



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

Financial Statements and Supplementary Information

June 30, 2009

(With Independent Auditors' Report Thereon)

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

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KPMG LLP
4200 Wells Fargo Center
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Minneapolis, MN 55402

Independent Auditors' Report

The Board of Education
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, 2009, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2009 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 the 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.

The management's discussion and analysis and budgetary comparison information on pages 3 through 17 and 50 through 51 are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement



and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit for the year ended June 30, 2009 was made for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements listed in Section I and the supplementary information listed in Section II of the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. The combining and individual fund statements listed in Section I of the accompanying table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2009. The supplementary information listed in Section II of the accompanying table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

We have also previously audited, in accordance with generally accepted auditing standards, the basic financial statements as of and for the year ended June 30, 2008 (none of which are presented herein), and we expressed unqualified opinions on those financial statements. The combining and individual fund financial information included in the combining and individual fund statements as listed in Section I of the accompanying table of contents related to the District's 2008 basic financial statements was subjected to auditing procedures applied in the audit of those basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

KPMG LLP

Minneapolis, Minnesota
December 11, 2009

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

Management's Discussion and Analysis

June 30, 2009

(Unaudited)

Introduction

Our discussion and analysis of Independent School District No. 625, Saint Paul, Minnesota (SPPS or the District) financial performance provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2009. 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 the basic financial statements to enhance their understanding of SPPS's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

On the district-wide financial statements:

- Total net assets of SPPS decreased from \$155.0 million in fiscal year 2008 to \$130.9 million in fiscal year 2009, a decrease of \$24.1 million, or 15.5%. The majority of the reduction is due to the recognition of a portion of the actuarial accrued liability of \$17.4 million for postemployment healthcare benefits to certain eligible employees, further described in the notes to basic financial statements.
- Total revenue decreased \$11.5 million from \$610.8 million in fiscal year 2008 to \$599.3 million in fiscal year 2009, or 1.9%. Total expenses increased \$3.5 million from \$619.8 million in fiscal year 2008 to \$623.3 million in fiscal year 2009, or 0.6%. Additional information is provided in a later section of this Management's Discussion and Analysis.
- The District retired \$50 million of outstanding long-term debt, which included general obligation bond issues 1996C, 1999B, and 1999C; and certificates of participation 1999A. Sources of the \$50 million included \$9 million from the 2005B refunding escrow account, \$20.3 million from 2008B and 2009A current refunding bond issuances and \$20.7 million in property tax levy.
- The District issued \$45.9 million of long-term debt: \$25.8 million (2008A) of general obligation bonds under legislative authority for capital renovation and improvements and statutory authority for deferred maintenance, \$11.3 million (2008B) of general obligation bond current refunding of \$5.5 million (1996C) and \$6.0 million (1999B), and \$8.7 million (2009A) of certificates of participation refunding to refund 1999A.

On the fund financial statements:

- The ending fund balance of all Governmental Funds of SPPS decreased from \$131.9 million in fiscal year 2008 to \$116.7 million in fiscal year 2009; a decrease of \$15.2 million, or 11.5%.
- The debt service fund balance decreased from \$34.9 million in fiscal year 2008 to \$23.1 million in fiscal year 2009. This decrease of \$11.8 million was due to the use of funds held in an escrow account; \$9 million (2005B refunding escrow account) to retire long-term debt and \$1.2 million held in an escrow account (2005B refunding escrow account) for interest payments and an additional \$1.6 million of fund balance.

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- The General Fund balance decreased by \$2.9 million, going from \$65.5 million in fiscal year 2008 to \$62.6 million in fiscal year 2009. The General Fund unreserved designated for next year operations decreased by \$5.5 million. This was offset by an increase of reserved fund balance by \$2.5 million.

Overview of the Financial Statements

This report consists of five parts – management's discussion and analysis (this section), independent auditors' report, the basic financial statements, required supplementary information, and combining individual fund statements and schedules. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide 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 district-wide 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-term 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.

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.

District-Wide Financial Statements

The district-wide 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 district-wide 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.

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Figure A-1 Major Features of the District-Wide and Fund Financial Statements			
	District-wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the District that are not proprietary such as special education, building maintenance, food service, and community education	Activities the District operates similar to private businesses, *Internal Service funds
Required Financial Statements	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Fund Net Assets *Statement of Cash Flows
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
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and 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
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

- 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.

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(Unaudited)

In the district-wide 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		
	2009	2008	Percentage change
Current assets	\$ 269.6	282.6	(4.6)%
Other noncurrent assets	27.4	26.8	2.2
Capital assets, net	397.9	393.7	1.1
Total assets	\$ 694.9	703.1	(1.2)%
Current liabilities	\$ 219.6	215.6	1.9%
Long-term liabilities	344.4	332.5	3.6
Total liabilities	\$ 564.0	548.1	2.9%
Net assets:			
Invested in capital assets, net of related debt	\$ 93.6	85.2	9.9%
Restricted for:			
Debt service fund	23.1	34.9	(33.8)
Capital projects fund	5.5	6.3	(12.7)
Community service	2.7	2.5	8.0
Retirement benefits	20.9	21.1	(0.9)
Other activities	6.6	4.3	53.5
Unrestricted	(21.5)	0.7	(3,171.4)
Total net assets	\$ 130.9	155.0	(15.5)%

- **Total assets** – decreased due to decreases in current assets and increases in capital assets.
- **Current assets** – decreased \$13.0 million due to a decrease in cash balances of \$15.5 million, which was offset by a \$3 million increase in net taxes receivable. Other receivables, inventories, and prepaid expenses combine to make up the difference of \$0.5 million in decreased current assets.
- **Noncurrent assets** – Capital assets increased nearly \$20.1 million, which when offset by the accumulated depreciation (current depreciation expense) of \$15.7 million represents the majority of the net increase in noncurrent assets of \$4.8 million.
- **Current liabilities** –Deferred property tax, which is revenue that has been earned but is not available (received) in the current fiscal period, increased by \$3.9 million.

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- **Noncurrent liabilities** – include the \$17.4 million increase in net other postemployment benefit obligation.

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, capital outlay certificates payable, compensated absences payable and early retirement benefits payable 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.

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June 30, 2009

(Unaudited)

**Table A-2
Change in Net Assets**

(In millions)

	Governmental activities		
	2009	2008	Percentage change
Revenues:			
Program revenues:			
Charges for services	\$ 16.8	14.5	15.9%
Operating grants and contributions	146.8	149.1	(1.5)
Total program revenues	<u>163.6</u>	<u>163.6</u>	—
General revenues:			
Property taxes levied for general purposes	70.3	64.9	8.3
Property taxes levied for debt services	28.2	31.5	(10.5)
Property taxes levied for community service	3.3	3.7	(10.8)
Federal and state aid not restricted to specific purposes	331.9	339.8	(2.3)
Investment earnings	2.0	7.3	(72.6)
Total general revenues	<u>435.7</u>	<u>447.2</u>	(2.6)
Total revenues	<u>599.3</u>	<u>610.8</u>	(1.9)
Expenses:			
Instruction	389.3	387.0	0.6
Support services:			
Pupil support	70.9	69.6	1.9
District administration	22.0	20.3	8.4
Sites and buildings	50.2	53.1	(5.5)
Instructional support	37.8	36.3	4.1
District support	12.7	12.5	1.6
Community education services	24.8	24.1	2.9
Interest and fiscal costs on long-term debt	15.6	16.9	(7.7)
Total expenses	<u>623.3</u>	<u>619.8</u>	0.6
Change in net assets	<u>\$ (24.0)</u>	<u>(9.0)</u>	<u>166.7%</u>

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Management's Discussion and Analysis

June 30, 2009

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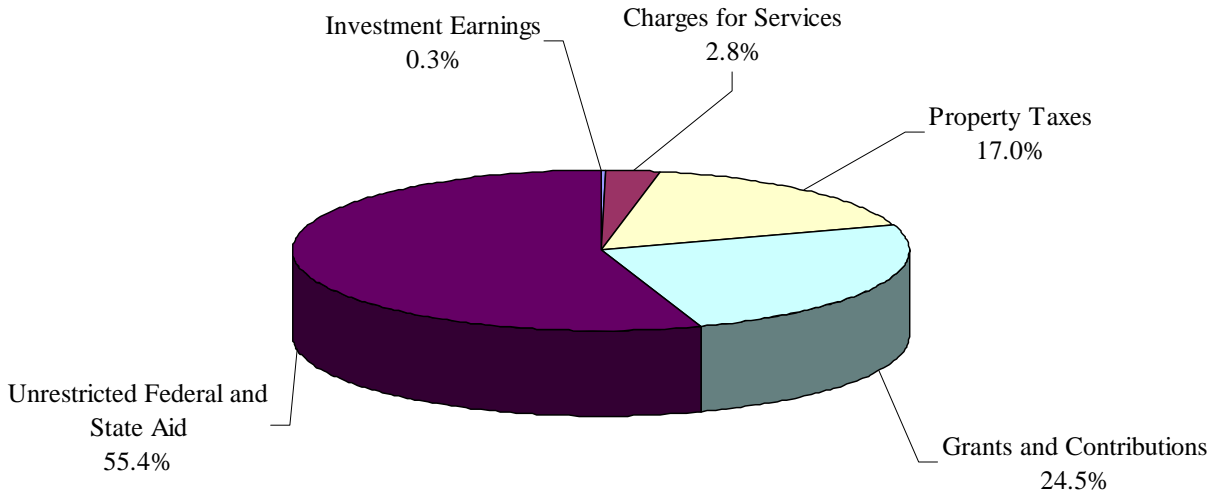
Revenues – SPPS' total revenues were \$599.3 million for the year ended June 30, 2009 compared to \$610.8 million for the year ended June 30, 2008.

Federal and state aid and property taxes accounted for 72.4% 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 24.5% came from operating grants and contributions, and 3.1% from charges for services and investment earnings.

As a percentage of the total revenue, property tax revenue increased by 0.6% from 16.4% of revenue in fiscal year 2008 to 17% in fiscal year 2009, and federal and state aid decreased from 55.6% of revenue in fiscal year 2008 to 55.4% in fiscal year 2009.

Sources of Revenue for Fiscal Year 2009



After increasing 4% for each of the four years, 2005 to 2008, revenue decreased \$11.5 million or 1.9% in 2009.

Grants and contributions and property taxes have increased or held steady.

Federal and state aid has been decreasing annually since 2006. This is due primarily to the decrease in enrollment.

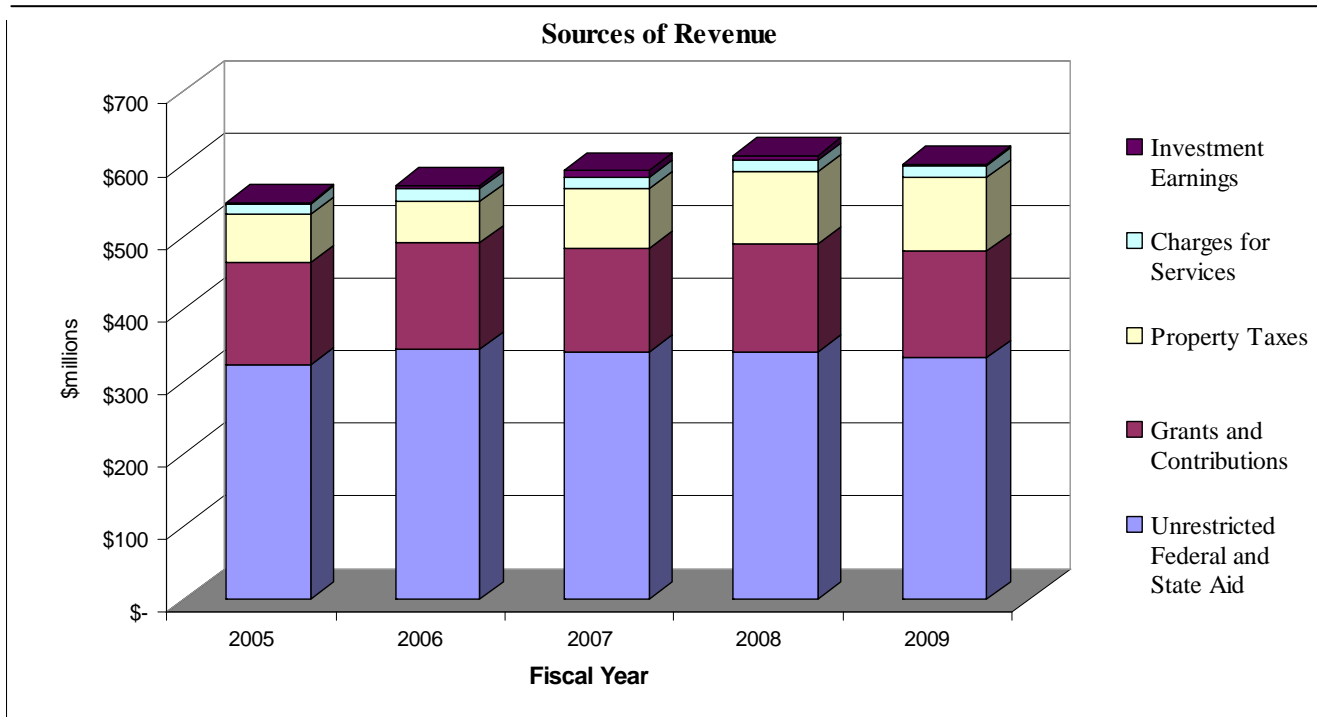
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Investment earnings decreased over \$5 million due to the reduction in investment interest rates.



Expenses – The total cost of all programs and services was \$623.3 million.

The District's expenses for classroom instruction and caring for students are 79.9%, which consist of the following three program areas: instruction, instructional support, and pupil support.

Administration activities account for 3.5% of total costs.

Employees' salaries and related benefits account for the vast majority of costs; 74% when capital expenditures and debt service are included, 82.4% when excluded.

Capital expenditures and debt service is 10.3%, purchased services is 11.2%, and supplies and materials are 4.6% of total Expenses.

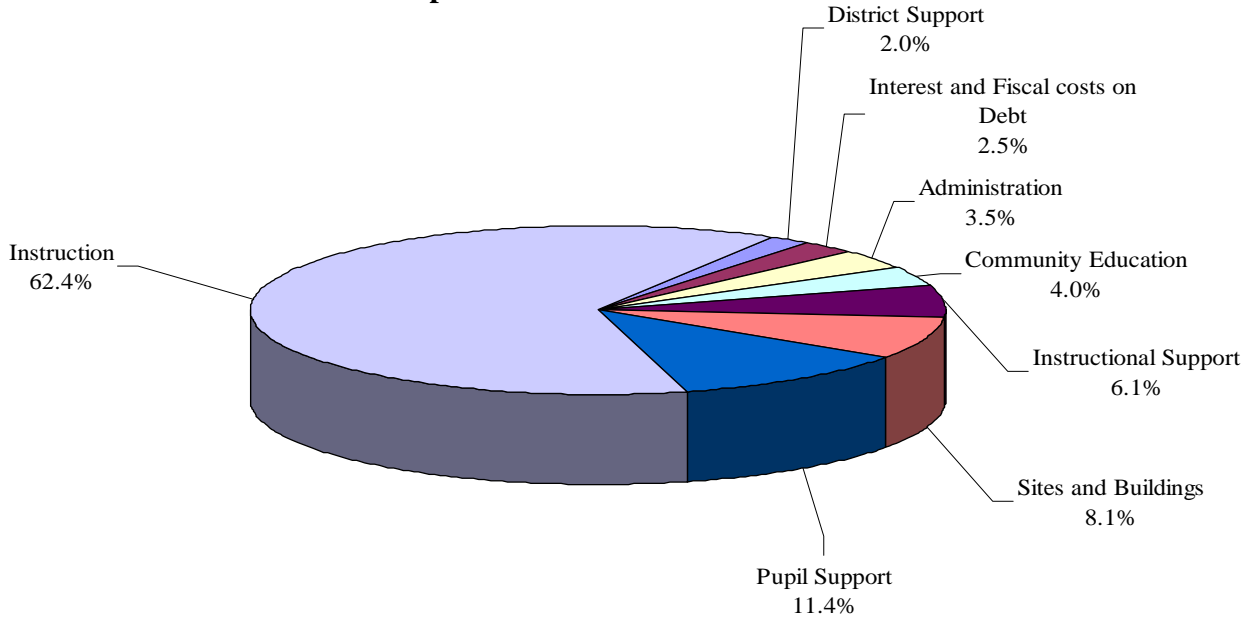
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Management's Discussion and Analysis

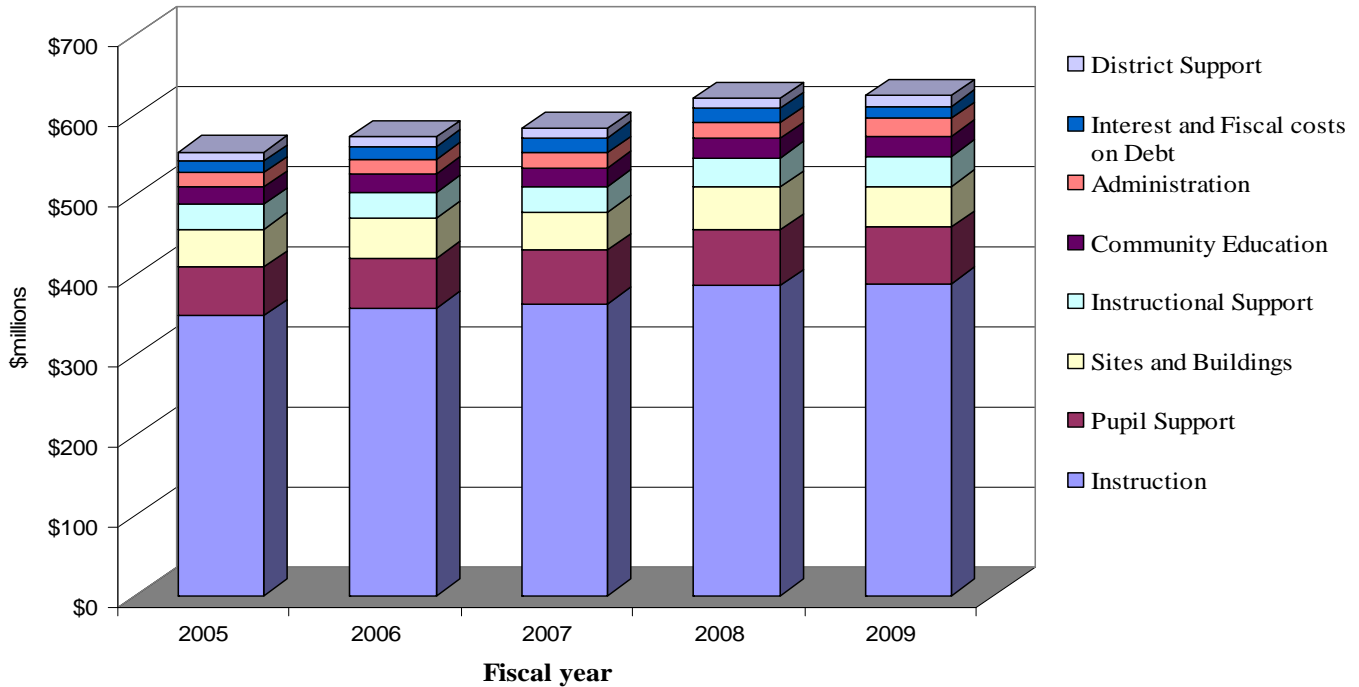
June 30, 2009

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Expenses for Fiscal Year 2009



Expenses



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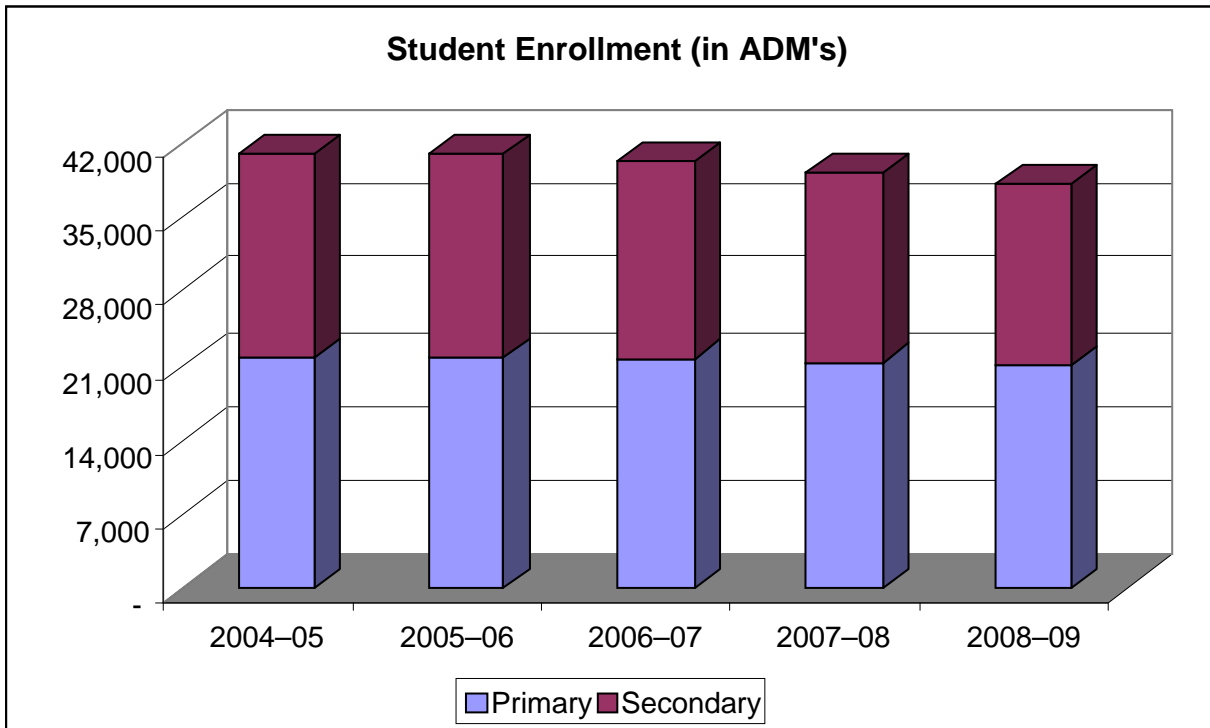
(Unaudited)

Enrollment – Enrollment is a critical factor in determining revenue. Over the last ten years, the District has experience a decrease in average daily membership after being over 45,000 in 1999. Enrollment declined an average of 1.6% per year in the decade. The following chart shows the number of students that has decreased over the past five years.

Student Enrollment (Average Daily Membership)

	2004–05	2005–06	2006–07	2007–08	2008–09
Primary	21,781	21,902	21,659	21,379	21,116
Secondary	19,204	19,068	18,582	17,844	16,979
Total Students	40,985	40,970	40,241	39,223	38,094
Percent Change		-0.04%	-1.78%	-2.53%	-2.88%

Student Enrollment (Average Daily Membership)



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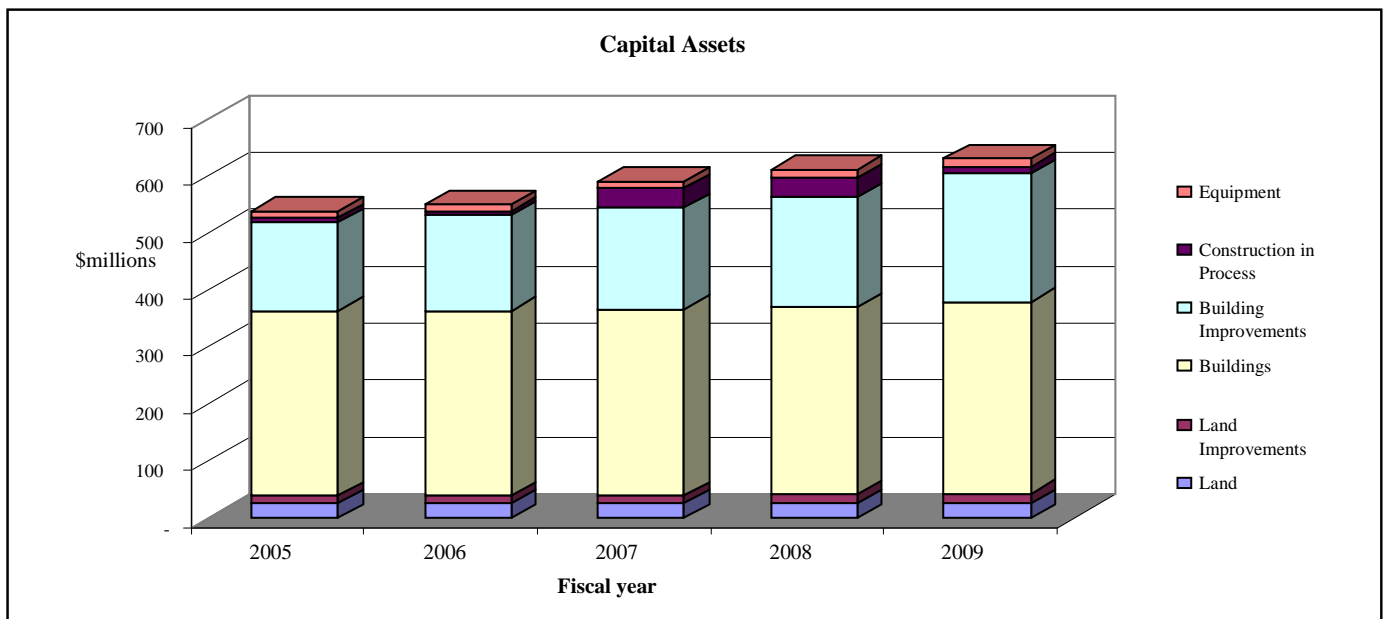
Capital Assets

At June 30, 2009, SPPS had \$397.9 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 of (including additions and depreciation) \$4.2 million or an increase of 1.1%.

Capital Assets

(Net of depreciation in millions)

	Governmental activities		Percentage change
	2009	2008	
Land	\$ 26.0	26.0	—%
Land improvements	16.7	15.6	0.1
Buildings	335.6	327.7	2.4
Building improvements	226.0	192.8	17.2
Equipment	14.3	13.2	8.3
Construction in progress	11.3	34.9	(67.6)
Total	629.9	610.2	3.2
Less accumulated depreciation	(232.0)	(216.5)	7.2
Total capital assets, net	\$ 397.9	393.7	1.1



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The increase in capital assets buildings in 2009 includes the completion of the construction of Gordon Parks High School and renovation of Washington Middle School.

Building improvements included remodeling and renovation of Monroe Community School, chiller replacement at 360 Colborne Administration Offices, remodeling and renovation of District server rooms, science lab remodeling of Battle Creek Middle School, and media center remodeling of Phalen Lake Elementary School.

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

Long-Term Debt

As of June 30, 2009, SPPS had \$331.7 million in general obligation bonds and other long-term debt outstanding, which represents a decrease of \$3.6 million, or 1.1%, from last year.

Outstanding Long-Term Debt

(In millions)

	Governmental activities		
	2009	2008	Percentage change
General obligation bonds	\$ 283.9	282.8	0.4
Certificates of participation	42.9	48.1	(10.8)
Less unamortized discount/premium	5.5	5.0	10.0
Less deferred assets on refunding	(0.6)	(0.6)	—
	\$ 331.7	335.3	(1.1)%

During fiscal year 2009, the District retired three general obligation bond issues; \$5.6 million (1996C), \$6.0 million (1999B), and \$9.0 million (1999C). Also retired was one certificate of participation bond issue; \$8.7 million (1999A). Proceeds to retire the debt came from fiscal year (2005B) issuance of \$44.3 million in general obligation refunding bonds, \$11.3 million (2008B) general obligation refunding, and \$8.7 million (2009A) certificates of participation refunding.

General obligation bonds in the amount of \$25.8 million (2008A) were issued in fiscal 2009.

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

Fund Financial Statements

SPPS's fund financial statements provide detailed information about the most significant funds – not SPPS as a whole. SPPS's Governmental Funds use the following accounting approach: Governmental Funds – All of SPPS's services are reported in Governmental Funds. Governmental Funds reporting focuses on showing how

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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 operating fund, food service fund, community service fund, debt service fund, and capital project fund revenues and other financing sources by type for the year ended June 30, 2009. It also depicts the amount and percentage increases and decreases in relation to prior year revenues and other financing sources.

Revenues and Other Financing Sources

(In millions)

<u>Local sources</u>	<u>2009</u>	<u>2008</u>	<u>Percentage change</u>
Property taxes	\$ 101.3	99.1	2.2 %
County and other	21.1	17.2	22.7
State aids	409.8	417.9	(1.9)
Federal aids	60.9	64.6	(5.7)
Investment earnings	2.0	5.7	(64.9)
Sales and conversion of assets	3.6	3.7	(2.7)
Subtotal	<u>598.7</u>	<u>608.2</u>	<u>(1.6)</u>
Other financing sources, net	<u>16.9</u>	<u>15.6</u>	<u>8.3</u>
Total	<u>\$ 615.6</u>	<u>623.8</u>	<u>(1.3)%</u>

Total revenues and other financing sources decreased by \$8.2 million, or 1.3%, from the previous year. This is a result of a decrease in revenue and other financing sources. The decrease in revenue is due primarily to a decrease in State aids as a result of declining enrollment.

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.

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- 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 excess operating referendum and debt service levies, which is also enrollment driven.
- 3. State Paid Property Tax Credits – not a major source for SPPS.

Governmental Expenditures

The following table represents a summary of general operating fund, food service fund, community service fund, debt service fund, and capital project fund expenditures for the year ended June 30, 2009, and the percentage increase and decrease in relation to prior year amounts.

Expenditures

(In millions)

	<u>2009</u>	<u>2008</u>	<u>Percentage change</u>
District administration	\$ 21.9	20.1	0.09%
District support services	11.6	11.2	3.57
Regular instruction	254.0	255.9	(0.74)
Vocational instruction	4.5	4.3	4.65
Exceptional instruction	103.2	100.2	2.99
Community education	24.3	23.6	2.97
Instructional support services	36.6	35.0	4.57
Pupil support services	69.2	67.8	2.06
Sites, buildings, and equipment	69.3	72.9	(4.94)
Debt service	36.3	34.2	6.14
Total	<u>\$ 630.9</u>	<u>625.2</u>	<u>0.01%</u>

Total governmental expenditures for fiscal year 2009 remained at essentially the same level as fiscal year 2008.

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

Management's Discussion and Analysis

June 30, 2009

(Unaudited)

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 2008, the Board adopted a balanced budget for fiscal year 2009 that reflected total resources of \$619.6 million.
- During the year, the District revised its budget to reappropriate fund balances, to adjust for enrollment changes, to adjust for economic and legislative changes, and to accept additional grants. The final general operating fund budget has expenditures in excess of revenues by \$9.0 million due to the use of fund balance and the reappropriation of June 30, 2008 reserved and designated fund balances.
- Actual general operating fund revenues and expenditures were under budget due to various factors. The primary factor is related to unspent grants. These grants normally carry over to the next grant year.
- In June 2008, the board approved an expenditure budget for fiscal year 2009 for all funds of \$628.1 million. In October 2008, the board approved a budget amendment to expenditures of \$18.2 million for all funds due to two factors; the recognition of \$11.3 million of grants and the reappropriation of \$6.9 million in fund balances to be used for contractual obligations, enrollment adjustments, site-based carryover, and some one-time-only expenditures.
- Subsequent revisions to the budget by the board increased expenditures by \$12.4 million to a total all funds budget of \$658.7 million. 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, 96.5% of budget.

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 School
Business Office
360 Colborne Street
Saint Paul, MN 55102

Or visit our Website at: <http://www.spps.org>

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

Statement of Net Assets

June 30, 2009

		<u>Governmental activities</u>
Assets		
Current assets:		
Cash and short-term investments	\$	106,641,421
Restricted cash with fiscal agent		23,041,292
Taxes receivable, net		66,419,698
Due from other governmental units		67,517,996
Other receivables		2,710,951
Inventories		1,534,303
Prepaid expenses		1,721,215
Interest receivable		41,730
Total current assets		<u>269,628,606</u>
Noncurrent assets:		
Restricted cash and investments		26,380,106
Bond issuance costs		970,034
Capital assets		629,992,877
Less accumulated depreciation		<u>(232,030,221)</u>
Total noncurrent assets		<u>425,312,796</u>
Total assets	\$	<u><u>694,941,402</u></u>
Liabilities		
Current liabilities:		
Accounts payable	\$	11,714,643
Accrued expense		57,790,287
Compensated absences		15,521,161
Due to other governmental units		640,404
Amounts held for school activities		3,318,530
Deferred revenue – property tax		101,992,898
Deferred revenue – other		6,168,553
Long-term obligations due within one year		<u>22,472,982</u>
Total current liabilities		<u>219,619,458</u>
Noncurrent liabilities:		
Net other postemployment benefit obligation		35,172,982
Long-term obligations		<u>309,237,474</u>
Total noncurrent liabilities		<u>344,410,456</u>
Total liabilities	\$	<u><u>564,029,914</u></u>
Net Assets		
Invested in capital assets, net of related debt	\$	93,602,340
Restricted for:		
Debt service		23,098,602
Capital projects		5,494,106
Community services		2,700,449
Retirement benefits		20,942,799
Other purposes		6,579,706
Unrestricted		<u>(21,506,514)</u>
Total net assets	\$	<u><u>130,911,488</u></u>

See accompanying notes to basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Statement of Activities

Year ended June 30, 2009

Functions/programs	Expenses	Charges for services	Operating grants and contributions	Total governmental activities
Governmental activities:				
Elementary and secondary instruction	\$ 277,795,327	1,814,123	40,313,297	(235,667,907)
Special education instruction	106,907,329	5,268,421	51,682,592	(49,956,316)
Vocational education instruction	4,494,990	—	632,425	(3,862,565)
Community education services	24,807,698	5,762,400	12,833,653	(6,211,645)
Sites and buildings	50,239,408	212,753	1,100,000	(48,926,655)
Instructional support services	37,749,070	7,152	1,116,251	(36,625,667)
Pupil support services	70,941,943	3,523,246	34,520,382	(32,898,315)
District support services	12,728,715	7,116	—	(12,721,599)
Administration	22,049,155	187,305	850,494	(21,011,356)
Interest and fiscal costs on long-term debt	15,622,779	—	3,732,577	(11,890,202)
Total governmental activities	\$ 623,336,414	16,782,516	146,781,671	(459,772,227)
General revenues:				
Taxes:				
Property taxes levied for general purposes				70,344,905
Property taxes levied for debt services				28,162,682
Property taxes levied for community services				3,331,111
Federal and state aid not restricted to specific purposes				331,851,179
Investment earnings				2,011,593
Subtotal, general revenues				435,701,470
Changes in net assets				(24,070,757)
Net assets, beginning of year				154,982,245
Net assets, end of year				\$ 130,911,488

See accompanying notes to basic financial statements.

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

Balance Sheet
Governmental Funds
June 30, 2009

	Assets	General	Community service	Food service	Debt service	Capital projects	Total Governmental Funds
Cash and short-term investments (note 2)		\$ 74,286,464	5,041,393	4,094,263	10,764,205	—	94,186,325
Restricted cash with fiscal agent		—	—	—	23,041,292	—	23,041,292
Restricted cash and investments (note 3)		—	—	—	—	26,380,106	26,380,106
Receivables:							
Property taxes		46,073,597	2,289,385	—	18,056,716	—	66,419,698
Due from other governmental units (note 4)		62,393,369	2,449,868	976,512	1,698,247	—	67,517,996
Interest		—	—	—	3,885	—	41,730
Other		2,646,505	64,446	—	—	37,845	2,710,951
Inventories, principally at cost		544,105	—	990,198	—	—	1,534,303
Prepaid expenses		1,295,749	10,766	2,700	412,000	—	1,721,215
Total assets		<u>\$ 187,239,789</u>	<u>9,855,858</u>	<u>6,063,673</u>	<u>53,976,345</u>	<u>26,417,951</u>	<u>283,553,616</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable		\$ 7,894,299	1,056,817	264,204	2,578	2,496,745	11,714,643
Accrued expenses		36,578,413	1,469,223	1,169,649	—	464,509	39,681,794
Due to other governmental units		640,404	—	—	—	—	640,404
Amounts held for school activities		3,318,530	—	—	—	—	3,318,530
Deferred revenue:							
Property taxes		70,596,109	3,825,903	—	30,875,165	—	105,297,177
Other		5,610,561	557,992	—	—	—	6,168,553
Total liabilities		<u>124,638,316</u>	<u>6,909,935</u>	<u>1,433,853</u>	<u>30,877,743</u>	<u>2,961,254</u>	<u>166,821,101</u>
Equity:							
Fund balances (note 7):							
Reserved for:							
Encumbrances		2,360,432	—	—	—	—	2,360,432
Adult Basic Education		—	580,606	—	—	—	580,606
Alternative facilities program		—	—	—	—	5,494,106	5,494,106
Severance pay		3,812,347	—	—	—	—	3,812,347
Retiree health insurance		20,380,497	245,474	316,828	—	—	20,942,799
School readiness		—	554,314	—	—	—	554,314
Community education		—	1,501,484	—	—	—	1,501,484
ECE		—	53,279	—	—	—	53,279
Bond refunding		—	—	—	23,041,292	—	23,041,292
Health and safety		1,902,571	—	—	—	—	1,902,571
Operating capital		2,316,703	—	—	—	—	2,316,703
Inventories and prepaid expenses		1,839,854	10,766	992,898	412,000	—	3,255,518
Unreserved:							
Designated for contractual obligations		181,636	—	—	—	—	181,636
Designated for building construction		—	—	—	—	17,962,591	17,962,591
Designated for next year operations		2,405,974	—	—	—	—	2,405,974
Undesignated		27,401,459	—	3,320,094	(354,690)	—	30,366,863
Total fund balances		<u>62,601,473</u>	<u>2,945,923</u>	<u>4,629,820</u>	<u>23,098,602</u>	<u>23,456,697</u>	<u>116,732,515</u>
Total liabilities and fund balances		<u>\$ 187,239,789</u>	<u>9,855,858</u>	<u>6,063,673</u>	<u>53,976,345</u>	<u>26,417,951</u>	<u>283,553,616</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

June 30, 2009

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances – Governmental Funds	\$ 116,732,515
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental Funds:	
Capital assets	\$ 629,992,877
Less accumulated depreciation	<u>(232,030,221)</u>
	397,962,656
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	3,304,279
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	970,034
Unamortized bond discount (premium), net	<u>(5,520,940)</u>
	(4,550,906)
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.	
	1,481,987
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.	
	(35,172,982)
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.	
Bonds payable	283,910,000
Certificates of participation	42,941,757
Deferred amounts on refunding	(662,241)
Accrued interest on the bonds and certificates	7,135,384
Compensated absences (vacation expense)	4,539,790
Special termination benefits payable (severance payment)	<u>10,981,371</u>
	<u>(348,846,061)</u>
Net assets of governmental activities	\$ <u><u>130,911,488</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, 2009

	General	Community service	Food service	Debt service	Capital projects	Total Governmental Funds
Revenues:						
Local sources:						
Property taxes	\$ 69,822,722	3,331,111	—	28,162,682	—	101,316,515
County and other	14,176,855	6,827,133	68,521	—	100	21,072,609
State	391,030,649	12,608,270	1,204,125	4,932,730	—	409,775,774
Federal	41,040,402	3,697,852	16,197,050	—	—	60,935,304
Investment earnings	1,307,937	70,393	43,929	365,531	223,803	2,011,593
Sales and conversions of assets	299,224	—	3,332,455	—	—	3,631,679
Total revenues	517,677,789	26,534,759	20,846,080	33,460,943	223,903	598,743,474
Expenditures:						
Current:						
District administration	21,909,673	—	—	—	—	21,909,673
District support	11,562,261	—	—	—	—	11,562,261
Regular instruction	252,782,640	1,235,389	—	—	—	254,018,029
Vocational instruction	4,489,449	—	—	—	—	4,489,449
Exceptional instruction	103,253,149	—	—	—	—	103,253,149
Community education services	—	24,285,832	—	—	—	24,285,832
Instructional support	36,598,693	—	—	—	—	36,598,693
Pupil support	47,931,032	995,877	20,288,211	—	—	69,215,120
Sites, buildings, and equipment	42,009,623	—	—	—	27,270,487	69,280,110
Debt service:						
Principal payments	—	—	—	20,614,089	—	20,614,089
Interest expense	—	—	—	15,442,939	—	15,442,939
Other debt expense	—	—	—	137,426	72,643	210,069
Total expenditures	520,536,520	26,517,098	20,288,211	36,194,454	27,343,130	630,879,413
Excess (deficiency) of revenues over (under) expenditures	(2,858,731)	17,661	557,869	(2,733,511)	(27,119,227)	(32,135,939)
Other financing sources (uses):						
Bonds issued	—	—	—	20,060,000	25,800,000	45,860,000
Premium on bonds issued	—	—	—	409,368	201,695	611,063
Interest on proceeds of refunding bonds	—	—	—	1,126,157	—	1,126,157
Principal payments by refunded bond escrow agent	—	—	—	(29,355,000)	—	(29,355,000)
Interest payments by refunded bond escrow agent	—	—	—	(1,300,622)	—	(1,300,622)
Total other financing (uses) sources	—	—	—	(9,060,097)	26,001,695	16,941,598
Excess (deficiency) of revenue and other financing sources over (under) expenditures	(2,858,731)	17,661	557,869	(11,793,608)	(1,117,532)	(15,194,341)
Fund balance at beginning of year	65,460,204	2,928,262	4,071,951	34,892,210	24,574,229	131,926,856
Fund balance at end of year	\$ 62,601,473	2,945,923	4,629,820	23,098,602	23,456,697	116,732,515

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, 2009

Total net change in fund balances – Governmental Funds		\$ (15,194,341)
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	\$ 20,078,574	
Depreciation expense	<u>(15,728,995)</u>	4,349,579
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.		
		522,183
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Long-term obligations	20,614,089	
Payments to refunded bond escrow agent	<u>29,355,000</u>	49,969,089
Bond proceeds provide current financial resources to the Governmental Funds but increase long-term liabilities in the statement of net assets.		
Building bonds issued	(25,800,000)	
Refunding bonds and certificates of participation	<u>(20,060,000)</u>	(45,860,000)
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	111,872	
Increase in accrued compensated absences	(248,164)	
Amortization of bond issuance costs, premiums, and discounts and deferred amounts on refunding	116,585	
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>(634,826)</u>	(654,533)
Net other postemployment benefit obligation 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.		
		(17,404,137)
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>201,403</u>
Change in net assets of governmental activities		<u>\$ (24,070,757)</u>

See accompanying notes to basic financial statements.

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

Statement of Net Assets

Proprietary Fund

June 30, 2009

	Assets	Governmental activities – internal service fund
Cash and short-term investments		\$ 12,455,096
Total assets		\$ <u>12,455,096</u>
	Liabilities	
Workers' compensation payable		\$ 10,973,109
Total liabilities		<u>10,973,109</u>
	Net Assets	
Net assets:		
Unrestricted		<u>1,481,987</u>
Total net assets		<u>1,481,987</u>
Total liabilities and net assets		\$ <u><u>12,455,096</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, 2009

	Governmental activities – internal service fund
Operating revenues:	
Insurance service fees	\$ 3,168,629
Investment earnings	201,403
Total operating revenues	<u>3,370,032</u>
Operating expenses:	
Claims expense	<u>3,168,629</u>
Total operating expenses	<u>3,168,629</u>
Operating income/change in net assets	201,403
Net assets at beginning of year	<u>1,280,584</u>
Net assets at end of year	<u>\$ 1,481,987</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, 2009

	Governmental activities – internal service fund
Cash flows from operating activities:	
Received from assessments made to other funds	\$ 3,168,629
Investment earnings	219,052
Workers' compensation payments	(3,443,883)
Net cash used in operating activities	(56,202)
Cash at beginning of year	12,511,298
Cash at end of year	\$ 12,455,096
Reconciliation of operating income/change in net assets to net cash used in operating activities:	
Operating income/change in net assets	\$ 201,403
Adjustment to reconcile operating income/change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Interest receivable	17,649
Workers' compensation payable	(275,254)
Net cash used in operating activities	\$ (56,202)

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

June 30, 2009

(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 School Board 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) District-Wide and Fund Financial Statements

The district-wide 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, 2009

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 District-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 accounting principles generally accepted in the United States of America. 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. 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 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.

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

Notes to Basic Financial Statements

June 30, 2009

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 – Activities relating to the adult education programs, recreation and civic programs, and community programs that are fully financed by federal, state, or private grants are accounted for in this fund.

Food Service Special Revenue Fund – Activities relating to the school lunch and other related programs are accounted for in this fund.

Debt Service Fund – This fund accounts for resources used 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 to be used 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.

(d) Assets, Liabilities, and Net Assets

(i) Cash and Investments

The District uses pooled cash and investment accounts. Investments in money market instruments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value.

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

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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.

Cash overdrafts in certain funds are considered short-term advances from other funds within the pool and are reflected as interfund receivables/payables. The fund incurring the overdraft is charged interest.

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

Inventory is valued at cost (first-in, first-out) or market and charged to expenditures when used. 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 lunch program.

(iv) 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 2009 property taxes from Ramsey County:

May 27, 2009	First half advance of estimated May property tax collections
June 5, 2009	Second half advance of estimated May property tax collections
July 7, 2009	Final May tax settlement
October 23, 2009	First half advance of estimated October property tax collections
November 4, 2009	Second half advance of estimated October property tax collections
December 2, 2009	Final October settlement
January 22, 2010	Final settlement for calendar year

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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." The 2003 legislation reinstated the old property tax shift for taxes payable in 2004 and future years. 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 2009 property taxes is recorded as deferred revenue since the property tax levy collectible in 2009 is intended to finance the subsequent fiscal year. As mandated by legislation, a portion of the property tax levy collectible in 2009, including the Teacher's Retirement Association (TRA) benefit levy, is recognized as revenue in fiscal year 2009.

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.

(v) 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 district-wide 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.

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(vi) Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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.

(vii) 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 district-wide financial statements.

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. Severance pay is reported in the district-wide financial statements. 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 of Minnesota. Severance pay is calculated at a rate ranging from \$50 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. Severance pay is recorded as an expenditure when paid.

(viii) Fund Balance

In the fund financial statements, Governmental Funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose.

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(ix) Net Assets

Net assets represent the difference between assets and liabilities in the district-wide 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 district-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

(e) Use of Estimates

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

(f) Future Adoption of Accounting Pronouncements

GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, Statement No. 52, *Accounting and Financial Reporting for Derivative Instruments*, Statement No 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The District intends to implement these GASB statements on their respective effective dates.

(2) Cash and Short-Term Investments

(a) 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% 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.

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Deposit balances at June 30, 2009 are as follows:

	Carrying amount	Bank balance
Total bank deposits (checking and savings)	\$ 2,712,039	2,751,089

At June 30, 2009, all deposits for the District were insured or collateralized by securities held by the District's agent in the District's name.

(b) Cash on Hand

Cash in the possession of the District, consisting of petty cash and change funds, totaled \$1,760,000 at June 30, 2009.

(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.
- (7) Repurchase or reverse repurchase 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.

The District does not have any investment policies that would further limit investment choices.

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.

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- **Credit risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.
- **Concentration risk** – Investing 5% 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.
- **Interest rate risk** – The risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk).

The District’s investment policy does not address the various risks noted above.

The following table presents the District’s deposit and investment balances at June 30, 2009, and information relating to potential investment risks:

	<u>Interest rate risk</u>	<u>Concentration risk</u>	<u>Credit risk Credit rating S&P's</u>	<u>Carrying value</u>
	<u>Maturities less than 1 year</u>	<u>Over 5% of portfolio</u>		
U.S. Treasury security	\$ 9,990,222	9.78%	N/A	\$ 9,990,222
Investment pool				
Minnesota School District				
Liquid Asset Fund			AAAm	75,974,751
Money market funds				
Western Asset Institutional				
Government Money			AAAm	16,094,796
Market Fund				
Other money market funds				<u>109,613</u>
Total investments				102,169,382
Petty cash				1,760,000
Deposits				<u>2,712,039</u>
Total deposits and investments				<u>\$ 106,641,421</u>

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 fair value of the position in the pool is the same as the value of the pool shares.

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(3) Restricted Cash and Investments

At June 30, 2009, \$26,380,106 of cash and a certificate of deposit were held in escrow accounts for the District. These funds are the proceeds of the certificates of participation and general obligation bonds issued for the District's acquisition and renovation of instructional facilities. At June 30, 2009, all deposits of restricted cash for the District were insured or collateralized by securities held by the District's agent in the District's name.

The certificate of deposit consisted of one issue from US Bank with interest rate of 1.60%, with maturity date of September 21, 2009. Carrying value of the investment is \$6,500,000 at June 30, 2009.

(4) Receivables

Receivables due from other governmental units at June 30, 2009 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 categorical aid	\$ 48,472,737	1,478,947	63,693	1,698,246	51,713,623
Minnesota Department of Education, principally pass-through federal assistance	11,192,952	768,846	912,818	—	12,874,616
Tuition reimbursement	1,408,626	—	—	—	1,408,626
Federal government direct assistance	578,579	147,441	—	—	726,020
Other	740,476	54,635	—	—	795,111
	<u>\$ 62,393,370</u>	<u>2,449,869</u>	<u>976,511</u>	<u>1,698,246</u>	<u>67,517,996</u>

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	<u>Land</u>	<u>Construction in progress</u>	<u>Total</u>
Capital assets not being depreciated:			
Cost at June 30, 2008	\$ 26,016,335	34,875,973	60,892,308
Additions and transfers in	—	18,700,627	18,700,627
Deletions and transfers out	—	(42,227,776)	(42,227,776)
Cost at June 30, 2009	<u>\$ 26,016,335</u>	<u>11,348,824</u>	<u>37,365,159</u>

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	<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, 2008	\$ 15,577,237	327,745,735	192,786,085	13,212,025	549,321,082
Additions and transfers in	1,147,722	7,843,597	33,236,457	1,377,947	43,605,723
Deletions and transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>(299,087)</u>	<u>(299,087)</u>
Cost at June 30, 2009	<u>\$ 16,724,959</u>	<u>335,589,332</u>	<u>226,022,542</u>	<u>14,290,885</u>	<u>592,627,718</u>

Accumulated depreciation activity for the year ended June 30, 2009 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, 2008	\$ 6,264,649	128,868,314	70,480,710	10,918,377	216,532,050
Additions	793,035	6,263,482	7,852,486	819,992	15,728,995
Deletions	<u>—</u>	<u>—</u>	<u>—</u>	<u>(230,824)</u>	<u>(230,824)</u>
Accumulated depreciation at June 30, 2009	<u>\$ 7,057,684</u>	<u>135,131,796</u>	<u>78,333,196</u>	<u>11,507,545</u>	<u>232,030,221</u>
Total capital assets being depreciated, net	\$ 9,667,275	200,457,536	147,689,346	2,783,340	360,597,497

Depreciation expense of \$15,728,995 for the year ended June 30, 2009 was charged to the following governmental functions:

Administration	\$ 130,752
District support services	542,922
Elementary and secondary regular instruction	13,965,062
Vocational education instruction	1,815
Special education instruction	194,895
Instructional support services	299,625
Pupil support services	295,588
Sites and buildings	153,931
Community service	<u>144,405</u>
Total depreciation expense	<u>\$ 15,728,995</u>

At June 30, 2009, the District had approximately \$3,800,000 in outstanding construction commitments.

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(6) Long-Term Liabilities

(a) Change in Long-Term Liabilities

During the fiscal year ended June 30, 2009, the following changes occurred in long-term liabilities:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Due within one year
General obligation bonds	\$ 282,795,000	37,145,000	(36,030,000)	283,910,000	17,145,000
Certificates of participation	48,132,241	8,715,000	(13,905,484)	42,941,757	5,327,982
Note payable	34,680	—	(34,680)	—	—
Add (less) unamortized discount/premium	5,003,883	611,067	(94,010)	5,520,940	—
(Less) add deferred amounts on refunding	<u>(639,434)</u>	<u>(130,084)</u>	<u>107,277</u>	<u>(662,241)</u>	<u>—</u>
Total long-term obligations	335,326,370	46,340,983	(49,956,897)	331,710,456	22,472,982
Compensated absences:					
Severance pay	10,546,982	2,373,226	(1,938,837)	10,981,371	10,981,371
Vacation pay	<u>4,726,015</u>	<u>4,593,843</u>	<u>(4,780,068)</u>	<u>4,539,790</u>	<u>4,539,790</u>
	<u>\$ 350,599,367</u>	<u>53,308,052</u>	<u>(56,675,802)</u>	<u>347,231,617</u>	<u>37,994,143</u>

Severance and vacation pay are primarily liquidated by the fund incurring the liability.

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(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, 2009 include:

<u>Date of issue</u>	<u>Date of final maturity</u>	<u>Coupon rate percentage</u>	<u>Amount of original issue</u>	<u>Outstanding at June 30, 2009</u>
8/1/2000	2/1/2021	5.0%–6.0%	\$ 15,000,000	11,255,000
8/1/2000	2/1/2021	5.0%–6.0%	11,000,000	8,255,000
3/20/2001	3/20/2011	0 Coupon	6,000,000	6,000,000
8/1/2001	2/1/2021	4.0%–5.0%	5,000,000	3,335,000
8/1/2001	2/1/2021	4.0%–5.0%	15,000,000	10,215,000
8/1/2002	2/1/2023	3.0%–5.0%	11,000,000	8,705,000
8/1/2002	2/1/2023	3.0%–5.0%	15,000,000	11,950,000
8/1/2002	2/1/2014	3.0%–4.0%	6,815,000	3,265,000
8/1/2002	2/1/2015	3.0%–4.2%	13,440,000	7,625,000
3/31/2003	2/1/2024	3.0%–4.5%	11,000,000	8,960,000
3/31/2003	2/1/2024	3.5%–4.5%	15,000,000	12,230,000
12/1/2004	2/1/2025	3.0%–5.0%	25,335,000	21,795,000
3/31/2003	2/1/2017	3.5%–4.5%	29,055,000	19,980,000
12/1/2005	2/1/2026	4.0%–5.0%	24,995,000	22,655,000
12/1/2005	2/1/2021	4.0%–5.0%	44,290,000	42,070,000
11/1/2006	2/1/2021	4.0%–5.0%	24,760,000	23,400,000
11/1/2007	2/1/2028	4.0%–5.0%	25,630,000	25,070,000
12/1/2008	2/1/2029	3.0%–5.0%	25,800,000	25,800,000
12/18/2008	2/1/2018	3.5%–4.5%	11,345,000	11,345,000
			<u>\$ 335,465,000</u>	<u>283,910,000</u>

The District's legal debt limit is 15% of the fair market value of the property within the District, totaling \$3,631,414,538 at June 30, 2009. The District's legal debt margin at June 30, 2009 is \$3,337,074,812.

At June 30, 2009, \$117,930,000 of defeased general obligation debt is outstanding.

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(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, 2009 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	2/1/2010	5.90%–7.10%	\$ 23,148,543	2,516,064
2/1/1993	2/1/2013	5.70%–6.375%	4,000,000	1,220,000
1/7/1993	1/1/2017	5.40%–6.35%	5,603,508	1,865,693
8/1/2002	2/1/2015	2.50%–4.20%	16,760,000	8,750,000
11/1/2006	2/1/2018	4.00%	14,420,000	11,800,000
11/1/2006	2/1/2016	4.00%	9,370,000	8,075,000
1/29/2009	2/1/2019	3.50%–4.25%	8,715,000	8,715,000
			<u>\$ 82,017,051</u>	<u>42,941,757</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:						
2010	\$ 17,145,000	12,960,534	5,327,982	3,534,219	22,472,982	16,494,753
2011	24,880,000	12,049,278	5,507,558	3,401,494	30,387,558	15,450,772
2012	19,210,000	11,258,668	5,651,950	3,254,295	24,861,950	14,512,963
2013	20,050,000	10,437,267	5,834,469	3,095,695	25,884,469	13,532,962
2014	19,955,000	9,556,820	5,636,173	2,923,235	25,591,173	12,480,055
2015 – 2019	90,405,000	34,813,048	14,983,625	4,752,531	105,388,625	39,565,579
2020 – 2024	65,505,000	14,808,043	—	—	65,505,000	14,808,043
2025 – 2030	26,760,000	3,051,694	—	—	26,760,000	3,051,694
	<u>\$ 283,910,000</u>	<u>108,935,352</u>	<u>42,941,757</u>	<u>20,961,470</u>	<u>326,851,757</u>	<u>129,896,821</u>

(d) General Obligation Bonds and Certificates of Participation Issued

During fiscal year 2009, the District issued \$25,800,000 in General Obligation School Building Bonds, Series 2008A. 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.

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During fiscal year 2009, the District also issued \$11,345,000 Series 2008B General Obligation Refunding Bonds and \$8,715,000 Series 2009A Refunding Full Faith and Credit Certificates of Participation. The proceeds were used to finance a current refunding of the 1996C Refunding Bonds, 1999B General Obligation Bonds and 1999A Certificates of Participation. For the 2008B issue, the refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$22,133. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2017. The 2008B issue was undertaken to reduce the total debt service payments over the next 9 years by a net \$472,208 and resulted in an economic gain in present value dollars of \$472,734. For the 2009A issue, the refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$107,952. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2018. The 2009A issue was undertaken to reduce the total debt service payments over the next 10 years by a net \$1,312,201 and resulted in an economic gain in present value dollars of \$409,429.

(7) Variance from State Reporting Requirements

Inventories – The Minnesota Department of Education has not defined a reserve for inventory account in its Uniform Financial Accounting and Reporting Standards (UFARS). However, the District has reported a reserve for inventory of \$1,534,303 on the Governmental Funds balance sheet in accordance with U.S. generally accepted accounting principles.

Prepaid expenses – The Minnesota Department of Education has not defined a reserve for prepaid expenses in its UFARS. However, the District has reported a reserve for prepaid expenses of \$1,721,215 on the Governmental Funds balance sheet in accordance with U.S. generally accepted accounting principles.

(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.

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Notes to Basic Financial Statements

June 30, 2009

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, 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.

(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, 2009:

Annual required contribution	\$	28,257,841
Contributions made		<u>(10,853,704)</u>
Increase in net OPEB obligation		17,404,137
Net OPEB obligation, beginning of year		<u>17,768,845</u>
Net OPEB obligation, end of year	\$	<u><u>35,172,982</u></u>

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

Notes to Basic Financial Statements

June 30, 2009

(d) Three-Year Trend Information

<u>Fiscal year ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
6/30/09	\$ 28,257,841	38.4%	\$ 35,172,982
6/30/08	28,257,841	37.1%	17,768,845
6/30/07	N/A	N/A	—

(e) Funded Status and Funding Progress

As of January 1, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$312,955,987 resulting in an unfunded actuarial accrued liability (UAAL) of \$312,955,987. The covered payroll (annual payroll of active employees covered by the plan) was \$214,378,153 and the ratio of UAAL to covered payroll was 68.5%.

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>
1/1/07	\$ —	312,955,987	312,955,987	0%	\$ 214,378,153	68.5%
1/1/06	N/A	N/A	N/A	N/A	N/A	N/A
1/1/05	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Basic Financial Statements

June 30, 2009

(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, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.2% 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 9.5% in 2007, reduced 0.5% each year until it reaches an annual rate of 5.0% in 2016. The UAAL is being amortized over a 30-year period on a level dollar method.

(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.

(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.

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

Notes to Basic Financial Statements

June 30, 2009

(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 property and casualty insurance through the Minnesota School Boards Association Insurance Trust (MSBAIT). The District's property and casualty plan through MSBAIT provides for a \$250,000 deductible per occurrence. The plan requires quarterly premiums with no additional assessments. MSBAIT 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 2009.

Workers' compensation coverage is self-insured and is administered by Cannon Cochran Management Services, Inc. The District provides coverage of \$450,000 per employee per occurrence with a lifetime cap of \$1,200,000. Claims in excess of \$450,000 are covered by the District's reinsurance company, WCRA. 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:

	2009	2008
Estimated liability at beginning of year	\$ 11,248,363	8,623,766
Increased claims (including IBNR)	3,168,629	5,557,299
Administrative payments	(148,760)	(151,207)
Claim payments	(3,295,123)	(2,781,495)
Estimated liability at end of year	\$ 10,973,109	11,248,363

The District carries commercial insurance for employee health and dental coverage.

(11) Defined Benefit Pension Plans

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

(a) *St. Paul Teachers Retirement Fund Association*

Plan Description

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

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

Notes to Basic Financial Statements

June 30, 2009

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, 1990 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, 1990 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	1.0% per year	2.0% per year
Each year of service thereafter (up to a maximum of 40 years)	1.5% per year	2.5% per year
Tier II:		
All years of service	1.5% 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, 2009

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:

	<u>Basic Plan</u>	<u>Coordinated Plan</u>
Contribution rates:		
Employees	8.00%	5.50%
District	11.64%	8.34%
Annual pension cost	\$ 1,171,988	20,361,191
Contributions made	1,096,385	18,997,400
Actuarial valuation date	July 1, 2008	July 1, 2008
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent, closed	Level percent, closed
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	5.0% to 9.9%	5.0% to 9.9%
Cost-of-living adjustments	2.70%	2.70%

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

Notes to Basic Financial Statements

June 30, 2009

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, 2007	\$ 3,056,952	96%	\$ 135,690
	June 30, 2008	2,290,608	97	77,621
	June 30, 2009	1,171,988	94	75,604
Coordinated Plan	June 30, 2007	29,218,723	95	1,353,092
	June 30, 2008	30,958,584	97	1,084,905
	June 30, 2009	20,361,191	93	1,363,791

Schedule of Funding Progress (Unaudited)

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, 2006	\$ 938,919	1,358,620	419,701	69.11%	\$ 226,351	185.42%
July 1, 2007	1,015,722	1,391,298	375,576	73.01	229,172	163.88
July 1, 2008	1,075,951	1,432,040	356,089	75.13	235,993	150.89

(b) Public Employees Retirement Association

Plan Description

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

Notes to Basic Financial Statements

June 30, 2009

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% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for Coordinated Plan members is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service.

For all PERF 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 PERF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA, 60 Empire Drive, #200, St. Paul, MN 55103-2088, or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plan equal to the amount required by state statute. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 5.75%, respectively, of their annual covered salary. The District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members and 6.50% for Coordinated Plan PERF members. The District's contributions for the years ended June 30, 2009, 2008, and 2007 were \$6,247,038, \$5,863,730, and \$5,393,639, respectively, equal to the contractually required contributions for each year as set by state statute.

**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, 2009

	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	\$ 70,490,276	70,490,276	69,822,722	3,173,414	3,173,414	3,331,111	—	—	68,521
County and other	9,665,699	15,845,845	14,176,855	6,486,601	6,813,019	6,827,133	—	—	—
State	393,889,871	397,175,805	391,030,649	11,213,070	12,111,503	12,608,270	850,000	850,000	1,204,125
Federal	35,819,528	47,846,255	41,040,402	3,517,609	4,739,890	3,697,852	15,400,000	15,400,000	16,197,050
Investment earnings	3,739,720	3,610,894	1,307,937	—	—	70,393	—	—	43,929
Sales and conversions of assets	13,900	170,046	299,224	—	—	—	4,500,000	4,500,000	3,332,455
Total revenues	513,618,994	535,139,121	517,677,789	24,390,694	26,837,826	26,534,759	20,750,000	20,750,000	20,846,080
Expenditures:									
Current:									
District administration	22,117,492	22,201,551	21,909,673	—	—	—	—	—	—
District support	12,105,502	14,792,366	11,562,261	—	—	—	—	—	—
Regular instruction	252,177,064	264,861,446	252,782,640	602,342	1,016,211	1,235,389	—	—	—
Vocational instruction	929,916	2,070,221	4,489,449	—	—	—	—	—	—
Exceptional instruction	100,533,923	105,101,412	103,253,149	—	—	—	—	—	—
Community education services	—	—	—	23,924,722	25,819,700	24,285,832	—	—	—
Instructional support	35,435,349	39,977,227	36,598,693	—	—	—	—	—	—
Pupil support services	48,685,489	49,144,135	47,931,032	1,184,155	1,322,440	995,877	21,026,000	21,026,000	20,288,211
Capital outlay:									
Sites, buildings, and equipment	44,079,259	45,985,766	42,009,623	—	—	—	—	—	—
Total expenditures	516,063,994	544,134,124	520,536,520	25,711,219	28,158,351	26,517,098	21,026,000	21,026,000	20,288,211
Excess (deficiency) of revenues over (under) expenditures	(2,445,000)	(8,995,003)	(2,858,731)	(1,320,525)	(1,320,525)	17,661	(276,000)	(276,000)	557,869
Fund balances at beginning of year			65,460,204			2,928,262			4,071,951
Fund balances at end of year			\$ 62,601,473			2,945,923			4,629,820

See accompanying note to required supplementary information.

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

Notes to Required Supplementary Information

June 30, 2009

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 Chief Financial Officer are authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts include three budget amendments that increased the District's total revenue and expenditure budgets by \$23,967,259 and \$30,517,262, respectively. Unencumbered expenditure appropriations lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balances 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.

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

General Fund

Combining Balance Sheet

June 30, 2009

(With comparative totals for June 30, 2008)

Assets	<u>General Fund Accounts</u>	<u>Fully Financed General Fund Accounts</u>	<u>Totals</u>	
			<u>2009</u>	<u>2008</u>
Cash and short-term investments	\$ 80,823,575	(6,537,111)	74,286,464	79,990,831
Receivables:				
Property taxes	46,073,597	—	46,073,597	43,341,599
Due from other governmental units	49,873,026	12,520,343	62,393,369	61,703,639
Interest	—	—	—	160,371
Other	1,346,249	1,300,256	2,646,505	1,429,204
Inventories, principally at cost	544,105	—	544,105	638,006
Prepaid expenses	1,214,134	81,615	1,295,749	750,895
Total assets	\$ 179,874,686	7,365,103	187,239,789	188,014,545
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 6,422,615	1,471,684	7,894,299	11,909,680
Accrued expenses	35,588,406	990,007	36,578,413	33,497,786
Due to other governmental units	640,369	35	640,404	1,738,840
Amounts held for school activities	3,318,530	—	3,318,530	3,647,624
Deferred revenue:				
Property taxes	70,596,109	—	70,596,109	67,191,014
Other	707,184	4,903,377	5,610,561	4,569,397
Total liabilities	117,273,213	7,365,103	124,638,316	122,554,341
Fund balance:				
Reserved for:				
Encumbrances	2,360,432	—	2,360,432	2,844,886
Severance pay	3,812,347	—	3,812,347	4,100,350
Retiree health insurance	20,380,497	—	20,380,497	20,380,928
Health and Safety	1,902,571	—	1,902,571	124,813
Operating capital	2,316,703	—	2,316,703	1,285,810
Inventories and prepaids	1,758,239	81,615	1,839,854	1,388,901
Unreserved:				
Designated for contractual obligations	181,636	—	181,636	166,078
Designated for next year operations	2,405,974	—	2,405,974	7,878,683
Undesignated	27,483,074	(81,615)	27,401,459	27,289,755
Total fund balance	62,601,473	—	62,601,473	65,460,204
Total liabilities and fund balance	\$ 179,874,686	7,365,103	187,239,789	188,014,545

See accompanying independent auditors' report.

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

General Fund Accounts

Balance Sheet

June 30, 2009

(With comparative totals for June 30, 2008)

Assets	2009	2008
Cash and short-term investments	\$ 80,823,575	86,952,674
Receivables:		
Property taxes	46,073,597	43,341,599
Due from other governmental units	49,873,026	49,467,086
Interest	—	160,371
Other	1,346,249	996,524
Inventories, principally at cost	544,105	638,006
Prepaid expenses	1,214,134	649,547
Total assets	\$ 179,874,686	182,205,807
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 6,422,615	10,813,102
Accrued expenses	35,588,406	32,478,158
Due to other governmental units	640,369	1,738,840
Amounts held for school activities	3,318,530	3,647,624
Deferred revenue:		
Property taxes	70,596,109	67,191,014
Other	707,184	876,865
Total liabilities	117,273,213	116,745,603
Fund balance:		
Reserved for:		
Encumbrances	2,360,432	2,844,886
Severance pay	3,812,347	4,100,350
Retiree health insurance	20,380,497	20,380,928
Operating capital	2,316,703	1,285,810
Health and Safety	1,902,571	124,813
Inventories and prepaid expenses	1,758,239	1,287,553
Unreserved:		
Designated for contractual obligations	181,636	166,078
Designated for next year operations	2,405,974	7,878,683
Undesignated	27,483,074	27,391,103
Total fund balance	62,601,473	65,460,204
Total liabilities and fund balance	\$ 179,874,686	182,205,807

See accompanying independent auditors' report.

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

Fully Financed General Fund Accounts

Balance Sheet

June 30, 2009

(With comparative totals for June 30, 2008)

Assets	2009	2008
Cash and short-term investments	\$ (6,537,111)	(6,961,843)
Receivables:		
Due from other governmental units	12,520,343	12,236,553
Other	1,300,256	432,680
Prepaid expenses	81,615	101,348
Total assets	\$ 7,365,103	5,808,738
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 1,471,684	1,096,578
Accrued expenses	990,007	1,019,628
Due to other governmental units	35	—
Deferred revenue	4,903,377	3,692,532
Total liabilities	7,365,103	5,808,738
Fund balance:		
Reserved for:		
Prepaid expenses	81,615	101,348
Unreserved:		
Undesignated	(81,615)	(101,348)
Total fund balance	—	—
Total liabilities and fund balance	\$ 7,365,103	5,808,738

See accompanying independent auditors' report.

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

General Fund

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

Year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	General Fund Accounts	Fully Financed General Fund Accounts	Totals	
			2009	2008
Revenues:				
Local sources:				
Property taxes	\$ 69,822,722	—	69,822,722	63,909,787
County and other	7,978,770	6,198,085	14,176,855	10,739,034
State	387,166,828	3,863,821	391,030,649	399,797,386
Federal	1,172,840	39,867,562	41,040,402	43,043,640
Investment earnings	1,307,937	—	1,307,937	3,992,573
Sales and conversions of assets	299,224	—	299,224	271,637
Total revenues	467,748,321	49,929,468	517,677,789	521,754,057
Expenditures:				
Current:				
District administration	20,871,874	1,037,799	21,909,673	20,068,064
District support	11,421,958	140,303	11,562,261	11,253,813
Regular instruction	224,030,783	28,751,857	252,782,640	254,903,257
Vocational instruction	3,834,763	654,686	4,489,449	4,271,979
Exceptional instruction	89,836,942	13,416,207	103,253,149	100,198,717
Instructional support	33,578,708	3,019,985	36,598,693	34,981,014
Pupil support services	45,022,401	2,908,631	47,931,032	46,146,713
Capital outlay:				
Sites, buildings, and equipment	42,009,623	—	42,009,623	45,765,355
Total expenditures	470,607,052	49,929,468	520,536,520	517,588,912
Excess of revenues over expenditures	(2,858,731)	—	(2,858,731)	4,165,145
Fund balance at beginning of year	65,460,204	—	65,460,204	61,295,059
Fund balance at end of year	\$ 62,601,473	—	62,601,473	65,460,204

See accompanying independent auditors' report.

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

General Fund Accounts

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

Year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	2009		2008
	Final Budget	Actual	Actual
Revenues:			
Local sources:			
Property taxes	\$ 70,490,276	69,822,722	63,909,787
County and other	6,822,603	7,978,770	6,127,648
State	392,071,559	387,166,828	395,166,698
Federal	800,000	1,172,840	2,341,469
Interest earnings	3,610,894	1,307,937	3,991,810
Sales and conversions of assets	170,046	299,224	271,637
	<u>473,965,378</u>	<u>467,748,321</u>	<u>471,809,049</u>
Total revenues			
Expenditures:			
Current:			
District administration	20,971,212	20,871,874	19,303,268
District support	14,321,841	11,421,958	11,151,949
Regular instruction	229,296,050	224,030,783	225,459,894
Vocational instruction	1,375,479	3,834,763	3,593,362
Exceptional instruction	90,843,641	89,836,942	87,599,443
Instructional support	34,535,045	33,578,708	30,972,468
Pupil support services	45,631,347	45,022,401	43,798,165
Capital outlay:			
Sites, buildings, and equipment	45,985,766	42,009,623	45,765,355
	<u>482,960,381</u>	<u>470,607,052</u>	<u>467,643,904</u>
Total expenditures			
(Deficiency) excess of revenues (under) over expenditures	<u>\$ (8,995,003)</u>	<u>(2,858,731)</u>	<u>4,165,145</u>
Fund balance at beginning of year		<u>65,460,204</u>	<u>61,295,059</u>
Fund balance at end of year		<u>\$ 62,601,473</u>	<u>65,460,204</u>

See accompanying independent auditors' report.

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

Fully Financed General Fund Accounts

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

Year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	2009		2008
	Final Budget	Actual	Actual
Revenues:			
Local sources:			
County and other	\$ 9,023,242	6,198,085	4,611,386
State	5,104,246	3,863,821	4,630,688
Federal	47,046,255	39,867,562	40,702,171
Investment earnings	—	—	763
Total revenues	61,173,743	49,929,468	49,945,008
Expenditures:			
Current:			
District administration	1,230,339	1,037,799	764,796
District support	470,525	140,303	101,864
Regular instruction	35,565,396	28,751,857	29,443,363
Vocational instruction	694,742	654,686	678,617
Exceptional instruction	14,257,771	13,416,207	12,599,274
Instructional support	5,442,182	3,019,985	4,008,546
Pupil support services	3,512,788	2,908,631	2,348,548
Total expenditures	61,173,743	49,929,468	49,945,008
Excess of revenues over expenditures		—	—
Fund balance at beginning of year		—	—
Fund balance at end of year		\$ —	—

See accompanying independent auditors' report.

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

Community Service Fund

Balance Sheet

June 30, 2009

(With comparative totals for June 30, 2008)

Assets	2009	2008
Cash and short-term investments	\$ 5,041,393	5,211,691
Receivables:		
Property taxes	2,289,385	2,025,587
Due from other governmental units	2,449,868	3,142,555
Interest	—	5,586
Other	64,446	38,230
Prepaid expenses	10,766	19,431
Total assets	\$ 9,855,858	10,443,080
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 1,056,817	1,410,714
Accrued expenses	1,469,223	1,244,540
Deferred revenue:		
Property taxes	3,825,903	3,419,886
Other	557,992	1,439,678
Total liabilities	6,909,935	7,514,818
Fund balance:		
Reserve for:		
Adult Basic Education	580,606	583,292
Retiree health insurance	245,474	227,339
School readiness	554,314	216,963
Community education	1,501,484	1,550,563
ECFE	53,279	338,370
Prepaid expenses	10,766	19,431
Unreserved:		
Undesignated	—	(7,696)
Total fund balance	2,945,923	2,928,262
Total liabilities and fund balance	\$ 9,855,858	10,443,080

See accompanying independent auditors' report.

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

Community Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	2009	2008
Revenues:		
Local sources:		
Property taxes	\$ 3,331,111	3,667,352
County and other	6,827,133	6,405,369
State	12,608,270	11,655,935
Federal	3,697,852	3,729,641
Investment earnings	70,393	140,551
Sale and conversion of assets	—	108
Total revenues	26,534,759	25,598,956
Expenditures:		
Current:		
Regular instruction	1,235,389	1,011,482
Community education services	24,285,832	23,648,770
Pupil support	995,877	886,133
Total expenditures	26,517,098	25,546,385
Excess of revenues over expenditures	17,661	52,571
Fund balances at beginning of year	2,928,262	2,875,691
Fund balance at end of year	\$ 2,945,923	2,928,262

See accompanying independent auditors' report.

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

Food Service Fund

Balance Sheet

June 30, 2009

(With comparative figures for June 30, 2008)

Assets	Food Service	
	2009	2008
Cash and short-term investments	\$ 4,094,263	3,323,454
Receivables:		
Due from other governmental units	976,512	852,483
Interest	—	5,757
Inventories, principally at cost	990,198	1,076,639
Prepaid expenses	2,700	3,359
Total assets	\$ 6,063,673	5,261,692
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 264,204	291,261
Accrued expenses	1,169,649	898,480
Total liabilities	1,433,853	1,189,741
Fund balance:		
Reserve for:		
Retiree health insurance	316,828	318,800
Inventories	992,898	1,079,998
Unreserved:		
Undesignated	3,320,094	2,673,153
Total fund balance	4,629,820	4,071,951
Total liabilities and fund balance	\$ 6,063,673	5,261,692

See accompanying independent auditors' report.

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

Food Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
Revenues:		
Local sources:		
Property taxes	\$ 68,521	48,153
State	1,204,125	1,193,109
Federal	16,197,050	15,750,686
Sales and conversion of assets	3,332,455	3,386,275
Investment earnings	43,929	141,620
Total revenues	<u>20,846,080</u>	<u>20,519,843</u>
Expenditures:		
Current:		
Pupil support	<u>20,288,211</u>	<u>20,805,670</u>
Total expenditures	<u>20,288,211</u>	<u>20,805,670</u>
Excess (deficiency) of revenues over (under) expenditures	557,869	(285,827)
Fund balances at beginning of year	<u>4,071,951</u>	<u>4,357,778</u>
Fund balance at end of year	<u><u>\$ 4,629,820</u></u>	<u><u>4,071,951</u></u>

See accompanying independent auditors' report.

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

Debt Service Fund

Balance Sheet

June 30, 2009

(With comparative figures for June 30, 2008)

Assets	2009	2008
Cash and short-term investments	\$ 10,764,205	12,517,037
Restricted cash with fiscal agent	23,041,292	31,629,538
Receivables:		
Property taxes	18,056,716	17,927,215
Due from other governmental units	1,698,247	1,726,587
Interest	3,885	23,949
Prepays expenses	412,000	1,377,000
Total assets	\$ 53,976,345	65,201,326
Liabilities and Fund Balance		
Accounts payable	\$ 2,578	2,578
Deferred revenue:		
Property taxes	30,875,165	30,306,538
Total liabilities	30,877,743	30,309,116
Fund balance:		
Reserved for prepaid expenses	412,000	1,377,000
Reserved for bond refunding	23,041,292	31,629,538
Unreserved:		
Undesignated	(354,690)	1,885,672
Total fund balance	23,098,602	34,892,210
Total liabilities and fund balance	\$ 53,976,345	65,201,326

See accompanying independent auditors' report.

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

Debt Service Fund

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

Year ended June 30, 2009

(With comparative actual figures for the year ended June 30, 2008)

	2009		2008
	Final Budget	Actual	Actual
Revenues:			
Local sources:			
Property taxes	\$ 29,628,252	28,162,682	31,470,034
County and other			—
State	3,919,000	4,932,730	5,265,812
Investment earnings	400,000	365,531	663,720
Total revenues	33,947,252	33,460,943	37,399,566
Expenditures:			
Debt service:			
Principal payments	19,386,738	20,614,089	18,861,418
Interest expense	15,696,637	15,442,939	15,261,186
Other debt expense	50,000	137,426	44,743
Total expenditures	35,133,375	36,194,454	34,167,347
Excess (deficiency) of revenues over (under) expenditures	(1,186,123)	(2,733,511)	3,232,219
Other financing sources (uses):			
Refunding bonds issued	—	20,060,000	—
Premium on refunding debt	—	409,368	—
Interest on proceeds of refunding bonds	—	1,126,157	1,543,571
Principal payments by refunded bond escrow agent	—	(29,355,000)	(10,225,000)
Interest payments by bond escrow agent	—	(1,300,622)	(1,789,350)
Total other financing uses	—	(9,060,097)	(10,470,779)
Deficiency of revenue and other financing sources under expenditures	\$ (1,186,123)	(11,793,608)	(7,238,560)
Fund balance at beginning of year		\$ 34,892,210	42,130,770
Fund balance at end of year		\$ 23,098,602	34,892,210

See accompanying independent auditors' report.

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

Capital Projects Fund

Balance Sheet

June 30, 2009

(With comparative figures for June 30, 2008)

Assets	2009	2008
Restricted cash and investments	\$ 26,380,106	25,910,690
Receivables:		
Interest receivable	37,845	18,610
Other receivable	—	1,118,869
Total assets	\$ 26,417,951	27,048,169
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 2,496,745	2,090,807
Accrued expenses	464,509	383,133
Total liabilities	2,961,254	2,473,940
Fund balance:		
Reserved for:		
Alternative facilities program	5,494,106	6,353,989
Unreserved:		
Designated for building construction	17,962,591	18,602,980
Undesignated	—	(382,740)
Total fund balance	23,456,697	24,574,229
Total liabilities and fund balance	\$ 26,417,951	27,048,169

See accompanying independent auditors' report.

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

Capital Projects Fund

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

Year ended June 30, 2009

(With comparative actual figures for the year ended June 30, 2008)

	2009		2008
	Final Budget	Actual	Actual
Revenues:			
Local sources:			
County and other	\$ —	100	103,200
Federal	—	—	2,089,997
Investment earnings	900,000	223,803	764,238
Total revenues	900,000	223,903	2,957,435
Expenditures:			
Capital outlay:			
Sites, buildings, equipment, and other	30,200,000	27,270,487	27,102,469
Debt Service:			
Other debt expense	—	72,643	31,456
Total expenditures	30,200,000	27,343,130	27,133,925
Deficiency of revenue under expenditures	(29,300,000)	(27,119,227)	(24,176,490)
Other financing sources:			
Bonds issued	26,000,000	25,800,000	25,630,000
Premium on bonds issued	—	201,695	445,940
Total other financing sources	26,000,000	26,001,695	26,075,940
(Deficiency) excess of revenue and other financing sources (under) over expenditures		(1,117,532)	1,899,450
Fund balance at beginning of year		24,574,229	22,674,779
Fund balance at end of year		\$ 23,456,697	24,574,229

See accompanying independent auditors' report.

District Name: St. Paul

District Number: 625

01 GENERAL FUND

Total Revenue 517,646,462
Total Expenditures 520,536,519

Reserved:

403 Staff Development _____
406 Health & Safety 1,902,571
407 Capital Project Levy _____
408 Cooperative Programs _____
409 Deferred Maintenance _____
410 Unemployment Compensation _____
411 Severance Pay 24,192,844
412 Bus Purchase _____
414 Operating Debt _____
416 Levy Reduction _____
419 Encumbrances 2,360,432
423 Certain Teacher Programs _____
424 Operating Capital 2,316,703
426 \$25 Taconite _____
427 Disabled Accessibility _____
428 Learning & Development _____
429 Parental Involvement _____
433 Student Transport Safety _____
434 Area Learning Center _____
435 Contracted Alt. Programs _____
436 State Approved Alt. Program _____
437 Grad Standards Staff Develop. _____
438 Grad Standards Gifted & Talented _____
439 Grad Standards _____
441 Basic Skills Programs _____
442 Class Size, All-Day _____
 Kindergarten and Special Education
 Student-To-Instructor Ratio Reduction _____
443 Telecommunication Access Cost _____
445 Career and Technical Programs _____
446 First Grade Preparedness _____

Unreserved:

418 Severance-Ins. Premium _____
422 Unreserved/Undesignated 31,828,923

02 FOOD SERVICE

Total Revenue 20,834,306
Total Expenditures 20,288,211

Reserved:

411 Severance Pay 316,828
419 Encumbrances _____

Unreserved:

418 Severance-Ins. Premium _____
422 Unreserved/Undesignated 4,312,991

04 COMMUNITY SERVICE

Total Revenue 26,534,758
Total Expenditures 26,517,098

Reserved:

411 Severance Pay 245,472
419 Encumbrances _____
426 \$25 Taconite _____
431 Community Education 1,519,144
432 E.C.F.E. 53,279
444 School Readiness 554,314
447 Adult Basic Education 580,607

Unreserved:

418 Severance Premium _____
422 Unreserved/Undesignated (6,893)

06 BUILDING CONSTRUCTION

Total Revenue 223,903
Total Expenditures 27,343,130

Reserved:

407 Capital Projects Levy _____
409 Alternative Facility Program 5,494,106
419 Encumbrances _____

Unreserved:

422 Unreserved/Undesignated 17,962,591

07 DEBT SERVICE

Total Revenue 33,460,943
Total Expenditures 36,194,454

Reserved:

425 Bond Refundings 23,041,292

Unreserved:

422 Unreserved/Undesignated 57,311

08 TRUST

Total Revenue _____
Total Expenditures _____

Reserved:

419 Encumbrances _____

Unreserved:

422 Unreserved/Undesignated _____

09 AGENCY

Unreserved: Should Always Be - 0 -
422 Unreserved/Undesignated _____

20 INTERNAL SERVICE

Total Revenue 3,370,032
Total Expenditures 3,168,629

Reserved:

419 Encumbrances _____

Unreserved:

422 Unreserved/Undesignated 1,481,987

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

Elementary and Secondary Schools

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2009

Budget code	Program description	Budget	Cash received or transferred during the year ended June 30, 2009	Grant receivable June 30, 2009	Unearned revenue June 30, 2009	Total revenue	Total expenditures
	Title I:						
29-2300	Educationally Disadvantaged	\$ 17,364,519	10,027,358	5,171,604	—	15,198,962	15,198,962
29-2305	Professional Development	2,000,000	1,845,981	—	—	1,845,981	1,845,981
29-2308	Dropout Prevention	54,867	17,436	—	—	17,436	17,436
29-2310	Homeless	105,673	83,433	16,659	—	100,092	100,092
29-2340	Project for Delinquency	436,314	131,324	136,404	—	267,728	267,728
29-3300	School Improvement	1,172,880	372,870	374,384	—	747,254	747,254
29-3305	Reading First	891,580	489,846	307,425	—	797,271	797,271
	Total Title I	22,025,833	12,968,248	6,006,476	—	18,974,724	18,974,724
	Title IV:						
29-1050	SPDG LEA Capacity Grant	50,000	7,800	14,363	—	22,163	22,163
29-1080	Preschool Incentive	320,623	230,450	41,136	—	271,586	271,586
29-1290	Part H	170,427	139,500	25,225	—	164,725	164,725
29-1330	Public Law 94-142	9,923,560	7,420,020	2,501,893	—	9,921,913	9,921,913
29-1351	Program Evaluation and Continuous Improvement	70,380	11,695	58,685	—	70,380	70,380
29-1640	Public Law 94-142 Staff Development	110,875	101,647	10,875	—	112,522	112,522
	Total Title IV	10,645,865	7,911,112	2,652,177	—	10,563,289	10,563,289
	Title II:						
29-2290	Part D E2T2	199,753	191,269	5,442	—	196,711	196,711
29-2290	Part D E2T2 Year 3	169,845	—	—	—	—	—
29-4430	Part A	4,409,514	1,791,375	889,871	—	2,681,246	2,681,246
	Total Title II	4,779,112	1,982,644	895,313	—	2,877,957	2,877,957
	Title III:						
29-4695	Bilingual Educational Act	2,563,166	1,377,379	291,280	—	1,668,659	1,668,659
	Total Title III	2,563,166	1,377,379	291,280	—	1,668,659	1,668,659
29-2980	Carl Perkins Act, Public Law 84-524: Intensified Services for Disadvantaged	646,241	570,101	62,324	—	632,425	632,425
	Total Carl Perkins Act, Public Law 84-524	646,241	570,101	62,324	—	632,425	632,425
	Indian Education:						
29-2010	Indian Education Title VII	307,000	285,938	16,083	—	302,021	302,021
	Total Indian Education	307,000	285,938	16,083	—	302,021	302,021
29-2040	Miscellaneous federal: Johnson-O'Malley	66,788	17,313	46,057	—	63,370	63,370
29-2070	Indian Education Chemical Prevention	130,058	102,318	24,468	—	126,786	126,786
29-2260	JROTC Programs	771,300	810,315	84,383	(10,816)	883,882	883,882
29-2475	COPS Program	—	229	—	—	229	229

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

Elementary and Secondary Schools

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2009

Budget code	Program description	Budget	Cash received or transferred during the year ended June 30, 2009	Grant receivable June 30, 2009	Unearned revenue June 30, 2009	Total revenue	Total expenditures
29-3356	Foreign Language Assistance Chinese Immersion	\$ 322,717	239,645	25,248	—	264,893	264,893
29-3830	Get Ready/Gear Up	310,344	192,967	72,128	—	265,095	265,095
29-3920	LSTA – Washington	15,000	—	14,996	—	14,996	14,996
29-4240	Title IV	432,724	261,615	118,007	—	379,622	379,622
29-4300	Reimbursable Health Services	206,176	317,057	45,408	(202,356)	160,109	160,109
29-4301	MCH Adolescent Health	15,000	—	—	—	—	—
29-4325	STEPS to a Healthier US	190,827	118,547	60,688	—	179,235	179,235
29-4375	Elementary School Counselors	504,907	413,234	56,814	—	470,048	470,048
29-4450	BioSMART Federal Magnet Grant	3,083,792	1,998,440	349,994	—	2,348,434	2,348,434
29-4710	Refugee Children School Impact Grant	204,311	62,128	96,280	—	158,408	158,408
29-4960	Historians in the Schools	197,337	199,933	—	—	199,933	199,933
29-4970	Minnesota Humanities Grant	152,749	33,997	12,703	—	46,700	46,700
29-5925	21st Century Grant – Neighborhood House	68,502	45,159	12,022	—	57,181	57,181
29-9410	Neighborhood House Mentor Program	12,500	—	4,960	—	4,960	4,960
	Total Miscellaneous federal	6,685,032	4,812,897	1,024,156	(213,172)	5,623,881	5,623,881
29-1014	Alt-Spec Ed Delivery	244,477	244,477	—	—	244,477	244,477
29-2025	Indian Land Tenure Foundation	28,713	17,431	10,101	—	27,532	27,532
29-2075	ICAP Program	36,516	29,694	6,822	—	36,516	36,516
29-2200	Advanced Placement – Open School	—	1,831	1,398	(1,114)	2,115	2,115
29-2200	Advanced Placement – Central	9,832	43,756	33,748	(5,134)	72,370	72,370
29-2200	Advanced Placement – Como Sr	36,144	31,728	36,876	—	68,604	68,604
29-2200	Advanced Placement – Harding	—	6,461	—	(6,461)	—	—
29-2200	Advanced Placement – Highland Sr	8,086	8,086	—	(8,086)	—	—
29-2200	Advanced Placement – Humboldt Sr	44,521	45,571	1,400	(40,100)	6,871	6,871
29-2200	Advanced Placement – Johnson	43,557	43,557	9,218	(45,190)	7,585	7,585
29-2200	Advanced Placement – Arlington	28,216	28,216	17,435	(18,990)	26,661	26,661
29-2200	Advanced Placement – Battle Creek Middle	—	2,400	—	(2,400)	—	—
29-2200	Advanced Placement – Humboldt Jr	—	775	—	(775)	—	—
29-2200	Advanced Placement – Washington Jr	1,200	1,200	—	(1,200)	—	—
29-2200	Advanced Placement – Benjamin E Mays	5,550	5,550	5,800	(5,884)	5,466	5,466
29-2200	Advanced Placement – Highland Elem	14,018	14,018	6,450	(7,252)	13,216	13,216
29-2200	Advanced Placement – Creative Arts High School	1,125	1,125	—	(1,125)	—	—
29-2205	Advanced Placement Incentive	422,534	229,038	136,880	—	365,918	365,918
29-2210	International Baccalaureate – Central	55,522	48,207	107,724	(22,708)	133,223	133,223
29-2215	IB Raised Academic Achievement	186,696	103,090	73,671	—	176,761	176,761
29-2220	International Baccalaureate – Harding	34,120	32,459	104,044	(26,800)	109,703	109,703

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

Elementary and Secondary Schools

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2009

Budget code	Program description	Budget	Cash received or transferred during the year ended June 30, 2009	Grant receivable June 30, 2009	Unearned revenue June 30, 2009	Total revenue	Total expenditures
		\$					
29-2225	IB PYP MYP Programs – Highland Jr	13,558	840	21,620	(3,714)	18,746	18,746
29-2225	IB PYP MYP Programs – Ramsey Jr	—	—	16,548	(6,524)	10,024	10,024
29-2230	International Baccalaureate – Highland	55,501	55,501	74,205	(58,788)	70,918	70,918
29-2580	Urban Teacher Ed. Partnership Grant	95,507	37,150	58,357	—	95,507	95,507
29-2660	MSAB Grant – Open School	—	927	—	(927)	—	—
29-2660	MSAB Grant – Highland Sr	3,484	2,901	—	(46)	2,855	2,855
29-2660	MSAB Grant – Benjamin E Mays	7,790	7,790	—	(199)	7,591	7,591
29-2660	MSAB Grant – Four Seasons	3,750	3,144	—	(3,144)	—	—
29-2660	MSAB Grant – French Immersion	5,300	5,300	—	(1)	5,299	5,299
29-2660	MSAB Grant – JJ Hill	3,131	3,131	—	—	3,131	3,131
29-2660	MSAB Grant – Capitol Hill	4,000	4,000	—	—	4,000	4,000
29-2660	MSAB Grant – Linwood	4,500	4,500	—	(4,500)	—	—
29-2660	MSAB Grant – Mississippi	8,710	9,810	—	(4,229)	5,581	5,581
29-2665	Ramp Up To Readiness - Central	94,809	71,107	23,702	—	94,809	94,809
29-2665	Ramp Up To Readiness - Murray	100,000	35,051	48,947	—	83,998	83,998
29-3205	Gates Foundation – Harding	—	1,000	—	—	1,000	1,000
29-3205	Gates Foundation – Highland Sr	5,500	5,500	—	—	5,500	5,500
29-3205	Gates Foundation – Humboldt Sr	335	335	—	—	335	335
29-3205	Gates Foundation – Johnson	1,160	5,666	—	(1,454)	4,212	4,212
29-3930	MDE Magnet Grant - Webster	53,958	13,498	31,529	—	45,027	45,027
29-4255	Improving Teacher Quality	—	—	10,250	(10,250)	—	—
29-4810	Success For the Future	131,251	121,107	5,521	—	126,628	126,628
29-4885	Cy Press Program	676,979	39,981	106,793	—	146,774	146,774
	Total State of Minnesota	2,470,050	1,366,909	949,039	(286,995)	2,028,953	2,028,953
	Ramsey/Hennepin County:						
29-1170	Boys Totem Town – Summer School	61,000	—	10,788	—	10,788	10,788
29-1179	Boys Totem Town – Summer School	51,994	51,995	—	—	51,995	51,995
29-1180	Juvenile Service Center – Summer	57,000	—	6,340	—	6,340	6,340
29-1189	Juvenile Service Center – Summer	57,000	52,559	—	—	52,559	52,559
29-4900	Children's Initiative Grant – Nagi	33,158	21,181	1,654	—	22,835	22,835
29-4900	Children's Initiative Grant – North End Transitions	164,867	76,111	119,835	—	195,946	195,946
	Total Ramsey/Hennepin County	425,019	201,846	138,617	—	340,463	340,463
	Private:						
29-1010	Special Ed Ecolab Grants	4,906	4,910	—	(480)	4,430	4,430
29-1011	Husted DAPE/EBD Grant	358	358	—	—	358	358
29-1012	SW Miscellaneous Grants/Donations	6,668	6,929	—	(1,806)	5,123	5,123
29-1055	Lavander Grant	51,000	51,000	—	(26,001)	24,999	24,999
29-1100	Wilder – Bush Memorial – Summer	16,485	—	3,829	—	3,829	3,829
29-1109	Wilder – Bush Memorial – Summer	7,415	(4,785)	12,171	—	7,386	7,386
29-1140	Booth Brown House – Summer School	—	—	1,380	(5)	1,375	1,375

**INDEPENDENT SCHOOL DISTRICT NO. 625
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Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2009

Budget code	Program description	Budget	Cash received or transferred during the year ended June 30, 2009	Grant receivable June 30, 2009	Unearned revenue June 30, 2009	Total revenue	Total expenditures
29-1149	Booth Brown House – Summer School	7,243	5,233	—	—	5,233	5,233
29-1200	Gillette Children's Hospital TDR	7,500	—	—	—	—	—
29-1209	Gillette Children's Hospital TDR	5,607	5,607	—	—	5,607	5,607
29-1263	ECSU	4,576	4,576	—	(1,656)	2,920	2,920
29-1264	US Bank	2,235	2,236	—	(759)	1,477	1,477
29-1266	Deaf/Hard of Hearing	380	1,130	—	(113)	1,017	1,017
29-1350	Para Professional Training	1,990	1,990	—	(1,060)	930	930
29-1710	Wilder Programs	504,231	266,941	276,272	—	543,213	543,213
29-2050	Indian Ed Student Celebrations	74,047	76,628	21,705	(71,032)	27,301	27,301
29-2065	North Star Education Finance Inc.	2,551	1,907	—	—	1,907	1,907
29-2082	Ecolab AVID – Humboldt Sr	—	36,931	—	(1,670)	35,261	35,261
29-2082	Ecolab AVID – Humboldt Jr	22,279	42,279	—	(27,286)	14,993	14,993
29-2085	Ecolab Robotics - humboldt Sr	75,000	75,000	—	(3,206)	71,794	71,794
29-2455	Hugh J Anderson Foundation	22,000	24,081	—	(10,036)	14,045	14,045
29-2515	RIF Residential Funding	26,557	26,685	—	(254)	26,431	26,431
29-2560	BWCA Wilderness Adventure Program	—	10,968	—	—	10,968	10,968
29-2660	MN State Arts Board	20,326	22,846	—	(20,430)	2,416	2,416
29-2790	St. Paul Foundation Student Health Initiative	3,693	3,693	—	—	3,693	3,693
29-2790	St. Paul Foundation Facing Race	620	620	—	—	620	620
29-2790	St. Paul Travelers – Hayden Heights	11,849	11,849	—	(2,754)	9,095	9,095
29-2989	Thomson West Law & Justice	10,434	10,434	—	(7,702)	2,732	2,732
29-3040	Medtronics Grant	133,095	133,095	—	(41,910)	91,185	91,185
29-3040	Medtronics Crossroads	5,767	5,767	—	(5,457)	310	310
29-3080	Academy of Finance – District Wide	6,507	6,507	—	(590)	5,917	5,917
29-3080	Academy of Finance – Como Sr	2,500	2,500	—	(1,875)	625	625
29-3080	Academy of Finance – Johnson Sr	2,500	2,500	—	—	2,500	2,500
29-3080	Academy of Finance – Arlington	2,500	2,500	—	(79)	2,421	2,421
29-3180	Dean Witter Grant – Murray	30,000	30,000	—	(14,301)	15,699	15,699
29-3180	Dean Witter Grant – St. Anthony Park	10,000	10,000	—	(6,670)	3,330	3,330
29-3340	Actuarial Foundation	4,264	4,264	—	(1,184)	3,080	3,080
29-3390	Deluxe Grant	—	20,000	—	(20,000)	—	—
29-3390	Deluxe Grant – Cleveland	3,042	3,042	—	(3,042)	—	—
29-3390	Deluxe Grant – ALC On Track	2,000	2,000	—	(272)	1,728	1,728
29-3400	Homeless Program Charitable Contributions	7,885	7,886	—	(6,821)	1,065	1,065
29-3530	SPPS Foundation School Arts Programming	49,636	49,637	—	(28,493)	21,144	21,144
29-3530	SPPS Foundation Grants-North End	2,000	1,600	—	(1,600)	—	—
29-3550	3M Grant Partnerships	30,950	65,950	—	(35,000)	30,950	30,950
29-3550	3M Grant Lego League	17,660	17,660	—	(2)	17,658	17,658

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

Elementary and Secondary Schools

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Budget code	Program description	Budget	Cash received or transferred during the year ended June 30, 2009	Grant receivable June 30, 2009	Unearned revenue June 30, 2009	Total revenue	Total expenditures
29-3550	3M Grant - Catalyst Common X	\$ 134,512	146,071	—	(73,242)	72,829	72,829
29-3550	3M Grant Project Lead the Way	25,000	25,416	—	(3,155)	22,261	22,261
29-3550	3M Grant Flight Simulators	150,000	150,000	—	—	150,000	150,000
29-3550	3M Grant SciFy	200,000	200,000	—	(109,406)	90,594	90,594
29-3551	3M Grant High School Robotics	20,000	20,000	—	(4,597)	15,403	15,403
29-3551	Ecolab First Robotics	12,000	12,207	—	(2,497)	9,710	9,710
29-3552	3M Grant Science Training Encounter	236,216	236,216	—	(113,694)	122,522	122,522
29-3553	3M Stuf For Schools	41,911	2,336	—	(2,336)	—	—
29-3570	Chosen To Achieve - Monitors Foundation	20,000	20,000	—	(14,096)	5,904	5,904
29-3570	Community Foundations - Central	7,500	4,582	2,918	—	7,500	7,500
29-3570	Community Foundations - AVID Central	25,937	25,937	—	(16,687)	9,250	9,250
29-3570	Community Foundations - Yackel - BEM	4,000	4,000	—	(670)	3,330	3,330
29-3570	Community Foundations - Yackel - Highland Elem	6,000	6,000	—	(5,547)	453	453
29-3570	Community Foundations - Walmart - Highwood Hills	10,000	10,000	—	(2,506)	7,494	7,494
29-3570	Community Foundations - Capitol Hill	10,000	10,000	—	(10,000)	—	—
29-3570	Community Foundations - Jackson	84	84	—	(84)	—	—
29-3570	Community Foundations - Mississippi	1,680	—	—	—	—	—
29-3570	Community Foundations - Sheridan	10,000	10,000	—	(3,814)	6,186	6,186
29-3570	Community Foundations - American Indian Magnet	5,700	5,700	—	(1,327)	4,373	4,373
29-3571	Community Trusts - Central	2,438	2,438	—	(1,842)	596	596
29-3571	Community Trusts - Jackson	16,139	16,139	—	(10,000)	6,139	6,139
29-3650	Project Early K	1,207,178	1,206,263	—	(241,576)	964,687	964,687
29-3655	PEK MELF	136,225	136,225	—	—	136,225	136,225
29-3680	FR Bigelow Foundation - Student Health Initiative	7,139	7,139	—	—	7,139	7,139
29-3710	McNeely Foundation	178,362	98,362	—	(36,599)	61,763	61,763
29-3720	Minneapolis Foundation - Transitions Initiative	72,946	72,742	—	(20,271)	52,471	52,471
29-3720	Minneapolis Foundation - Sahhan Initiative	244,649	244,649	—	(40,862)	203,787	203,787
29-3790	Peta Wakan Tipi	—	6,768	336	—	7,104	7,104
29-3820	Endavor Foundation	—	4,372	—	(4,164)	208	208
29-3830	Get Ready - Harding	10,000	2,355	3,384	—	5,739	5,739
29-3850	General Mills Grant - Champion For Kids	2,908	2,908	—	(1,532)	1,376	1,376
29-3850	General Mills Grant - Chosen To Achieve	10,000	10,000	—	(3,008)	6,992	6,992
29-3850	General Mills Grant - Central	—	10,000	—	—	10,000	10,000
29-3860	Northstar Financial	118,642	118,662	—	(3,976)	114,686	114,686
29-3890	United Way Grants	37,526	48,015	—	—	48,015	48,015
29-3915	Toyota Drive For Education	1,154	1,154	—	(183)	971	971
29-3940	Bosston Scitific - Highland Sr	10,000	10,000	—	(2,785)	7,215	7,215
29-4190	Out for Equity	9,092	10,787	—	(1,873)	8,914	8,914
29-4192	Out for Equity Support	62,409	48,764	—	—	48,764	48,764
29-4228	Minnesota Thunder	100,000	—	9,830	—	9,830	9,830

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

Elementary and Secondary Schools

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Year ended June 30, 2009

Budget code	Program description	Budget	Cash received or transferred during the year ended June 30, 2009	Grant receivable June 30, 2009	Unearned revenue June 30, 2009	Total revenue	Total expenditures
		\$					
29-4270	Travelers/Teachers of Color	5,640	5,640	—	(5,640)	—	—
29-4275	AVID – Travelers Grant	1,099,409	1,099,410	—	(1,009,471)	89,939	89,939
29-4276	AVID – St. Paul Foundation	52,414	52,414	—	(391)	52,023	52,023
29-4290	St. Paul Foundation Emergency	12,857	12,857	—	(1,324)	11,533	11,533
29-4291	St. Paul Foundation – Teacher Grants	45,373	90,896	—	(43,206)	47,690	47,690
29-4315	Promote Diabetes Education Strategies	13,358	12,649	13,134	—	25,783	25,783
29-4600	Lillian Wright Memorial	2,372	3,667	7,452	—	6,412	6,412
29-4633	Principals' Academy	237,150	237,150	—	(237,150)	—	—
29-4650	Best Practices Demonstration School	97,727	97,727	—	(10,235)	87,492	87,492
29-4850	Merck-Asthma	5,194	5,194	—	(5,132)	62	62
29-4880	Conferences and Events	25,790	26,040	—	(12,489)	13,551	13,551
29-4886	Project Interconnect	71,691	71,691	—	(1)	71,690	71,690
29-4970	MN Humanities Grant	5,000	5,000	—	(80)	4,920	4,920
29-5300	Scholarships – Chuck Lund	10,660	22,674	—	(16,385)	6,289	6,289
29-5300	Scholarships – Olga B Hart Foundation	15,000	27,000	—	(15,000)	12,000	12,000
29-9260	Outside Funded Transportation	136,500	57,320	27,473	—	84,793	84,793
29-9265	PIP/Dodge Nature Center	25,000	41,415	—	(19,270)	22,145	22,145
29-9330	New Teacher Project	444,000	318,750	—	(243,750)	75,000	75,000
29-9490	Bush Educators – Connected Counseling	821,747	821,747	630,951	(716,950)	735,748	735,748
29-9500	Federation Agreement	195,459	78,313	114,310	—	192,623	192,623
	Total private	7,669,944	7,088,799	1,125,145	(3,417,056)	4,796,888	4,796,888
19-XXXX	Intraschool/AAC Athletics:						
	All intraschool accounts	4,000,000	6,355,857	85,938	(3,318,530)	3,123,265	3,123,265
	Total intraschool/AAC athletics	4,000,000	6,355,857	85,938	(3,318,530)	3,123,265	3,123,265
	Miscellaneous:						
29-1190	General Special Ed. Summer School	1,500,000	797,081	—	—	797,081	797,081
29-1192	Summer Transition	21,354	24,044	—	—	24,044	24,044
29-1230	Itinerant Vision Staff	899,073	390,773	545,572	—	936,345	936,345
29-1260	Special Education Itinerant Vision	27,169	29,902	—	(13,548)	16,354	16,354
29-1310	Project Explore	23,501	23,522	—	(30,673)	—	—
29-2360	Title I Reading Recovery	—	26,795	6,630	—	2,752	2,752
29-3100	ELL Workshop	9,248	9,548	—	(5,956)	3,592	3,592
29-3520	Automotive Learning Center	16,822	21,575	—	(9,520)	12,055	12,055
29-4100	Grants Office	—	51,898	—	—	51,898	51,898
29-4365	Employee Wellness Efforts	15,865	15,036	—	(7,920)	7,116	7,116
29-4910	Translations With Administration	83,319	74,648	23,855	(94,103)	4,400	4,400
29-9090	Vending Machine Proceeds – 360 Colborne	—	13	—	(13)	—	—
29-9090	Vending Machine Proceeds – 1001 Johnson Parkway	—	10	—	(10)	—	—
29-9090	Vending Machine Proceeds – 2102 University	—	918	44	(712)	250	250
29-9211	Valley Branch ELC	68,478	75,642	—	(56,550)	19,092	19,092

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Elementary and Secondary Schools

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Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2009

Budget code	Program description	Budget	Cash received or transferred during the year ended June 30, 2009	Grant receivable June 30, 2009	Unearned revenue June 30, 2009	Total revenue	Total expenditures
29-9300	Planetarium	\$ 99,901	105,763	3,200	(51,041)	57,922	57,922
29-9522	EMID Starbase No Budget	191,751	131,691	64,691	(9,076)	187,306	187,306
			439,987	1,050	(441,037)		
	Total Miscellaneous	2,956,481	2,218,846	645,042	(743,681)	2,120,207	2,120,207
	Total Fund 29	\$ 65,173,743	47,140,576	13,891,590	(7,979,434)	53,052,732	53,052,732

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625
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Elementary and Secondary Schools – Community Service Fund
Fully Financed Fund Program Grant Analysis
Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2009

Budget code	Program description	Budget	Cash received or transferred during the year ended June 30, 2009	Grant receivable June 30, 2009	Grant payable June 30, 2009	Unearned revenue June 30, 2009	Total revenue	Total expenditures
	Federal:							
30-5221	Supplemental Refugee ESL Grant	\$ 424,450	424,450	—	—	(72,486)	351,964	351,964
30-5222	English for Work and Life	29,564	41,616	—	—	—	41,616	41,616
30-5824	PEK Early Reading First	1,990,834	949,031	147,441	—	—	1,096,472	1,096,472
30-5852	Learn and Serve America Schools	16,512	1,300	15,280	—	—	16,580	16,580
30-5930	21st Century Grant – 2nd Cohort Learning Centers	378,239	271,358	75,946	—	—	347,304	347,304
30-5931	21st Century Grant – 3rd Cohort Learning Centers	944,201	411,999	476,086	—	—	888,085	888,085
	Total Federal	3,783,800	2,099,754	714,753	—	(72,486)	2,742,021	2,742,021
	State:							
33-5302	Nonpublic State Aid Programs	1,619,051	1,456,385	130,156	—	—	1,586,541	1,586,541
30-5050	Night Moves – Westside	—	—	62	—	—	62	62
30-5051	Night Moves – Eastside	—	2,505	388	—	—	2,893	2,893
30-5052	Night Moves – Como	—	1,541	1,771	—	793	4,105	4,105
30-5053	Night Moves – Central	—	2,172	—	—	—	2,172	2,172
30-5101	State Hearing Impaired	118,788	—	28,426	—	—	28,426	28,426
30-5229	ABE Credentials Grant	—	30,000	83,385	—	—	113,385	113,385
30-5906	Achievement Plus	151,800	—	386	—	—	386	386
30-5908	Preschool Screening	—	25,051	137,359	—	(35,088)	127,322	127,322
	Total State	1,889,639	1,517,654	381,933	—	(34,295)	1,865,292	1,865,292
	Other Governmental Units:							
30-5700	Day Cares	1,049,904	1,012,877	14,262	—	(84,167)	942,972	942,972
30-5850	Waste Management Grant	6,184	—	—	—	—	—	—
30-5851	Jeffers Foundation Grant	—	907	—	—	—	907	907
30-5856	NEA Services Learning Grant	5,000	5,000	—	—	—	5,000	5,000
	Total Other Governmental Units	1,061,088	1,018,784	14,262	—	(84,167)	948,879	948,879
	Private:							
30-5201	Ronald M Hubbs Scholarship	13,384	18,226	—	—	(12,469)	5,757	5,757
30-5228	Tech Supported ELL	176,096	176,096	—	—	—	176,096	176,096
30-5300	Indian Ed Scholarships	1,500	1,500	—	—	(1,000)	500	500
30-5810	PAT – ECFE MELF	62,118	19,122	44,096	—	—	63,218	63,218
30-5911	CET – Fair Parking	—	21,306	—	—	(11,403)	9,903	9,903
	Total Private	253,098	236,250	44,096	—	(24,872)	255,474	255,474
	Total Community Service Fully Financed	6,987,625	4,872,442	1,155,044	—	(215,820)	5,811,666	5,811,666

See accompanying independent auditors' report.