,576,786
Increased claims (including IBNR)	3,056,479	3,148,577
Administrative payments	(154,815)	(143,923)
Claim payments	(2,861,154)	(3,040,146)
Estimated liability at end of year	\$ 11,581,804	\$ 11,541,294

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

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

Notes to Basic Financial Statements

June 30, 2012

(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.

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, 2012

Funding Policy and Annual Pension Cost

The District makes annual required contributions to the pension plans. The annual required contributions 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	8.00%	5.50%
District	11.64%	8.34%
Annual pension cost	\$ 306,455	\$ 20,951,778
Contributions made	\$ 306,455	\$ 20,951,778
Actuarial valuation date	July 1, 2011	July 1, 2011
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent of pay, assuming 5% payroll growth	Level percent of pay, assuming 5% payroll growth
Remaining amortization period	25 years	25 years
Asset valuation method	Market value, adjusted for amortization obligations receivable at end of each fiscal year, less a percentage of unrecognized asset return determined at close of each of the four preceding fiscal years.	Market value, adjusted for amortization obligations receivable at end of each fiscal year, less a percentage of unrecognized asset return determined at close of each of the four preceding fiscal years.
Actuarial assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	Based on a 10 yr select and ultimate rate table with rates ranging from 5.0-6.9%, age and service based	Based on a 10 yr select and ultimate rate table with rates ranging from 5.0-6.9%, age and service based
Cost-of-living adjustments	1% at 1/1/12 (actual) assumed 1% thereafter	1% at 1/1/12 (actual) assumed 1% thereafter

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

Notes to Basic Financial Statements

June 30, 2012

Three-Year Trend Information

	<u>Year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
Basic Plan	June 30, 2010	\$ 907,077	100%	\$ —
	June 30, 2011	\$ 728,828	100%	\$ —
	June 30, 2012	\$ 306,455	100%	\$ —
Coordinated Plan	June 30, 2010	\$ 20,568,865	100%	\$ —
	June 30, 2011	\$ 20,924,608	100%	\$ —
	June 30, 2012	\$ 20,951,778	100%	\$ —

Schedule of Funding Progress – Unaudited Required Supplementary Information

Actuarial information with regard to the SPTRFA is presented below. All amounts are expressed in thousands of dollars.

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>AAL – entry age (b)</u>	<u>UAAL (b – a)</u>	<u>Funded ratio (a/b)</u>	<u>Annual covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b – a)/c)</u>
July 1, 2009	\$ 1,049,954	\$ 1,454,314	\$ 404,360	72.02%	\$ 243,166	166.29%
July 1, 2010	\$ 1,001,444	\$ 1,471,630	\$ 470,186	68.05%	\$ 239,996	195.91%
July 1, 2011	\$ 972,718	\$ 1,389,875	\$ 417,157	69.99%	\$ 239,738	174.01%

(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.

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

Notes to Basic Financial Statements

June 30, 2012

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 GERS 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.

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.

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

Notes to Basic Financial Statements

June 30, 2012

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. GERP 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 GERP for the years ended June 30, 2012, 2011, and 2010 were \$6,513,609, \$6,421,530, and \$6,364,310, respectively, equal to the contractually required contributions for each year as set by state statutes.

(12) 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.

Contingencies

The District has the usual and customary legal claims pending at year-end, mostly of minor nature and/or covered by insurance. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General Fund and Major Special Revenue Funds

Year ended June 30, 2012

	General			Community Service			Food Service		
	Budgeted amounts		Actual	Budgeted amounts		Actual	Budgeted amounts		Actual
	Original	Final		Original	Final		Original	Final	
Revenues:									
Local sources:									
Property taxes	\$ 75,188,429	\$ 75,188,429	\$ 80,043,319	\$ 3,393,054	\$ 3,393,054	\$ 3,441,377	\$ 50,000	\$ 50,000	\$ 32,673
County and other	10,023,595	12,471,734	14,266,367	6,926,666	7,199,058	7,070,303	—	—	—
State	368,933,510	381,225,562	383,705,822	11,903,455	12,663,168	12,436,742	1,190,000	1,190,000	1,265,709
Federal	41,896,874	61,252,376	54,206,626	1,948,989	2,157,154	2,283,456	20,388,500	20,388,500	21,305,665
Investment earning	137,656	139,207	46,301	—	—	1,742	1,500	1,500	2,580
Sales and conversions of assets	—	343,956	443,782	—	—	1,982	2,803,800	2,803,800	2,445,687
Total revenues	496,180,064	530,621,264	532,712,217	24,172,164	25,412,434	25,235,602	24,433,800	24,433,800	25,052,314
Expenditures:									
Current:									
District administration	16,924,875	20,869,066	17,402,411	—	—	—	—	—	—
District support services	15,827,598	16,685,026	14,645,827	—	—	—	—	—	—
Regular instruction	235,115,738	267,459,711	252,482,867	—	—	—	—	—	—
Vocational education instruction	1,071,306	5,055,220	4,846,363	—	—	—	—	—	—
Exceptional instruction	97,917,986	111,401,612	107,885,106	—	—	—	—	—	—
Community education services	—	—	—	24,193,614	25,073,418	24,329,264	—	—	—
Instructional support services	28,571,818	32,871,141	31,900,494	—	—	—	—	—	—
Pupil support services	45,483,698	46,195,013	44,722,086	761,905	1,122,371	947,847	24,433,800	24,433,800	24,833,009
Sites and buildings	61,780,345	42,938,276	39,867,310	—	—	—	—	—	—
Debt service:									
Interest	—	—	41,637	—	—	—	—	—	—
Other debt	500,000	700,000	252,931	—	—	—	—	—	—
Total expenditures	503,193,364	544,175,065	514,047,032	24,955,519	26,195,789	25,277,111	24,433,800	24,433,800	24,833,009
Excess (deficiency) of revenues over (under) expenditures	(7,013,300)	(13,553,801)	18,665,185	(783,355)	(783,355)	(41,509)	—	—	219,305
Other financing sources:									
Sale of capital assets	13,300	13,300	42,352	—	—	—	—	—	30,240
Net change in fund balances	\$ (7,000,000)	\$ (13,540,501)	18,707,537	\$ (783,355)	\$ (783,355)	(41,509)	\$ —	\$ —	249,545
Fund balances at beginning of year, as restated			91,543,123			3,661,101			4,605,046
Fund balances at end of year			\$ 110,250,660			\$ 3,619,592			\$ 4,854,591

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

Note to Required Supplementary Information

June 30, 2012

Budgetary Information

The budget for the General Fund, Community Service, and Food 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 \$399,209 during fiscal year ended June 30, 2012.

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

General Fund

Combining Balance Sheet

June 30, 2012

Assets	<u>General Fund accounts</u>	<u>Fully financed General Fund accounts</u>	<u>Totals</u>
Cash and short-term investments (deficit)	\$ 129,841,386	\$ (1,587,880)	\$ 128,253,506
Restricted cash and investments in revocable trust for OPEB obligations	1,995,800	—	1,995,800
Receivables:			
Property taxes	52,825,285	—	52,825,285
Due from other governmental units	141,868,341	7,215,887	149,084,228
Other	108,744	415,576	524,320
Inventories	364,819	—	364,819
Prepaid expenditures	1,358,824	90,642	1,449,466
Total assets	<u>\$ 328,363,199</u>	<u>\$ 6,134,225</u>	<u>\$ 334,497,424</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 8,828,360	\$ 1,240,644	\$ 10,069,004
Accrued expenditures	33,508,111	772,829	34,280,940
Aid and tax anticipation certificate payable	138,852,158	—	138,852,158
Due to other governmental units	69,925	10,948	80,873
Amounts held for school activities	2,242,223	—	2,242,223
Deferred revenue:			
Property taxes	34,741,486	—	34,741,486
Unearned revenue	78,151	3,901,929	3,980,080
Total liabilities	<u>218,320,414</u>	<u>5,926,350</u>	<u>224,246,764</u>
Fund balance:			
Nonspendable for inventory and prepaid expenditures	1,723,643	90,642	1,814,285
Restricted for:			
Operating capital	7,015,289	—	7,015,289
Area learning center	1,151,796	—	1,151,796
Retiree health insurance premiums	1,906,838	—	1,906,838
OPEB revocable trust	1,998,472	—	1,998,472
Committed to:			
Severance pay	2,538,018	—	2,538,018
Retiree health insurance	25,377,730	—	25,377,730
Assigned to:			
Contractual obligations	6,981,453	—	6,981,453
Next year operations	6,900,000	—	6,900,000
Strong Schools, Strong Communities initiative	7,241,000	—	7,241,000
Site based operations	864,225	—	864,225
Unassigned:			
Health and safety restricted account deficit	(1,163,216)	—	(1,163,216)
Unassigned	47,507,537	117,233	47,624,770
Total fund balance	<u>110,042,785</u>	<u>207,875</u>	<u>110,250,660</u>
Total liabilities and fund balance	<u>\$ 328,363,199</u>	<u>\$ 6,134,225</u>	<u>\$ 334,497,424</u>

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

General Fund Accounts

Balance Sheet

June 30, 2012

Assets

Cash and short-term investments	\$ 129,841,386
Restricted cash and investments in revocable trust for OPEB obligations	1,995,800
Receivables:	
Property taxes	52,825,285
Due from other governmental units	141,868,341
Other	108,744
Inventories	364,819
Prepaid expenditures	1,358,824
	<u>328,363,199</u>
Total assets	\$ 328,363,199

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 8,828,360
Accrued expenditures	33,508,111
Aid and tax anticipation certificate payable	138,852,158
Due to other governmental units	69,925
Amounts held for school activities	2,242,223
Deferred revenue:	
Property taxes	34,741,486
Unearned revenue	78,151
	<u>218,320,414</u>
Total liabilities	218,320,414

Fund balance:

Nonspendable for inventory and prepaid expenditures	1,723,643
Restricted for:	
Operating capital	7,015,289
Area learning center	1,151,796
Retiree health insurance premiums	1,906,838
OPEB revocable trust	1,998,472
Committed to:	
Severance pay	2,538,018
Retiree health insurance	25,377,730
Assigned to:	
Contractual obligations	6,981,453
Next year operations	6,900,000
Strong Schools, Strong Communities initiative	7,241,000
Site based operations	864,225
Unassigned:	
Health and safety restricted account deficit	(1,163,216)
Unassigned	47,507,537
	<u>110,042,785</u>

Total fund balance	<u>110,042,785</u>
Total liabilities and fund balance	\$ 328,363,199

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

Fully Financed General Fund Accounts

Balance Sheet

June 30, 2012

Assets

Cash and short-term investments (deficit)	\$ (1,587,880)
Receivables:	
Due from other governmental units	7,215,887
Other	415,576
Prepaid expenditures	<u>90,642</u>
Total assets	<u><u>\$ 6,134,225</u></u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	\$ 1,240,644
Accrued expenditures	772,829
Due to other governmental units	10,948
Unearned revenue	<u>3,901,929</u>
Total liabilities	<u>5,926,350</u>
Fund balance:	
Nonspendable for prepaid expenditures	90,642
Unassigned	<u>117,233</u>
Total fund balance	<u>207,875</u>
Total liabilities and fund balance	<u><u>\$ 6,134,225</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, 2012

	General Fund Accounts	Fully Financed General Fund Accounts	Totals
Revenues:			
Local sources:			
Property taxes	\$ 80,043,319	\$ —	\$ 80,043,319
County and other	8,639,481	5,626,886	14,266,367
State	380,515,183	3,190,639	383,705,822
Federal	8,534,058	45,672,568	54,206,626
Investment earnings	46,301	—	46,301
Sales and conversions of assets	443,782	—	443,782
	478,222,124	54,490,093	532,712,217
Expenditures:			
Current:			
District administration	17,398,837	3,574	17,402,411
District support services	14,541,104	104,723	14,645,827
Regular instruction	218,346,655	34,136,212	252,482,867
Vocational education instruction	3,951,250	895,113	4,846,363
Exceptional instruction	93,997,694	13,887,412	107,885,106
Instructional support services	27,987,816	3,912,678	31,900,494
Pupil support services	43,379,580	1,342,506	44,722,086
Sites and buildings	39,867,310	—	39,867,310
Debt service			
Interest	41,637	—	41,637
Other debt	252,931	—	252,931
	459,764,814	54,282,218	514,047,032
Excess of revenues over expenditures	18,457,310	207,875	18,665,185
Other financing sources:			
Sale of capital assets	42,352	—	42,352
	18,499,662	207,875	18,707,537
Fund balance at beginning of year, as restated	91,543,123	—	91,543,123
Fund balance at end of year	\$ 110,042,785	\$ 207,875	\$ 110,250,660

**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, 2012

	Final Budget	Actual
Revenues:		
Local sources:		
Property taxes	\$ 75,188,429	\$ 80,043,319
County and other	6,347,795	8,639,481
State	377,463,747	380,515,183
Federal	5,350,001	8,534,058
Interest earnings	139,207	46,301
Sales and conversions of assets	343,956	443,782
	<u>464,833,135</u>	<u>478,222,124</u>
Expenditures:		
Current:		
District administration	20,839,066	17,398,837
District support services	16,488,256	14,541,104
Regular instruction	225,970,352	218,346,655
Vocational education instruction	3,911,419	3,951,250
Exceptional instruction	94,673,728	93,997,694
Instructional support services	28,190,278	27,987,816
Pupil support services	44,675,561	43,379,580
Sites and buildings	42,938,276	39,867,310
Debt service		
Interest	—	41,637
Other debt	700,000	252,931
	<u>478,386,936</u>	<u>459,764,814</u>
Excess (deficiency) of revenues over (under) expenditures	(13,553,801)	18,457,310
Other financing sources:		
Sale of capital assets	13,300	42,352
Net change in fund balances	<u>\$ (13,540,501)</u>	<u>18,499,662</u>
Fund balance at beginning of year, as restated		91,543,123
Fund balance at end of year		\$ 110,042,785

**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, 2012

	Final Budget	Actual
Revenues:		
Local sources:		
County and other	\$ 6,123,939	\$ 5,626,886
State	3,761,815	3,190,639
Federal	55,902,375	45,672,568
Total revenues	65,788,129	54,490,093
Expenditures:		
Current:		
District administration	30,000	3,574
District support services	196,770	104,723
Regular instruction	41,489,359	34,136,212
Vocational education instruction	1,143,801	895,113
Exceptional instruction	16,727,884	13,887,412
Instructional support services	4,680,863	3,912,678
Pupil support services	1,519,452	1,342,506
Total expenditures	65,788,129	54,282,218
Net change in fund balances	\$ —	207,875
Fund balance at beginning of year		—
Fund balance at end of year		\$ 207,875

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

Community Service Fund

Balance Sheet

June 30, 2012

Assets

Cash and short-term investments	\$ 2,160,351
Receivables:	
Property taxes	2,209,721
Due from other governmental units	5,024,638
Other	17,552
Prepaid expenditures	<u>143,067</u>
Total assets	<u><u>\$ 9,555,329</u></u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	\$ 1,038,054
Accrued expenditures	1,660,920
Deferred revenue:	
Property taxes	1,864,872
Unearned revenue	<u>1,371,891</u>
Total liabilities	<u>5,935,737</u>
Fund balance:	
Nonspendable for prepaid expenditures	143,067
Restricted for:	
Adult basic education	593,378
School readiness	246,662
Community education	1,977,333
ECFE	368,263
Community service	<u>290,889</u>
Total fund balance	<u>3,619,592</u>
Total liabilities and fund balance	<u><u>\$ 9,555,329</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, 2012

Revenues:

Local sources:

Property taxes	\$ 3,441,377
County and other	7,070,303
State	12,436,742
Federal	2,283,456
Investment earnings	1,742
Sale and conversion of assets	1,982
	<hr/>
Total revenues	25,235,602

Expenditures:

Current:

Community education services	24,329,264
Pupil support services	947,847
	<hr/>
Total expenditures	25,277,111
	<hr/>
Net change in fund balances	(41,509)

Fund balance at beginning of year	<hr/>
	3,661,101
Fund balance at end of year	<hr/> <hr/>
	\$ 3,619,592

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

Food Service Fund

Balance Sheet

June 30, 2012

Assets

Cash and short-term investments	\$ 4,869,602
Receivables:	
Due from other governmental units	1,226,477
Other	25
Inventories	1,093,621
Prepaid expenditures	<u>35,220</u>
Total assets	<u><u>\$ 7,224,945</u></u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	\$ 420,213
Accrued expenditures	<u>1,950,141</u>
Total liabilities	<u>2,370,354</u>
Fund balance:	
Nonspendable for inventory and prepaid expenditures	1,128,841
Restricted for food service	<u>3,725,750</u>
Total fund balance	<u>4,854,591</u>
Total liabilities and fund balance	<u><u>\$ 7,224,945</u></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, 2012

Revenues:		
Local sources:		
Property taxes	\$	32,673
State		1,265,709
Federal		21,305,665
Investment earnings		2,580
Sales and conversion of assets		<u>2,445,687</u>
Total revenues		<u>25,052,314</u>
Expenditures:		
Current:		
Pupil support services		<u>24,833,009</u>
Excess of revenues over expenditures		219,305
Other financing sources:		
Sale of capital assets		<u>30,240</u>
Net change in fund balances		249,545
Fund balance at beginning of year		<u>4,605,046</u>
Fund balance at end of year	\$	<u><u>4,854,591</u></u>

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

Debt Service Fund

Balance Sheet

June 30, 2012

Assets

Cash and short-term investments	\$ 10,004,468
Restricted cash and investments for debt service	51,798,826
Receivables:	
Property taxes	25,270,446
Due from other governmental units	2,077,692
Other	91,582
Prepaid expenditures	<u>1,377,000</u>
Total assets	<u><u>\$ 90,620,014</u></u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	\$ 176,331
Deferred revenue:	
Property taxes	<u>40,461,097</u>
Total liabilities	<u>40,637,428</u>
Fund balance:	
Nonspendable for prepaid expenditures	1,377,000
Restricted for:	
Bond refunding	49,551,981
QSCB payments	2,246,845
Unassigned	<u>(3,193,240)</u>
Total fund balance	<u>49,982,586</u>
Total liabilities and fund balance	<u><u>\$ 90,620,014</u></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, 2012

	<u>Final budget</u>	<u>Actual</u>
Revenues:		
Local sources:		
Property taxes	\$ 41,967,000	\$ 39,556,344
County and other	—	225,264
State	3,733,000	5,411,226
Investment earnings	200,000	54
	<u>45,900,000</u>	<u>45,192,888</u>
Expenditures:		
Debt service:		
Principal payments	35,648,000	24,151,950
Interest	15,010,000	16,813,025
Other debt	142,000	492,894
	<u>50,800,000</u>	<u>41,457,869</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,900,000)</u>	<u>3,735,019</u>
Other financing sources (uses):		
Refunding bonds issued	—	44,365,000
Premium on refunding bonds issued	—	6,008,518
Principal payments by refunded bond escrow agent	—	(10,845,000)
	<u>—</u>	<u>39,528,518</u>
Net change in fund balances	<u>\$ (4,900,000)</u>	43,263,537
Fund balance at beginning of year		<u>6,719,049</u>
Fund balance at end of year		<u>\$ 49,982,586</u>

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

Capital Projects Fund

Balance Sheet

June 30, 2012

Assets

Restricted cash and investments	\$ 50,793,420
Receivables:	
Other	<u>7,097</u>
Total assets	<u><u>\$ 50,800,517</u></u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	\$ 2,400,846
Accrued expenditures	<u>314,892</u>
Total liabilities	<u>2,715,738</u>
Fund balance:	
Restricted for:	
Alternative facilities program	18,525,155
Capital projects	<u>29,559,624</u>
Total fund balance	<u>48,084,779</u>
Total liabilities and fund balance	<u><u>\$ 50,800,517</u></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, 2012

	<u>Final Budget</u>	<u>Actual</u>
Revenues:		
Local sources:		
County and other	\$ —	\$ 62,540
Federal	—	22,036
Investment earnings	100,000	166,642
Total revenues	<u>100,000</u>	<u>251,218</u>
Expenditures:		
Current:		
Sites and buildings	32,900,000	32,565,918
Debt Service:		
Other debt	—	270,988
Total expenditures	<u>32,900,000</u>	<u>32,836,906</u>
Deficiency of revenue under expenditures	<u>(32,800,000)</u>	<u>(32,585,688)</u>
Other financing sources:		
Building bonds issued	26,000,000	24,980,000
Premium on bonds issued	—	1,219,442
Total other financing sources	<u>26,000,000</u>	<u>26,199,442</u>
Net change in fund balances	<u>\$ (6,800,000)</u>	<u>(6,386,246)</u>
Fund balance at beginning of year		<u>54,471,025</u>
Fund balance at end of year		<u>\$ 48,084,779</u>

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, 2012

Budget Code	Program Description	Budget	Cash	Grant Receivable Year Ended June 30, 2012	Grant Payable June 30, 2012	Deferred Revenue June 30, 2012	Total Revenue	Total Expenditures
			Received or Transferred During Year Ended June 30, 2012					
Title I:								
29-2300	Title 1 Educationally Disadvantaged	\$ 15,736,868	\$ 19,599,046	\$ 2,734,489	\$ (10,751)		\$ 22,322,784	\$ 13,144,045
29-2305	Title 1 Professional Development	2,400,000	—				—	2,046,260
29-2306	Title I ARRA Second Prior Year	372,302	372,302				372,302	372,302
29-2310	Title 1 Homeless	900,000	—				—	761,245
29-2311	Title 1 Homeless McKinney Vento	115,341	73,270	27,884			101,154	101,154
29-2340	Title 1 Delinquent	200,000	—				—	84,320
29-2341	Title 1 Project For Delinquency	217,535	85,616	37			85,653	85,653
29-2346	Title 1 Project For Delinquency Second Prior Year	16,592	16,591				16,591	16,591
29-2347	Title 1 Project For Delinquency PY Carry Over	240,906	191,373	49,533			240,906	240,906
29-2633	Title 1 LEA Level Activities	875,727	—				—	360,128
29-2635	Title 1 AYP PD	—	—				—	340,054
29-2636	Title 1 Neglected	120,000	—				—	73,151
29-2637	Title 1 District Improvement PD PBIS	316,145	—				—	285,063
29-2638	Title 1 Parent Involvement	306,855	—				—	567,355
29-2639	Title 1 School Choice & SES	1,999,107	—				—	1,090,322
29-2642	Title 1 LEA Activities – School Improvement	420,150	—				—	393,261
29-2643	Title 1 District Improvement PD CP	534,396	—				—	414,837
29-2644	Title 1 School Choice & SES PY	2,762,743	—				—	2,762,743
29-3300	Title 1 School Improvement	736,000	447,928	288,072			736,000	736,000
29-3300	Title 1 School Improvement – Humboldt	425,046	357,963	79,537			437,500	437,500
29-3300	Title 1 School Improvement – Maxfield	390,655	262,840	41,212			304,052	304,052
29-3303	Title 1 AYP Additional Grants – Humboldt	493,624	302,916	179,250			482,166	482,166
29-3303	Title 1 AYP Additional Grants – Maxfield	320,420	259,162	46,817			305,979	305,979
Total Title I		29,900,412	21,969,007	3,446,831	(10,751)	—	25,405,087	25,405,087
Title IV:								
29-1011	Federal Carry Over	1,022,776	2,140,186	69,374			2,209,560	2,209,560
29-1012	Federal Carry Over Year 2	564,922	564,922				564,922	564,922
29-1080	Preschool Incentive	540,035	106,763	26,879			133,642	133,642
29-1290	Part H	435,125	163,495	29,426			192,921	192,921
29-1330	Public Law 94-142	10,396,168	6,759,985	981,114			7,741,099	7,741,099
29-1351	Program Evaluation & Continuous Improvement	71,200	45,760	25,440			71,200	71,200
Total Title IV		13,030,226	9,781,111	1,132,233	—	—	10,913,344	10,913,344
Title II:								
29-4430	Title II, Part A	2,907,100	527,029	291,713			818,742	818,742
29-4437	Title II, Part A PY Carry Over	2,548,037	2,260,853	287,184			2,548,037	2,548,037
Total Title II		5,455,137	2,787,882	578,897	—	—	3,366,779	3,366,779

(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, 2012

Budget Code	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2012	Grant Receivable June 30, 2012	Grant Payable June 30, 2012	Deferred Revenue June 30, 2012	Total Revenue	Total Expenditures
Title III:								
29-4695	Title III	1,597,818	924,929				924,929	924,929
29-4697	Title III – PY Carry Over	1,204,159	1,080,722	123,437			1,204,159	1,204,159
Total Title III		2,801,977	2,005,651	123,437	—	—	2,129,088	2,129,088
Carl Perkins Act, Public Law 84-524:								
29-2980	Intensified Services for Disadvantaged	606,347	526,879	59,453			586,332	586,332
29-2981	Perkins PY Carry Over	29,841	29,841				29,841	29,841
Total Carl Perkins Act		636,188	556,720	59,453	—	—	616,173	616,173
Indian Education:								
29-2010	Indian Education Title VII	299,460	247,412	46,359			293,771	293,771
Total Indian Education		299,460	247,412	46,359	—	—	293,771	293,771
Miscellaneous Federal:								
29-1052	SPDG Aligned Literacy	7,107	17,662			(2)	17,660	17,660
29-1053	SPDG Collaboration with Mpls	450,000	244,579	98,379			342,958	342,958
29-2040	Johnson-O'Malley	84,477	68	37,111			37,179	37,179
29-2070	Indian Education Chemical Prevention	159,734	100,591	57,616			158,207	158,207
29-2209	Advanced Placement Incentive Program	414,475	199,097	147,862			346,959	346,959
29-2260	JROTC Programs	699,200	857,252	64,700		(30,070)	891,882	891,882
29-2365	Federal Reading Recovery i3	11,542	11,542			(2,680)	8,862	8,862
29-3356	Foreign Language Assistance Chinese Immersion	378,989	195,096	121,874			316,970	316,970
29-3540	NYLC – Farnsworth Middle	2,000	1,733	2,087			3,820	3,820
29-3540	NYLC – Obama	—	11,992			(11,379)	613	613
29-3830	Get Ready/Gear Up	231,990	52,386	138,399		(7)	190,778	190,778
29-3980	Learning Jet Morgan Technology	99,999	—				—	—
29-4300	Reimbursable Health Services	247,043	296,553	2,246		(82,946)	215,853	215,853
29-4301	MCH Adolescent Health	20,085	15,085			(3,527)	11,558	11,558
29-4375	Elementary School Counselors	376,716	263,931	37,007			300,938	300,938
29-4631	Turnaround St. Paul	883,679	583,260	149,377			732,637	732,637
29-4715	KOM Refugee	93,520	21,448	9,819			31,267	31,267
29-4805	EPA Grant	35,324	—				—	—
29-4980	TASAP	68,589	66,589				66,589	66,589
29-4990	Council of Great City Schools	14,020	14,115				14,115	14,115
29-5925	21st Century Grant – Neighborhood House	45,000	28,272	15,682			43,954	43,954
Total Miscellaneous Federal		4,323,489	2,981,251	882,159	—	(130,611)	3,732,799	3,732,799

(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, 2012

Budget Code	Program Description	Budget	Cash	Grant Receivable June 30, 2012	Grant Payable June 30, 2012	Deferred Revenue June 30, 2012	Total Revenue	Total Expenditures
			Received or Transferred During Year Ended June 30, 2012					
State of Minnesota:								
29-1014	Alternative Delivery of Specialized Instruction Services (ADSIS)	896,282	593,300				593,300	593,300
29-2045	Diabetes Grant	25,318	28,402	1,789		(4,773)	25,418	25,418
29-2075	ICAP Program	30,700	15,358	5,518		(173)	20,703	20,703
29-2200	Advanced Placement – Central	—	34,644	56,258			90,902	90,902
29-2200	Advanced Placement – Como Sr	42,000	8,481	31,482			39,963	39,963
29-2200	Advanced Placement – Harding	—	—	1,319		(1,319)	—	—
29-2200	Advanced Placement – Humboldt	44,542	44,542	3,956		(41,245)	7,253	7,253
29-2200	Advanced Placement – Johnson	23,174	23,174	4,900		(12,110)	15,964	15,964
29-2200	Advanced Placement – Washington	—	3,050	2,400		(1,950)	3,500	3,500
29-2200	Advanced Placement – Battle Creek Middle	5,975	5,975			(9)	5,966	5,966
29-2200	Advanced Placement – Murray Jr	—	—	175		(175)	—	—
29-2200	Advanced Placement – Farnsworth Middle	1,100	1,100				1,100	1,100
29-2200	IB PYP – Benjamin E Mays	—	14,034	5,150		(11,734)	7,450	7,450
29-2210	IB PYP – Highland Elem	5,926	5,927	5,425		(1,797)	9,555	9,555
29-2220	International Baccalaureate – Central	—	600	77,595			78,195	78,195
29-2225	International Baccalaureate – Harding	—	—	106,355			106,355	106,355
29-2225	IB PYP MYP Programs – Highland Pk Jr.	38,549	38,548	8,725		(6,172)	41,101	41,101
29-2230	IB PYP MYP Programs – Ramsey Jr.	10,540	13,165	2,145		(4,624)	10,686	10,686
29-2370	International Baccalaureate – Highland	77,918	9,604	66,625			76,229	76,229
29-2660	PASS Grant – Central	5,500	5,171	1,123		(1,046)	5,248	5,248
29-2660	MSAB Grant – Highland Sr	1,598	1,663			(207)	1,456	1,456
29-2660	MSAB Grant – Rondo Jazz	69,040	65,588	3,452			69,040	69,040
29-2660	MSAB Grant – Four Seasons	—	4,000			(4,000)	—	—
29-2660	MSAB Grant – Linwood	56,591	60,591	4,150		(5,114)	59,627	59,627
29-3970	MN Agricultural Education – Humboldt	—	—	4,875		(4,875)	—	—
29-4810	Success For the Future	133,976	108,856	22,663			131,519	131,519
29-4885	Cy Pres Program	617,268	617,268			(375,583)	241,685	241,685
29-9260	Field Trip Outside Source	33,000	31,822	930			32,752	32,752
Total State of Minnesota		2,118,997	1,734,863	417,010	—	(476,906)	1,674,967	1,674,967
Ramsey/ Hennepin County & Other Governmental Units:								
29-1030	City of St. Paul Training	30,750	—	14,306			14,306	14,306
29-2665	Ramp Up To Readiness – Washington	20,000	4,214	12,443			16,657	16,657
29-2665	Ramp Up To Readiness – Murray	350	—				—	—
29-3070	Upward Bound	—	4,878	785			5,663	5,663
29-3070	Upward Bound River Falls	8,000	—				—	—
29-3070	Upward Bound Metro State University	10,000	9,786	1,990			11,776	11,776
29-3070	Upward Bound Century College	15,000	15,029	2,730			17,759	17,759
29-4385	Statewide Health Improvement	5,000	—	8,490			8,490	8,490

(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, 2012

Budget Code	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2012	Grant Receivable June 30, 2012	Grant Payable June 30, 2012	Deferred Revenue June 30, 2012	Total Revenue	Total Expenditures
29-4900	St. Paul Freedom School – St. Paul Children's Collaborative	62,901	62,901				62,901	62,901
29-4900	Family Empowerment – Ramsey County Children's Mental Health Collaborative	3,970	1,320	131			1,451	1,451
29-4900	AIFC/Children's Trust Fund	7,672	8,186			(325)	7,861	7,861
29-4905	LCTS – AIFC	7,400	7,400			(307)	7,093	7,093
Total Ramsey/ Hennepin County & Other Governmental Units		171,043	113,714	40,875	—	(632)	153,957	153,957
Private:								
29-1020	SW Miscellaneous Grants/Donations	2,500	16,266	2,000		(4,290)	13,976	13,976
29-1200	Gillette Children's Hospital TDR	6,775	296	2,852			3,148	3,148
29-1209	Gillette Children's Hospital TDR	7,500	1	2,516			2,517	2,517
29-1710	Wilder Programs	504,231	360,401	138,136			498,537	498,537
29-2050	Indian Ed Student Celebrations	64,028	77,539	1,275		(47,988)	30,826	30,826
29-2082	Ecolab Visions For Change – Humboldt Sr	1,131	1,131			(1,131)	—	—
29-2082	Ecolab FIRST Robotics – Humboldt Sr	6,769	6,769			(4,652)	2,117	2,117
29-2082	Ecolab AVID – Humboldt Sr	61,866	61,865			(32,497)	29,368	29,368
29-2082	Ecolab Vista Tutoring – Humboldt Sr	—	47,324	37,254			84,578	84,578
29-2660	MN State Arts Board	7,043	17,136			(12,669)	4,467	4,467
29-2790	St. Paul Travelers – Hayden Heights	5,188	5,188				5,188	5,188
29-2989	Thomson West Law & Justice	1,125	1,125				1,125	1,125
29-3040	Medtronics Crossroads	3,647	3,647			(3,488)	159	159
29-3080	Academy of Finance – Districtwide	595	595				595	595
29-3205	Gates Grant – Common Core State Standards	257,554	257,554			(16,995)	240,559	240,559
29-3209	Center For School Change – AGAPE	10,000	10,000			(8,803)	1,197	1,197
29-3209	Center For School Change – Open World Learning	10,000	10,150			(6,076)	4,074	4,074
29-3209	Center For School Change – Gordon Parks	10,000	2,629				2,629	2,629
29-3209	Center For School Change – Creative Arts	10,000	9,371			(9,191)	180	180
29-3340	Actuarial Foundation – The Heights	247	247			(188)	59	59
29-3400	Homeless Program Charitable Contributions	8,629	7,535			(5,535)	2,000	2,000
29-3530	SPPS Foundation Grant Referendum Planning	5,000	5,000			(5,000)	—	—
29-3530	SPPS Foundation Grant Tutoring CBC	—	2,450	1,124			3,574	3,574
29-3530	SPPS Foundation Grant Districtwide Action Team Support	2,000	2,000				2,000	2,000
29-3530	SPPS Foundation Grant Inspired Educator DHH	2,770	2,700			(10)	2,690	2,690
29-3530	SPPS Foundation Grant Health Partners	40,000	40,000			(38,278)	1,722	1,722
29-3530	SPPS Foundation Grant Adams	—	500			(500)	—	—
29-3530	SPPS Foundation Grant Chelsea Heights	—	500			(500)	—	—
29-3530	SPPS Foundation Grant Cherokee Pool	—	2,005			(2,005)	—	—
29-3530	SPPS Foundation Grant Inspired Educator Dayton's Bluff	2,700	2,700				2,700	2,700
29-3530	SPPS Foundation Grant Inspired Educator Farnsworth	1,000	1,000			(7)	993	993
29-3530	SPPS Foundation Grant Inspired Educator Frost Lake	2,900	2,900				2,900	2,900
29-3530	SPPS Foundation Grant Hancock	—	400			(400)	—	—
29-3530	SPPS Foundation Grant J.J. Hill	—	300			(300)	—	—

(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, 2012

Budget Code	Program Description	Budget	Cash	Grant Receivable June 30, 2012	Grant Payable June 30, 2012	Deferred Revenue June 30, 2012	Total Revenue	Total Expenditures
			Received or Transferred During Year Ended June 30, 2012					
29-3530	SPPS Foundation Grant Inspired Educator Capitol Hill	1,700	1,700			(20)	1,680	1,680
29-3530	SPPS Foundation Grant Jackson	—	300			(300)	—	—
29-3530	SPPS Foundation Grant Inspired Educator Mann Elementary	1,900	1,900				1,900	1,900
29-3530	SPPS Foundation Grant Inspired Educator Mississippi	2,900	2,899			(77)	2,822	2,822
29-3530	SPPS Foundation Grant Wellstone	—	300			(300)	—	—
29-3530	SPPS Foundation Grant Inspired Educator St. Anthony Park	2,600	2,600			(669)	1,931	1,931
29-3530	SPPS Foundation Grant Inspired Educator Obama	2,600	2,600			(394)	2,206	2,206
29-3530	SPPS Foundation Grant Inspired Educator LEAP	2,000	2,000				2,000	2,000
29-3550	3M Grant Enrollment Campaign	25,000	25,000			(2,515)	22,485	22,485
29-3550	3M Grant Evaluation	15,450	15,450				15,450	15,450
29-3550	3M Grant Engineering is Elementary	140,876	156,631			(16,872)	139,759	139,759
29-3550	3M Grant Eastside Partnership	66,779	111,778			(78,502)	33,276	33,276
29-3550	3M Seeds Of Science, Roots of Reading	32,978	103,188			(72,006)	31,182	31,182
29-3550	3M FIRST Lego League	85,118	85,118			(15,832)	69,286	69,286
29-3550	3M Grant Math Counts	5,412	7,538			(4,893)	2,645	2,645
29-3550	3M Grant High School Robotics	58,597	58,597			(8,321)	50,276	50,276
29-3550	3M Grant – Kid Wind (Power of Wind)	6,124	6,124			(112)	6,012	6,012
29-3550	3M Grant Field Trip Experiences	163,891	163,890			(47,704)	116,186	116,186
29-3550	3M Gateway Computers	47,412	47,412			(54)	47,358	47,358
29-3550	3M STEP	320,559	320,560			(157,330)	163,230	163,230
29-3550	3M Gateway to Technology & Project Lead The Way	139,642	312,430			(244,077)	68,353	68,353
29-3550	3M Stuff For Schools	596	102,747			(52,323)	50,424	50,424
29-3550	3M STEM	49,732	49,732			(5)	49,727	49,727
29-3550	3M SciFy	38,455	105,189			(68,129)	37,060	37,060
29-3551	3M Science Clubs	16,109	16,109			(13,007)	3,102	3,102
29-3551	3M STEM – Secondary Science – Central	5,400	5,400			(5,400)	—	—
29-3551	3M STEM – Secondary Science – Como Sr	5,400	5,400			(5,400)	—	—
29-3551	3M STEM – Secondary Science – Harding	5,400	5,400			(5,400)	—	—
29-3551	3M STEM – Secondary Science – Highland Sr	5,400	5,400			(5,400)	—	—
29-3551	3M STEM – Secondary Science – Humboldt	5,400	5,400			(5,400)	—	—
29-3551	3M STEM – Secondary Science – Johnson Sr	5,400	5,400			(2,210)	3,190	3,190
29-3551	3M STEM – Secondary Science – Washington	5,400	5,400			(5,400)	—	—
29-3570	Community Foundations – AVID Central	3,410	3,410			(1,288)	2,122	2,122
29-3570	Community Foundations – Washington Summer of Innovation	2,500	2,500				2,500	2,500
29-3570	Community Foundations – Fuel Up – Washington	500	—				—	—
29-3570	Community Foundations – Near Space Payload – Battle Creek Middle	1,200	1,200			(1,057)	143	143
29-3570	Community Foundations – Fuel Up – Battle Creek Middle	4,000	4,000			(926)	3,074	3,074
29-3570	Community Foundations – Murray	5,000	8,000			(3,000)	5,000	5,000
29-3570	Community Foundations – Fuel Up – Battle Creek Elementary	2,500	2,500				2,500	2,500
29-3570	Community Foundations – Fuel Up – Chelsea Heights	402	402				402	402
29-3570	Community Foundations – Yackel – Highland Elem	11,685	17,960			(13,155)	4,805	4,805
29-3570	Community Foundations – Highwood Hills	—	1,215				1,215	1,215

(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, 2012

Budget Code	Program Description	Budget	Cash	Grant Receivable June 30, 2012	Grant Payable June 30, 2012	Deferred Revenue June 30, 2012	Total Revenue	Total Expenditures
			Received or Transferred During Year Ended June 30, 2012					
29-3570	Community Foundations – Podruska – Jackson	10,000	16,395			(10,000)	6,395	6,395
29-3570	Community Foundations – Fuel Up – Jackson	1,900	1,900			(965)	935	935
29-3570	Community Foundations – American Indian Magnet – Refuge Friends	4,680	4,216				4,216	4,216
29-3570	Community Foundations – Fuel Up – American Indian Magnet	500	500				500	500
29-3680	Bigelow Foundation – Enrollment Campaign	75,000	75,000			(2,088)	72,912	72,912
29-3680	Bigelow Foundation – Asthma Project – Maxfield	9,300	—	9,109			9,109	9,109
29-3710	McNeely Foundation	625	55,314				55,314	55,314
29-3720	Minneapolis Foundation – Critical Transformation – Obama	194,989	194,989			(37,312)	157,677	157,677
29-3790	Peta Wakan Tipi	14,658	14,906	2,748			17,654	17,654
29-3850	General Mills Grant – Champion For Kids	865	865				865	865
29-3850	General Mills Grant – Central	5,124	15,124			(10,945)	4,179	4,179
29-3890	United Way Grant – Districtwide Action Team Support	5,000	5,000			(157)	4,843	4,843
29-3890	United Way Grant – Reading By 3rd Grade	85,000	63,750	55,750		(52,000)	67,500	67,500
29-3890	United Way Grant – Closing The Gap – Jackson	140,000	140,052			(1,859)	138,193	138,193
29-3960	Target/Scholarship America – Phalen Lake	700	700				700	700
29-3960	Target/Scholarship America – Wellstone	5,000	5,030			(30)	5,000	5,000
29-3960	Target/Scholarship America – American Indian Magnet	700	700			(316)	384	384
29-3960	Target/Scholarship America – Creative Arts	—	400			(115)	285	285
29-4190	Out For Equity	—	1,651			(1,507)	144	144
29-4270	Teachers of Color	—	5,640				5,640	5,640
29-4274	Travelers Grant – Principals Academy	675,215	1,024,959	639		(389,628)	635,970	635,970
29-4275	AVID – Travelers Grant	1,041,128	2,065,039	5,846		(1,139,124)	931,761	931,761
29-4276	AVID – St. Paul Foundation	—	391				391	391
29-4290	St. Paul Foundation Emergency	11,566	4,066	7,500		(1,430)	10,136	10,136
29-4291	St. Paul Foundation – Teacher Grants	—	78,719			(43,096)	35,623	35,623
29-4295	St. Paul Foundation – Referendum	25,000	25,000			(25,000)	—	—
29-4295	St. Paul Foundation – Enrollment Campaign	75,000	75,000			(215)	74,785	74,785
29-4295	St. Paul Foundation – Gift To Murray Jr	15,000	15,000				15,000	15,000
29-4302	Miscellaneous Donations – Student Wellness	2,000	2,720			(2,720)	—	—
29-4345	Health Care Provider Partnership	433	433	433			866	866
29-4368	Exercise Your Right To Feel Good	25,283	25,283			(13,686)	11,597	11,597
29-4395	HP Healthy Lifestyles Plan	473	474			(1)	473	473
29-4600	Lillian Wright Memorial	7,582	7,493			(3,053)	4,440	4,440
29-4633	Principals' Academy	—	25,138			(17,961)	7,177	7,177
29-4650	Best Practices Demonstration School	81	81				81	81
29-4850	Merck-Asthma	3,182	3,182			(2,720)	462	462
29-5300	Scholarships – Olga B Hart Foundation	10,000	20,000			(10,000)	10,000	10,000
29-9203	Project Success Field Trips	—	—	280			280	280
29-9260	Outside Funded Transportation	57,000	36,908	17,929		(4,057)	50,780	50,780
29-9265	PIP/Dodge Nature Center	41,000	27,931	4,256		(20,861)	11,326	11,326
29-9335	TC2 Grant Prior Year	35,000	55,000			(34,124)	20,876	20,876
29-9335	TC2 Grant	20,000	46,667	23,333		(70,000)	—	—

(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, 2012

Budget Code	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2012	Grant Receivable June 30, 2012	Grant Payable June 30, 2012	Deferred Revenue June 30, 2012	Total Revenue	Total Expenditures
29-9337	TERI Grant	20,000	20,000				20,000	20,000
29-9500	Federation Agreement	—	111,498	37,997			149,495	149,495
Total Private		4,949,609	7,013,117	350,977	—	(2,932,951)	4,431,143	4,431,143
Miscellaneous:								
29-1190	General Special Ed. Summer School	800,000	620,058				620,058	620,058
29-1230	Itin Vision Staff	900,000	304,218	445,754			749,972	749,972
29-1245	Special Education Purchase of Service	12,750	1,158				1,158	1,158
29-1260	Special Education Itinerant Vision Equipment	23,189	21,925			(14,395)	7,530	7,530
29-2360	Title I Reading Recovery	30,179	30,179				30,179	8,217
29-3100	ELL Workshop	26,558	75,785	1,136			76,921	16,443
29-3520	Automotive Learning Center	6,551	13,563			(10,167)	3,396	3,396
29-4910	Translations with administration	49,181	61,498			(13,710)	47,788	47,788
29-5090	Reimbursable Costs – Other	—	4,842				4,842	4,842
29-9090	Vending Machine Proceeds – 2102 University	—	12,155				12,155	120
29-9211	Valley Branch ELC	75,288	63,468	1,350			64,818	11,547
29-9300	Planetarium	67,595	101,876				101,876	41,747
29-9522	EMID Starbase	110,300	16,117	36,175			52,292	52,292
No Budget		—	11,356			(11,356)	—	—
Total Miscellaneous		2,101,591	1,338,198	484,415	—	(49,628)	1,772,985	1,565,110
Total Fully Financed Fund		\$65,788,129	\$ 50,528,926	\$ 7,562,646	\$ (10,751)	\$ (3,590,728)	\$54,490,093	\$ 54,282,218

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, 2012

Budget Code	Program Description	Budget	Cash Received or Transferred During Year Ended June 30, 2012	Grant Receivable June 30, 2012	Deferred Revenue June 30, 2012	Total Revenue	Total Expenditures
Federal:							
30-5064	21st Century Grant – 4th Cohort Learning Centers	\$ 696,197	\$ 486,448	\$ 193,248	\$	\$ 679,696	\$ 679,696
30-5240	ABE EL/Civics Grant	39,986	12,998	26,987		39,985	39,985
30-5852	Learn and Serve America Schools	1,614	—	9,331		9,331	9,331
30-5931	21st Century Grant – Cohort 3	839,274	619,023	209,577		828,600	828,600
	Total Federal	<u>1,577,071</u>	<u>1,118,469</u>	<u>439,143</u>	<u>—</u>	<u>1,557,612</u>	<u>1,557,612</u>
State:							
30-5101	State Hearing Impaired	—	—	14,625		14,625	14,625
30-5235	ABE Statewide Support Services	119,996	77,192	42,839		120,031	120,031
30-5700	Day Cares	987,768	602,996	28,153		631,149	623,093
30-5908	Preschool Screening	198,250	137,889	40,680		178,569	178,569
33-5302/	Nonpublic State Aid Programs	1,705,924	988,958	513,127		1,502,085	1,502,085
	Total State	<u>3,011,938</u>	<u>1,807,035</u>	<u>639,424</u>	<u>—</u>	<u>2,446,459</u>	<u>2,438,403</u>
Other Governmental Units:							
30-5051	Night Moves – Eastside	—	2,239	896		3,135	3,135
30-5052	Night Moves – Como	—	3,932	1,084		5,016	5,016
30-5230	ABE Learner Activities	56,450	33,100			33,100	32,035
30-5255	Workforce Child Development	10,155	10,155			10,155	10,155
30-5265	ABE Workforce Solutions	19,869	14,311	4,769		19,080	19,080
30-5812	Linking Primary Care – U of MN	35,043	—	35,043		35,043	35,043
	Total Other Governmental Units	<u>121,517</u>	<u>63,737</u>	<u>41,792</u>	<u>—</u>	<u>105,529</u>	<u>104,464</u>
Private:							
30-5065	Nexus Community Partner	3,305	4,250		(1,885)	2,365	2,365
30-5201	Ronald M Hubbs Scholarship	24,000	23,862		(14,131)	9,731	9,731
30-5260	Medical Careers Path	18,577	16,684	893		17,577	17,577
30-5300	Indian Ed Scholarships	915	915		(915)	—	—
30-5300	Arlington Scholarships	1,150	1,150			1,150	1,150
30-5303	Dr. Terrilyn Turner Scholarships	47,000	47,000		(27,449)	19,551	19,551
30-5811	ECFE SWMCB	—	1,200			1,200	1,200
30-5827	PEK McKnight Foundation	1,090,971	1,980,971	255	(959,033)	1,022,193	1,022,193
30-5911	CET – Fair Parking	—	30,036		(20,549)	9,487	9,487
	Total Private	<u>1,185,918</u>	<u>2,106,068</u>	<u>1,148</u>	<u>(1,023,962)</u>	<u>1,083,254</u>	<u>1,083,254</u>
Total Community Service Fully Financed		<u>\$ 5,896,444</u>	<u>\$ 5,095,309</u>	<u>\$ 1,121,507</u>	<u>\$ (1,023,962)</u>	<u>\$ 5,192,854</u>	<u>\$ 5,183,733</u>