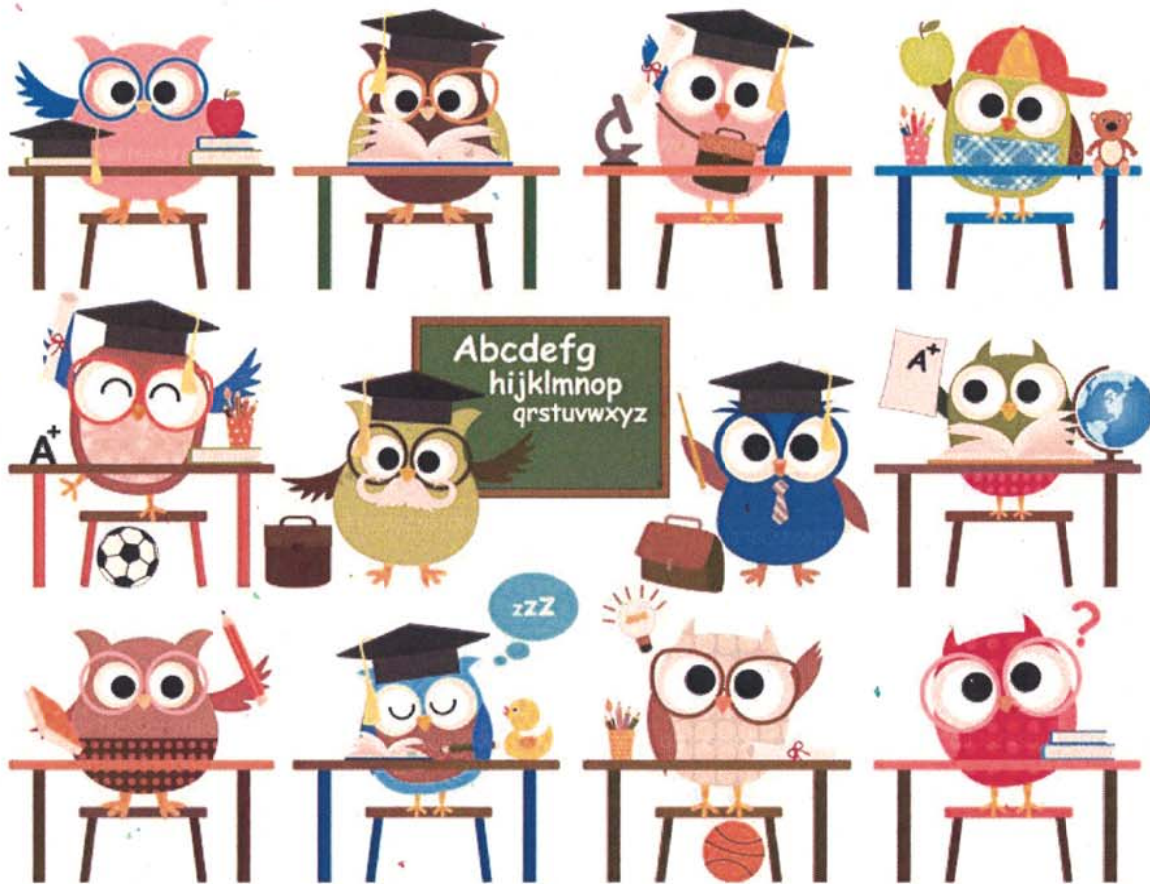


COMPREHENSIVE ANNUAL FINANCIAL REPORT



INDEPENDENT SCHOOL DISTRICT NO. 624

WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED JUNE 30, 2014

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014

INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA

4855 Bloom Avenue
White Bear Lake, MN 55110

Prepared by:
Business Office

Director of Finance and Operations
Wayne Kazmierczak

Controller
Mary Vaske

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INTRODUCTORY SECTION

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White Bear Lake Area Public Schools
Independent School District 624

Wayne A. Kazmierczak
Director of Finance & Operations

4855 Bloom Avenue
White Bear Lake, MN 55110-2731
(651) 407-7515 • Fax (651) 407-7514

November 10, 2014

To the Board of Education, citizens, and employees of Independent School District No. 624:

The comprehensive annual financial report (CAFR) of Independent School District No. 624, White Bear Lake, Minnesota (the District) for the fiscal year ended June 30, 2014 is submitted herewith. The audit report was completed on November 10, 2014 and the report was subsequently issued. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial status have been incorporated within this report.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials, and the Certificates of Achievement for Excellence in Financial Reporting. The financial section includes the Management's Discussion and Analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplemental information, as well as the independent auditor's report on the financial statements. The statistical section includes a number of tables of unaudited data depicting the financial history of the District for the past 10 years, demographics, and other miscellaneous information.

The District is required to undergo an annual Single Audit as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*. Information related to this Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and independent auditor's reports on internal controls and compliance with applicable laws and regulations, are included in a separate report. Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity and Its Services

In January 1857, James F. Murray and other White Bear Lake settlers decided to establish their own school district. Upon approval from the county for this new district, Murray donated property along Bald Eagle Lake for a new school. At a cost of \$100, and with the help of community labor, the first schoolhouse in White Bear Lake was opened in 1857, a year before Minnesota became the 32nd State in the Union.

The District, which is located about 15 miles northeast of St. Paul, Minnesota, the state capital, was officially formed in its current structure through legislative action in 1957. The governing body consists of a seven-member Board of Education elected from within the District's boundaries. The District includes portions of Anoka, Ramsey, and Washington counties. The District serves about 8,100 students in kindergarten through Grade 12. The District serves all or parts of Birchwood, Gem Lake, Hugo, Lino Lakes, Little Canada, North Oaks, Vadnais Heights, White Bear Lake, and White Bear Township.

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12. These include regular and enriched academic education, special education for exceptional children, and vocational education. Nutrition services and transportation are provided as supporting programs. The District's community education program includes early childhood and extended day programs, along with a myriad of classes for lifelong learning experiences for children and adults.

During 2013–2014, the District operated 21 buildings. A list of school facilities at June 30, 2014 is included in the statistical section of this report.

Based on legislative authority, the Board of Education:

- a. has the corporate power to sue and be sued in all courts;
- b. has the power to levy and collect taxes and to issue bonds;
- c. can contract for appointed administrators, teachers, and other personnel as well as for goods and services;
- d. holds title to all district property; and
- e. appoints the treasurer who serves as legal custodian of all of the District's funds.

The mission of the District, a leader in innovation education and community partnerships, is to ensure our students:

- develop a love for learning,
- excel academically,
- are inspired to realize their dreams, and
- become engaged citizens with a global understanding

by challenging each student within a dynamic, respectful, and inclusive environment that nurtures the unique talents and abilities of every student. In addition, the District's core values are compassion, integrity, respect, responsibility, and service.

The District enjoys the atmosphere of a close-knit community and the learning opportunities of a major metropolitan center. The District is proud of its reputation for excellence in every part of a student's career and of its teacher training, the latter of which is often duplicated across the state. In comparison with other school districts in the state, the District ranks high in its educational programs and scholastic abilities of its graduates. Because of the foresight of its early settlers, the District has one of the finest educational systems in the state.

Economic Conditions

The various communities that comprise the District participate in the deep and diverse Twin Cities Metropolitan area economy and enjoy very strong income levels and extremely strong market value per capita [Source: Standard & Poor's (S&P)]. The communities are all committed to careful planning and thoughtful community renewal, range from partially to nearly fully developed, and are diverse and independent. After declining for several years as a result of the Great Recession, the market value of property within the District has increased over the past year to an estimated current value of \$5.9 billion. The District has 66,200 residents according to 2010 U.S. Census data.

Current Financial Conditions

The District continues to maintain a reasonable fund balance at a similar level to the Minnesota state-wide average. As of June 30, 2014, the District's unassigned fund balance was \$12.9 million. Adequate fund balances are critical during difficult financial times. For example, in order to mitigate its cash flow problems in recent years, the state of Minnesota twice postponed aid payments to school districts. While the vast majority of Minnesota school districts resorted to borrowing funds to ensure an appropriate level of liquidity, the District's fund balance was sufficient so that it did not need to borrow funds to meet its financial obligations and avoided the costs associated with borrowing.

In September 2014, S&P's Rating Services affirmed the District's AA bond rating in association with the issuance of general obligation alternative facilities bonds. The District's very strong credit rating reflects S&P's opinion in the following areas: 1) Very strong income level and extremely strong market value per capita, 2) Projection of increased enrollment after a recent trend of declines, 3) Very strong General Fund reserves, with a break-even General Fund budget for fiscal year 2015, and 4) Low overall debt burden as a percentage of market value.

Financial Future of the District

District residents have supported the District as evidenced by recent elections that have resulted in increased resources for the District. In November 2011, an operating levy renewal passed by a 73–27 percent margin. This operating levy will be in place through the 2018–2019 school year. In November 2013, a capital projects referendum passed by a 61–39 percent margin and will be in effect for 10 years. These successful elections have brought increased financial stability to the District and will allow for continued efforts to improve and expand program offerings, maintain class sizes, and to make necessary capital investments, such as in the areas of musical instruments, technology, science labs, and curricular materials.

Minnesota's 2013 and 2014 legislative sessions brought welcome resources to school districts across the state. The long-term prospects for education funding at the state level remain a concern, as K–12 funding increases have typically been around 1.0–1.5 percent annually, which is outpaced by the rate of inflation.

The District has a Finance Committee that reviews pertinent finance-related topics and serves in an advisory capacity to the District's administrative team. The committee is comprised of three Board of Education members, community members, the Superintendent, the Controller, and the Director of Finance and Operations who serves as the District's Chief Financial Officer.

Financial Reporting Awards

For the fourteenth consecutive year, the District has received both the Government Finance Officers Association of the United States and Canada and the Association of School Business Officials International awards for excellence in financial reporting. The District is the only school district in the state of Minnesota to have achieved this. The Board of Education is proud to have received these awards, which provide evidence to the community, financial institutions, and the general public that the District is committed to sound financial reporting.

Internal Accounting and Budgetary Control

Minnesota Statute § 123B.77, which became law in 1976, requires all school districts within the state to comply with the Uniform Financial Accounting and Reporting Standards.

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit – As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

Budgeting Controls – In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Projected financial plans are adopted for capital expenditures.

Budgetary control is maintained at line item levels and built up into program and/or cost centers before being combined to form totals by fund. All actual activity compared to budget is reported to the District's management on a regular basis. This report compares each line item account balance to the annual budget with accumulation to the cost center, fund, and total district levels. For example, the District maintains an encumbered accounting system as one technique in accomplishing budgetary control. Encumbered amounts lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

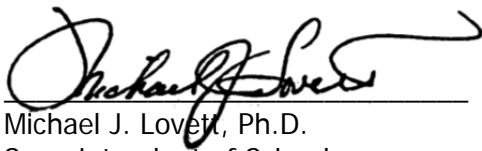
Independent Audit – Minnesota Statutes and the District's adopted policy require an annual audit of the books of accounts, financial records, and transactions of all funds of the District. The audit is done by independent certified public accountants selected by the District's Board of Education. This requirement has been complied with and the accountant's report has been included in this report.

Closing Statement – It is the goal of this CAFR to provide the District's management, outside investors, and interested local citizens with a meaningful financial presentation. We hope that all readers of this report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2014.

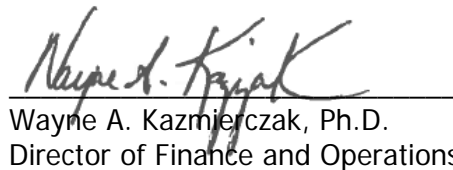
The preparation of this report on a timely basis could not be accomplished without the efforts of Mary Vaske, our District Controller, and the dedicated members of the Business Office who assisted in the closing of the District's financial records and the preparation of this report.

We would like to extend our appreciation to the members of the District Finance Committee and the Board of Education for their commitment of time and support in planning and conducting the financial matters of the District in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael J. Lovett", written over a horizontal line.

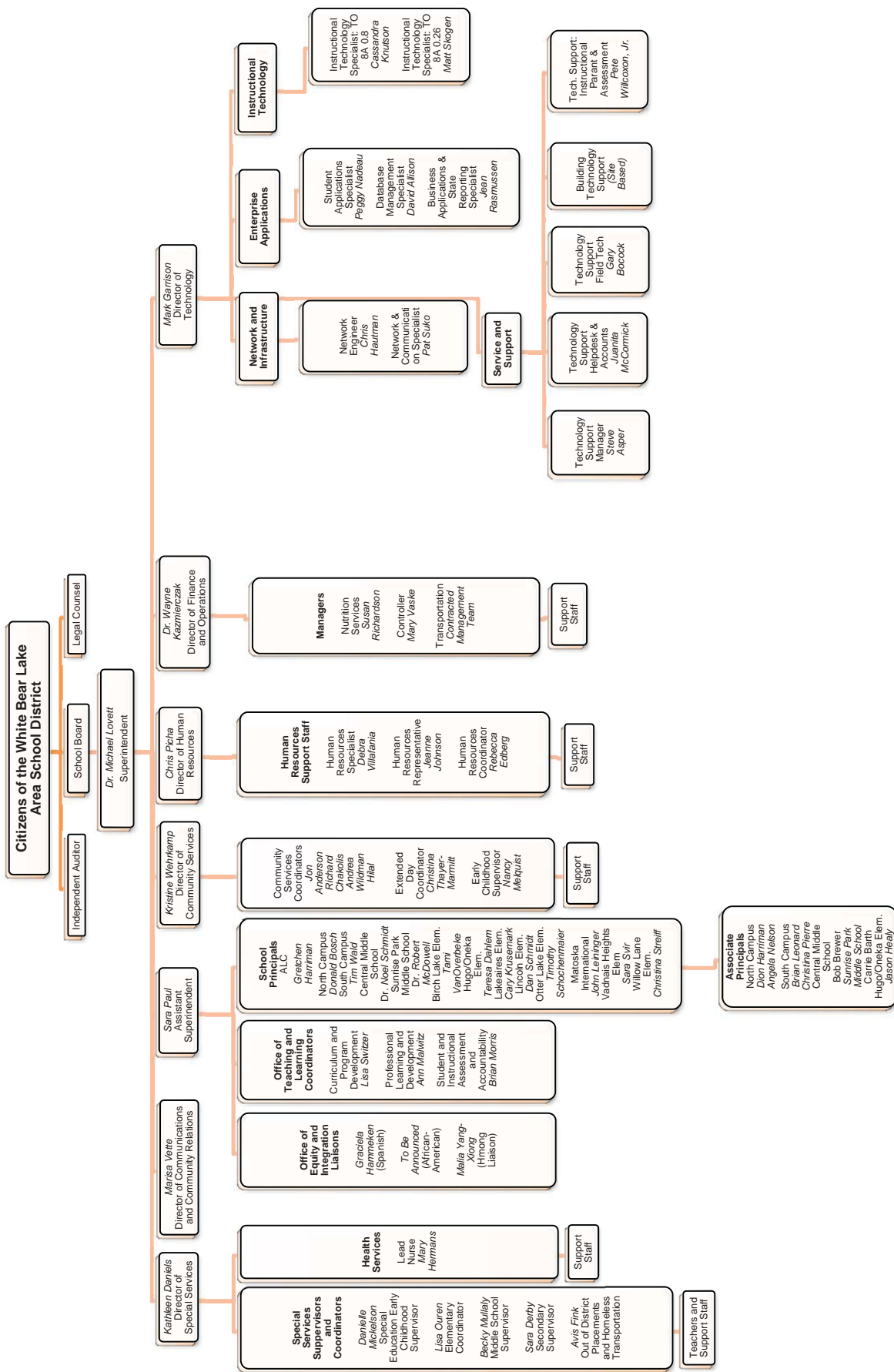
Michael J. Lovett, Ph.D.
Superintendent of Schools

A handwritten signature in black ink, appearing to read "Wayne A. Kazmierczak", written over a horizontal line.

Wayne A. Kazmierczak, Ph.D.
Director of Finance and Operations

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WHITE BEAR LAKE SCHOOL DISTRICT 2013-14 ORGANIZATIONAL CHART



INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Officials
as of June 30, 2014

BOARD OF EDUCATION

	<u>Term Expires</u>	<u>Position</u>
Janet Newberg	December 31, 2017	Chairperson
George Kimball	December 31, 2017	Vice Chairperson
Christian Hiniker	December 31, 2015	Treasurer
Lori Swanson	December 31, 2015	Clerk
Kim Chapman	December 31, 2017	Member
Don Mullin	December 31, 2017	Member
Cathy Storey	December 31, 2015	Member

ADMINISTRATION OFFICIALS

Michael J. Lovett, Ph.D.	Superintendent of Schools
Wayne Kazmierczak, Ph.D.	Director of Finance and Operations
Kathleen Daniels	Director of Special Services
Sara Paul	Assistant Superintendent
Kristine Wehrkamp	Director of Community Services
Marisa Vette	Director of Communications and Community Relations
Christina Picha	Director of Human Resources
Mark Garrison	Director of Technology

SCHOOL ADMINISTRATORS

Sara Svir	Vadnais Heights Elementary School
Tamera VanOverbeke	Birch Lake Elementary School
Jason Healy	Hugo and Oneka Elementary School
Max DeRaad	Otter Lake Elementary School
Cary Krusemark	Lakeaires Elementary School
Daniel Schmidt	Lincoln Elementary School
Brendon Schwirtz	Willow Lane Elementary School
Gretchen Harriman	Area Learning Center
Nancy Mellgren/Danielle Mickelson	Normandy Park Education Center
Robert McDowell	Sunrise Middle School
Noel Schmidt, Ph.D.	Central Middle School
Donald Bosch	White Bear Lake High School – North Campus
Timothy Wald	White Bear Lake High School – South Campus
John Leininger	Matoska International School



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**White Bear Lake Area Schools
Independent School District #624
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Independent School District #624

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



Terrie S. Simmons, RSBA, CSBO
President

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education and Management of
Independent School District No. 624
White Bear Lake, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 624, White Bear Lake Area Schools (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior Year Comparative Information

We have previously audited the District's 2013 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated October 31, 2013. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
November 10, 2014

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INDEPENDENT SCHOOL DISTRICT NO. 624

Management's Discussion and Analysis Fiscal Year Ended June 30, 2014

This section of Independent School District No. 624, White Bear Lake Area Schools' (the District) comprehensive annual financial report (CAFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the other components of the District's CAFR. The Management's Discussion and Analysis (MD&A) is a narrative overview and analysis presented as required supplementary information.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the CAFR consists of the following parts:

- Independent Auditor's Report;
- Management's Discussion and Analysis (MD&A);
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplemental information, which includes combining and individual fund statements and schedules.

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

Government-Wide Financial Statements

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

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds can be found in the combining and individual fund statements and schedules.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

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

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

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1 Summary Statement of Net Position as of June 30, 2014 and 2013		
	2014	2013
Assets		
Current and other assets	\$ 117,197,639	\$ 99,572,450
Capital assets, net of depreciation	66,071,601	59,686,247
Total assets	<u>\$ 183,269,240</u>	<u>\$ 159,258,697</u>
Liabilities		
Current and other liabilities	\$ 8,901,276	\$ 9,547,409
Long-term liabilities, including due within one year	101,722,651	101,928,338
Total liabilities	<u>\$ 110,623,927</u>	<u>\$ 111,475,747</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	<u>\$ 34,247,913</u>	<u>\$ 23,475,194</u>
Net position		
Net investment in capital assets	\$ 5,813,967	\$ 2,130,306
Restricted	3,061,846	1,132,318
Unrestricted	29,521,587	21,045,132
Total net position	<u>\$ 38,397,400</u>	<u>\$ 24,307,756</u>

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

The total net position increased \$14,089,644. This increase includes a current year increase to net position of \$3,683,724 and an increase of \$10,405,920 from a prior period adjustment. The current year increase to net position is related to the payments on outstanding long-term debt exceeding the depreciation on the related capital assets financed by this debt.

The District recognized a prior period adjustment in fiscal 2014 to properly report OPEB expenditures reported in prior periods. OPEB expenditures reported by the District in fiscal years 2009 to 2011 by the General Fund are being reimbursed by the Post-Employment Benefits Trust Fund in fiscal 2014 totaling \$10,405,920. During the 2009 to 2011 fiscal years, it was determined the District would finance these costs from the General Fund. In fiscal 2014, the District determined these costs are best financed by the Post-Employment Benefits Trust Fund. As a result, the General Fund is being reimbursed for these costs. The adjustment changed the beginning net position in the District's government-wide financial statements, the beginning fund balance in its General Fund, and the beginning net position in the District's Post-Employment Benefits Trust Fund financial statements by \$10,405,920 as of July 1, 2013.

Table 2 presents a condensed version of the Change in Net Position of the District:

Table 2 Change in Net Position for the Years Ended June 30, 2014 and 2013		
	2014	2013
Revenues		
Program revenues		
Charges for services	\$ 6,219,008	\$ 6,792,510
Operating grants and contributions	14,830,987	13,773,555
Capital grants and contributions	624,834	512,391
General revenues		
Property taxes	34,351,525	34,114,953
General grants and aids	53,164,405	51,989,567
Other	1,025,334	297,933
Total revenues	110,216,093	107,480,909
Expenses		
Administration	4,437,389	4,089,720
District support services	1,788,239	2,365,545
Elementary and secondary regular instruction	42,224,883	39,527,587
Vocational education instruction	827,110	816,566
Special education instruction	18,836,586	18,619,906
Instructional support services	6,108,809	4,475,571
Pupil support services	7,805,215	7,975,301
Sites and buildings	9,853,039	13,991,384
Fiscal and other fixed cost programs	383,556	366,519
Food service	4,141,595	3,939,335
Community service	4,446,087	5,294,575
Depreciation not allocated to other functions	2,083,157	2,077,872
Interest and fiscal charges on debt	3,596,704	4,380,407
Total expenses	106,532,369	107,920,288
Change in net position	3,683,724	(439,379)
Net position – beginning of year, as previously stated	24,307,756	24,747,135
Prior period adjustment	10,405,920	–
Net position – beginning of year, as restated	34,713,676	24,747,135
Net position – end of year	\$ 38,397,400	\$ 24,307,756

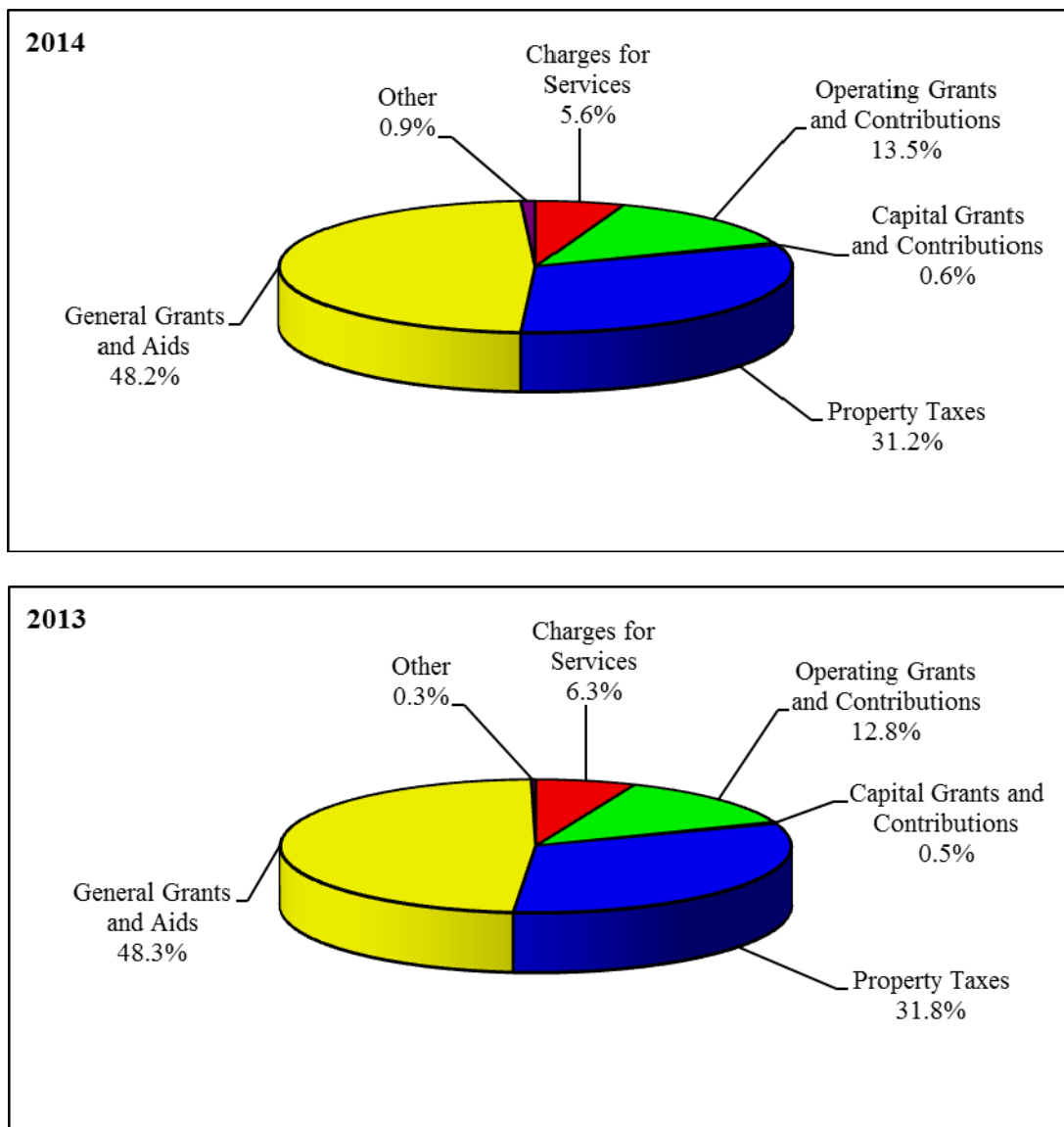
This format is presented on an accrual basis of accounting and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The increase in total revenue of \$2,735,184 is mostly related to increases to state funding formulas for general education and special education.

Expense declines are mostly in the area of sites and buildings as the amount of noncapitalized capital expenses declined in the current year.

Figures A and B show further analysis of these revenue sources and expense functions:

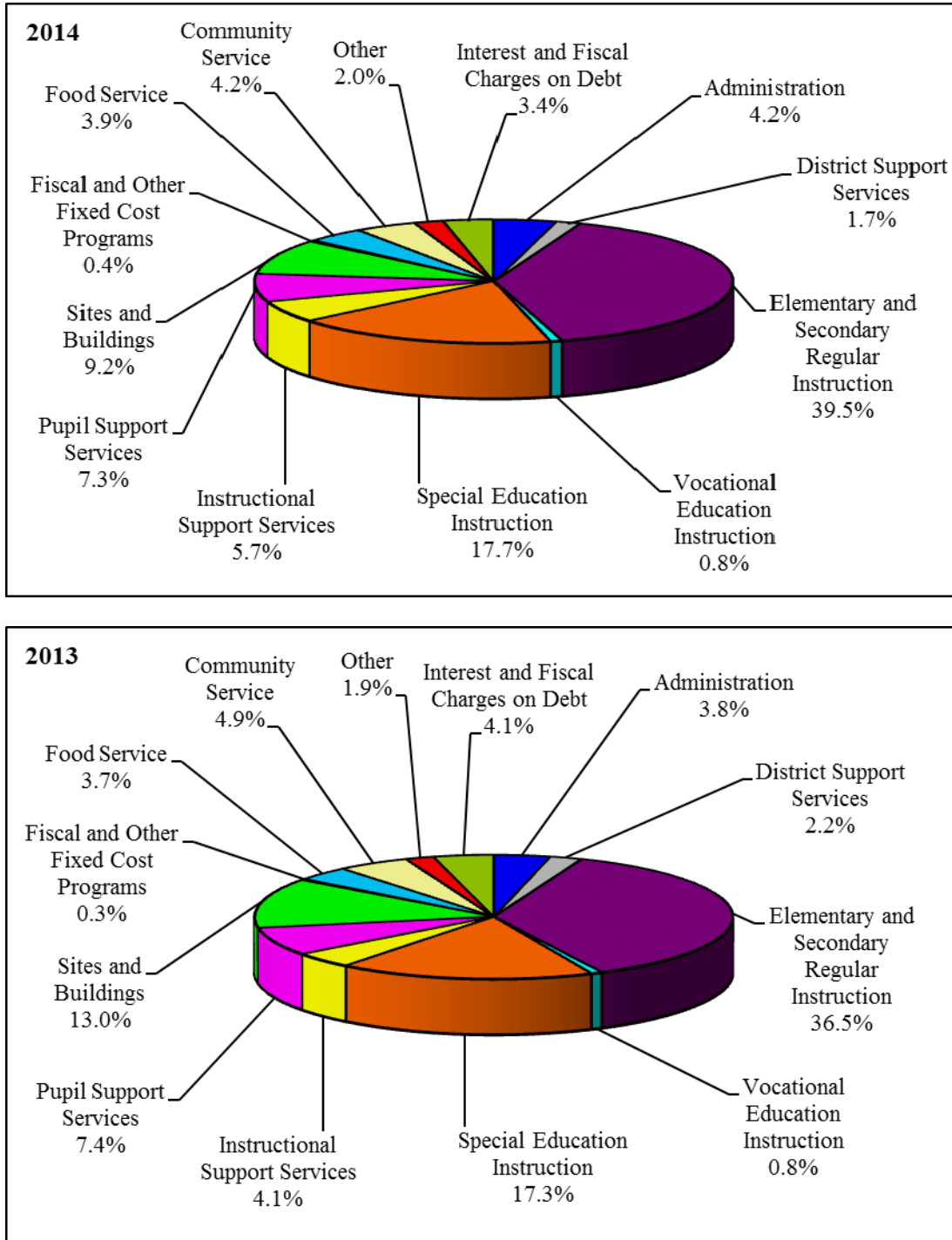
Figure A – Sources of Revenues for Fiscal Years 2014 and 2013



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

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

Figure B – Expenses for Fiscal Years 2014 and 2013



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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3 Governmental Fund Balances as of June 30, 2014 and 2013			
	2014	2013	Increase (Decrease)
Major funds			
General	\$ 28,367,540	\$ 18,529,448	\$ 9,838,092
Capital Projects – Building Construction	262,115	2,278,190	(2,016,075)
Debt Service	2,255,307	1,717,454	537,853
Nonmajor funds			
Food Service Special Revenue	270,097	271,267	(1,170)
Community Service Special Revenue	871,690	306,939	564,751
Total governmental funds	<u>\$ 32,026,749</u>	<u>\$ 23,103,298</u>	<u>\$ 8,923,451</u>

The General Fund increase from the prior year is due to a prior period adjustment of \$10,405,920. The decrease in the Capital Projects – Building Construction Fund from the prior year is related to the spend-down of resources from alternative facility bonds issued in fiscal 2012.

Analysis of the General Fund

Table 4 summarizes the amendments to the General Fund budget:

Table 4 General Fund Budget				
	Original Budget	Final Budget	Increase (Decrease)	Percent Change
Revenue and other financing sources	<u>\$ 85,949,000</u>	<u>\$ 85,949,000</u>	<u>\$ –</u>	<u>–</u>
Expenditures and other financing uses	<u>\$ 92,232,000</u>	<u>\$ 92,232,000</u>	<u>\$ –</u>	<u>–</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to previously as the original budget. During the year, the District might amend that budget for known changes in circumstances such as enrollment levels, legislative funding, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results					
	2014 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue	\$ 90,022,384	\$ 4,075,384	4.7%	\$ 3,578,027	4.1%
Expenditures	98,202,842	\$ 6,358,842	6.9%	\$ 6,627,375	7.2%
Other financing sources (uses)	<u>7,612,630</u>	\$ 7,998,630	(2,072.2%)	\$ 4,090,780	116.2%
Net change in fund balances	<u>\$ (567,828)</u>				

Revenue was more than the prior year mainly due to an increase in state aid revenue as a result of an increase in the general education aid formula and special education entitlements. Revenue was higher than budget in state sources as general education aid and state special education aid received was higher than budgeted.

Expenditures increased from the prior year mainly due to the issuance of capital leases totaling \$8,000,000 in fiscal 2014 for improvement projects. Expenditures were over budget primarily as a result of timing as to when projects were completed.

The increase in the General Fund and the amount over budget in other financing sources is due to the issuance of a capital lease for \$8,000,000 to finance building additions.

Analysis of Other Major Governmental Funds

The Capital Projects – Building Construction Fund is accounting for the costs of capital projects related to school building bonds and alternative facilities bonds issued by the District. These projects were authorized by the Board of Education and through approval of the District's Alternative Facilities Program by the Minnesota Department of Education. Total bond proceeds of about \$2,000,000 were utilized in fiscal 2014.

Total Debt Service Fund revenue reflects the full levy for repayment of bonds, less a mandated reduction in the levy to reduce fund balance. Expenditures reflect the debt repayment schedule.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2014 and 2013:

Table 6			
Capital Assets			
	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Land	\$ 915,000	\$ 915,000	\$ —
Land improvements	2,319,471	2,309,996	9,475
Buildings	100,439,020	95,904,355	4,534,665
Equipment	7,867,071	7,668,636	198,435
Pupil transportation vehicles	4,299,964	4,299,964	—
Construction in progress	8,264,570	3,900,000	4,364,570
Less accumulated depreciation	<u>(58,033,495)</u>	<u>(55,311,704)</u>	<u>(2,721,791)</u>
Total	<u>\$ 66,071,601</u>	<u>\$ 59,686,247</u>	<u>\$ 6,385,354</u>
Depreciation expense	<u>\$ 2,732,745</u>	<u>\$ 3,203,015</u>	<u>\$ (470,270)</u>

Long-Term Liabilities

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

Table 7			
Outstanding Long-Term Liabilities			
	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
General obligation bonds payable	\$ 85,060,000	\$ 92,180,000	\$ (7,120,000)
Capital leases payable	11,870,344	4,164,161	7,706,183
Severance benefits payable	2,156,376	2,534,651	(378,275)
Premiums (discounts) on bonds payable	<u>2,635,931</u>	<u>3,049,526</u>	<u>(413,595)</u>
Total	<u>\$ 101,722,651</u>	<u>\$ 101,928,338</u>	<u>\$ (205,687)</u>

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

Table 8	
Limitations on Debt	
District's market value	\$ 5,914,824,800
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 887,223,720</u>

Additional details of the District's capital assets and long-term debt activity can be found in Notes 3 and 4 of the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The basic general education formula allowance for Minnesota school districts increased \$78 per pupil in fiscal year 2014 to \$5,302. The formula allowance for fiscal year 2015 is \$5,831; this amount reflects an actual increase of 2.0 percent after taking into account several legislatively enacted funding and pupil weighting changes. The continued growth and demand on limited resources presents challenges in funding education for Minnesota schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This CAFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 624, 4855 Bloom Avenue, White Bear Lake, Minnesota 55110-2731.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Governmental Activities	
	2014	2013
Assets		
Cash and temporary investments	\$ 30,266,590	\$ 25,258,594
Receivables		
Current taxes	20,235,695	19,162,812
Delinquent taxes	651,528	840,338
Accounts and interest	70,255	40,340
Due from Post-Employment Benefits Trust Fund	11,814,598	—
Due from other governmental units	6,877,632	8,616,571
Inventory	56,170	78,652
Prepaid items	214,027	1,277,462
Net other post-employment benefit asset	39,542,822	40,397,681
 Restricted assets – temporarily restricted		
Cash and investments for capital lease	7,468,322	3,900,000
 Capital assets		
Not depreciated	9,179,570	4,815,000
Depreciated, net of accumulated depreciation	56,892,031	54,871,247
Total capital assets, net of accumulated depreciation	<u>66,071,601</u>	<u>59,686,247</u>
 Total assets	<u>\$ 183,269,240</u>	<u>\$ 159,258,697</u>
 Liabilities		
Salaries payable	\$ 183,271	\$ 200,801
Accounts and contracts payable	2,651,995	2,938,681
Accrued interest payable	1,587,968	1,747,968
Due to other governmental units	240,318	233,364
Due to Post-Employment Benefits Trust Fund	—	1,017,589
Unearned revenue	4,237,724	3,409,006
Long-term liabilities		
Due within one year	7,613,305	7,829,981
Due in more than one year	94,109,346	94,098,357
Total long-term liabilities	<u>101,722,651</u>	<u>101,928,338</u>
 Total liabilities	110,623,927	111,475,747
 Deferred inflows of resources		
Property taxes levied for subsequent year	34,247,913	23,475,194
 Net position		
Net investment in capital assets	5,813,967	2,130,306
Restricted for		
Capital asset acquisition	797,254	248,638
Community service	886,290	332,593
Debt service	834,965	279,820
Food service	270,097	271,267
Other purposes	273,240	—
Unrestricted	29,521,587	21,045,132
Total net position	<u>38,397,400</u>	<u>24,307,756</u>
 Total liabilities, deferred inflows of resources, and net position	<u>\$ 183,269,240</u>	<u>\$ 159,258,697</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

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

		2014			2013	
					Net (Expense)	Net (Expense)
					Revenue and	Revenue and
					Changes in	Changes in
					Net Position	Net Position
		Program Revenues				
		Charges for	Operating	Capital		
Functions/Programs	Expenses	Services	Grants and	Grants and	Governmental	Governmental
			Contributions	Contributions	Activities	Activities
Governmental activities						
Administration	\$ 4,437,389	\$ —	\$ —	\$ —	\$ (4,437,389)	\$ (4,089,720)
District support services	1,788,239	—	—	—	(1,788,239)	(2,365,545)
Elementary and secondary regular instruction	42,224,883	325,598	1,059,804	—	(40,839,481)	(37,891,334)
Vocational education instruction	827,110	—	12,470	—	(814,640)	(816,566)
Special education instruction	18,836,586	251,943	10,852,441	—	(7,732,202)	(8,227,669)
Instructional support services	6,108,809	—	—	—	(6,108,809)	(4,475,571)
Pupil support services	7,805,215	88,659	154,294	—	(7,562,262)	(7,566,325)
Sites and buildings	9,853,039	38,008	—	624,834	(9,190,197)	(13,403,948)
Fiscal and other fixed cost programs	383,556	—	—	—	(383,556)	(366,519)
Food service	4,141,595	2,389,877	1,814,315	—	62,597	121,428
Community service	4,446,087	3,124,923	937,663	—	(383,501)	(1,301,784)
Depreciation not allocated to other functions	2,083,157	—	—	—	(2,083,157)	(2,077,872)
Interest and fiscal charges	3,596,704	—	—	—	(3,596,704)	(4,380,407)
Total governmental activities	<u>\$106,532,369</u>	<u>\$ 6,219,008</u>	<u>\$14,830,987</u>	<u>\$ 624,834</u>	(84,857,540)	(86,841,832)
General revenues						
Taxes						
Property taxes, levied for general purposes					19,064,752	18,659,789
Property taxes, levied for community service					1,074,426	1,111,426
Property taxes, levied for capital projects					2,672,002	2,765,087
Property taxes, levied for debt service					11,540,345	11,578,651
General grants and aids					53,164,405	51,989,567
Other general revenues					898,484	130,330
Investment earnings					126,850	167,603
Total general revenues					<u>88,541,264</u>	<u>86,402,453</u>
Change in net position					3,683,724	(439,379)
Net position – beginning, as previously reported					24,307,756	24,747,135
Prior period adjustment					10,405,920	—
Net position – beginning, as restated					<u>34,713,676</u>	<u>24,747,135</u>
Net position – end of year					<u>\$38,397,400</u>	<u>\$24,307,756</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 17,862,754	\$ 278,236	\$ 6,863,009
Cash and investments held by trustee	7,468,322	–	–
Receivables			
Current taxes	13,705,795	–	5,919,250
Delinquent taxes	416,215	–	216,357
Accounts and interest	51,879	–	–
Due from Post-Employment Benefits Trust Fund	11,814,598	–	–
Due from other governmental units	6,796,066	–	111
Inventory	–	–	–
Prepaid items	188,940	6,693	–
	<u>\$ 58,304,569</u>	<u>\$ 284,929</u>	<u>\$ 12,998,727</u>
Liabilities			
Salaries payable	\$ 129,261	\$ 2,903	\$ –
Accounts and contracts payable	2,587,808	19,911	–
Due to other governmental units	187,095	–	–
Due to Post-Employment Benefits Trust Fund	–	–	–
Unearned revenue	4,123,657	–	–
Total liabilities	<u>7,027,821</u>	<u>22,814</u>	<u>–</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	326,925	–	167,626
Property taxes levied for subsequent year	22,582,283	–	10,575,794
Total deferred inflows of resources	<u>22,909,208</u>	<u>–</u>	<u>10,743,420</u>
Fund balances			
Nonspendable	188,940	6,693	–
Restricted	1,063,801	255,422	2,255,307
Assigned	15,588,049	–	–
Unassigned	11,526,750	–	–
Total fund balances	<u>28,367,540</u>	<u>262,115</u>	<u>2,255,307</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 58,304,569</u>	<u>\$ 284,929</u>	<u>\$ 12,998,727</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2014	2013
\$ 1,704,895	\$ 26,708,894	\$ 21,394,581
–	7,468,322	3,900,000
610,650	20,235,695	19,162,812
18,956	651,528	840,338
18,376	70,255	40,340
–	11,814,598	–
81,455	6,877,632	8,616,571
56,170	56,170	78,652
18,394	214,027	1,277,462
<u>\$ 2,508,896</u>	<u>\$ 74,097,121</u>	<u>\$ 55,310,756</u>
\$ 51,107	\$ 183,271	\$ 200,801
44,276	2,651,995	2,938,681
53,223	240,318	233,364
–	–	1,017,589
114,067	4,237,724	3,409,006
262,673	7,313,308	7,799,441
14,600	509,151	932,823
1,089,836	34,247,913	23,475,194
1,104,436	34,757,064	24,408,017
74,564	270,197	1,356,114
1,118,414	4,692,944	5,496,434
–	15,588,049	8,955,687
(51,191)	11,475,559	7,295,063
1,141,787	32,026,749	23,103,298
<u>\$ 2,508,896</u>	<u>\$ 74,097,121</u>	<u>\$ 55,310,756</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2014
(With Partial Comparative Information as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
Total fund balances – governmental funds	\$ 32,026,749	\$ 23,103,298
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	124,105,096	114,997,951
Accumulated depreciation	(58,033,495)	(55,311,704)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(85,060,000)	(92,180,000)
Capital leases payable	(11,870,344)	(4,164,161)
Premium (discount) on bonds payable	(2,635,931)	(3,049,526)
Net other post-employment benefit obligations reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets (liabilities) in governmental funds until actually due.		
	39,542,822	40,397,681
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	1,401,320	1,329,362
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(1,587,968)	(1,747,968)
Certain revenues (including delinquent property taxes) are included in net position, but are excluded from fund balances until they are available to liquidate liabilities of the current period.		
	<u>509,151</u>	<u>932,823</u>
Total net position – governmental activities	<u>\$ 38,397,400</u>	<u>\$ 24,307,756</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2014
 (With Partial Comparative Information for the Year Ended June 30, 2013)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 12,956,296	\$ –	\$ 11,683,053
Investment earnings	20,131	1,586	1,487
Other	1,601,805	–	–
State sources	72,599,880	–	1,106
Federal sources	2,844,272	–	–
Total revenue	90,022,384	1,586	11,685,646
Expenditures			
Current			
Administration	4,360,452	–	–
District support services	1,642,913	–	–
Elementary and secondary regular instruction	41,901,372	–	–
Vocational education instruction	827,110	–	–
Special education instruction	18,603,528	–	–
Instructional support services	5,682,729	–	–
Pupil support services	7,805,215	–	–
Sites and buildings	16,559,644	–	–
Fiscal and other fixed cost programs	383,556	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	2,017,661	–
Debt service			
Principal	293,817	–	7,120,000
Interest and fiscal charges	142,506	–	4,027,793
Total expenditures	98,202,842	2,017,661	11,147,793
Excess (deficiency) of revenue over expenditures	(8,180,458)	(2,016,075)	537,853
Other financing sources (uses)			
Bond retirement from refunding escrow	–	–	–
Capital lease issued	8,000,000	–	–
Proceeds from sale of assets	630	–	–
Transfers in	–	–	–
Transfers (out)	(388,000)	–	–
Total other financing sources (uses)	7,612,630	–	–
Net change in fund balances	(567,828)	(2,016,075)	537,853
Fund balances			
Beginning of year, as previously stated	18,529,448	2,278,190	1,717,454
Prior period adjustment	10,405,920	–	–
Beginning of year, as restated	28,935,368	2,278,190	1,717,454
End of year	\$ 28,367,540	\$ 262,115	\$ 2,255,307

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2014	2013
\$ 559,095	\$ 25,198,444	\$ 33,880,314
173	23,377	54,066
5,514,800	7,116,605	7,190,760
1,088,319	73,689,305	61,640,043
1,663,659	4,507,931	4,367,550
8,826,046	110,535,662	107,132,733
—	4,360,452	4,015,982
—	1,642,913	2,193,489
—	41,901,372	39,629,298
—	827,110	816,566
—	18,603,528	18,408,949
—	5,682,729	4,478,937
—	7,805,215	7,975,301
—	16,559,644	13,539,510
—	383,556	366,519
4,129,395	4,129,395	3,987,832
4,418,517	4,418,517	5,426,854
102,553	2,120,214	4,487,482
—	7,413,817	7,304,839
—	4,170,299	4,978,113
8,650,465	120,018,761	117,609,671
175,581	(9,483,099)	(10,476,938)
—	—	(26,190,000)
—	8,000,000	3,900,000
—	630	9,850
388,000	388,000	388,000
—	(388,000)	(388,000)
388,000	8,000,630	(22,280,150)
563,581	(1,482,469)	(32,757,088)
578,206	23,103,298	55,860,386
—	10,405,920	—
578,206	33,509,218	55,860,386
\$ 1,141,787	\$ 32,026,749	\$ 23,103,298

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INDEPENDENT SCHOOL DISTRICT NO. 624

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2014

(With Partial Comparative Information for the Year Ended June 30, 2013)

	2014	2013
Total net change in fund balances – governmental funds	\$ (1,482,469)	\$ (32,757,088)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	9,118,099	5,043,123
Depreciation expense	(2,732,745)	(3,203,015)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	–	(29,563)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	71,958	530,839
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.	(8,000,000)	(3,900,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	7,120,000	33,360,000
Capital leases payable	293,817	134,839
Net other post-employment benefit obligations reported in the Statement of Activities do not require the use of current financial resources and are not reported until actually due.	(854,859)	(819,315)
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	160,000	127,755
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	413,595	469,951
Certain increases (decreases) in long-term assets related to a leased building are excluded from the change in fund balances until the revenue is earned.	–	368,456
Certain revenues (including delinquent property taxes) are included in the change in net position, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.	(423,672)	234,639
Change in net position – governmental activities	<u>\$ 3,683,724</u>	<u>\$ (439,379)</u>

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2014

	Original and Final Budget	Actual	Over (Under) Final Budget
Revenue			
Local sources			
Property taxes	\$ 12,000,889	\$ 12,956,296	\$ 955,407
Investment earnings	15,150	20,131	4,981
Other	776,536	1,601,805	825,269
State sources	70,210,143	72,599,880	2,389,737
Federal sources	2,944,282	2,844,272	(100,010)
Total revenue	85,947,000	90,022,384	4,075,384
Expenditures			
Current			
Administration	4,216,451	4,360,452	144,001
District support services	1,742,832	1,642,913	(99,919)
Elementary and secondary regular instruction	41,644,938	41,901,372	256,434
Vocational education instruction	893,693	827,110	(66,583)
Special education instruction	18,065,128	18,603,528	538,400
Instructional support services	6,105,113	5,682,729	(422,384)
Pupil support services	8,129,279	7,805,215	(324,064)
Sites and buildings	10,181,566	16,559,644	6,378,078
Fiscal and other fixed cost programs	480,000	383,556	(96,444)
Debt service			
Principal	280,000	293,817	13,817
Interest and fiscal charges	105,000	142,506	37,506
Total expenditures	91,844,000	98,202,842	6,358,842
Excess (deficiency) of revenue over expenditures	(5,897,000)	(8,180,458)	(2,283,458)
Other financing sources (uses)			
Capital lease issued	—	8,000,000	8,000,000
Proceeds from sale of assets	2,000	630	(1,370)
Transfers (out)	(388,000)	(388,000)	—
Total other financing sources (uses)	(386,000)	7,612,630	7,998,630
Net change in fund balances	\$ (6,283,000)	(567,828)	\$ 5,715,172
Fund balances			
Beginning of year, as previously stated		18,529,448	
Prior period adjustment		10,405,920	
Beginning of year, as restated		28,935,368	
End of year		\$ 28,367,540	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Net Position
Internal Service Funds
as of June 30, 2014
(With Partial Comparative Information as of June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Current assets		
Cash and temporary investments	\$ 3,557,696	\$ 3,864,013
Liabilities		
Current liabilities		
Severance benefits payable	203,387	416,164
Long-term liabilities		
Severance benefits payable	<u>1,952,989</u>	<u>2,118,487</u>
Total liabilities	<u>2,156,376</u>	<u>2,534,651</u>
Net position		
Unrestricted	<u>\$ 1,401,320</u>	<u>\$ 1,329,362</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Revenue, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2014
(With Partial Comparative Information for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Operating revenue		
Contributions from governmental funds	\$ –	\$ 699,593
Operating expenses		
Post-employment severance benefits	<u>31,515</u>	<u>282,291</u>
Operating income (loss)	(31,515)	417,302
Nonoperating revenue		
Investment earnings	<u>103,473</u>	<u>113,537</u>
Change in net position	71,958	530,839
Net position		
Beginning of year	<u>1,329,362</u>	<u>798,523</u>
End of year	<u><u>\$ 1,401,320</u></u>	<u><u>\$ 1,329,362</u></u>

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2014
(With Partial Comparative Information for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ —	\$ 645,048
Post-employment severance benefit payments	<u>(409,790)</u>	<u>(699,593)</u>
Net cash provided by operating activities	(409,790)	(54,545)
Cash flows from investing activities		
Investment income received	<u>103,473</u>	<u>113,537</u>
Net change in cash and cash equivalents	(306,317)	58,992
Cash and cash equivalents		
Beginning of year	<u>3,864,013</u>	<u>3,805,021</u>
End of year	<u><u>\$ 3,557,696</u></u>	<u><u>\$ 3,864,013</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ (31,515)	\$ 417,302
Adjustments to reconcile operating income (loss) to cash provided by operating activities		
Changes in assets and liabilities		
Severance benefits payable	<u>(378,275)</u>	<u>(471,847)</u>
Net cash provided by operating activities	<u><u>\$ (409,790)</u></u>	<u><u>\$ (54,545)</u></u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Fiduciary Net Position
as of June 30, 2014

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Assets		
Cash and temporary investments	\$ 1,302,424	\$ 40,658
Accounts receivable	—	500
Investments held by trustee, at fair value		
U.S. treasury and agency securities	919,144	—
Corporate and other obligations	13,286,114	—
International obligations	2,570,305	—
Stocks	12,718,508	—
Real estate investment trusts	5,185,876	—
Mutual funds	9,077,531	—
Money market funds	1,348,155	—
Mortgage backed securities	592,908	—
Total assets	<u>47,000,965</u>	<u>41,158</u>
Liabilities		
Due to other governmental funds	<u>11,814,598</u>	<u>—</u>
Net position		
Held in trust for employee benefits and other purposes	<u>\$ 35,186,367</u>	<u>\$ 41,158</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2014

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Additions		
Contributions		
Private donations	\$ —	\$ 80,047
Investment earnings	4,665,341	—
Total additions	<u>4,665,341</u>	<u>80,047</u>
Deductions		
Benefits	2,426,267	—
Other private-purpose expenses	—	71,006
Total deductions	<u>2,426,267</u>	<u>71,006</u>
Change in net position	2,239,074	9,041
Net position		
Beginning of year, as previously reported	43,353,213	32,117
Prior period adjustment	(10,405,920)	—
Beginning of year, as restated	<u>32,947,293</u>	<u>32,117</u>
End of year	<u>\$ 35,186,367</u>	<u>\$ 41,158</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Notes to Basic Financial Statements June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 624, White Bear Lake Area Schools (the District), was formed and operates pursuant to applicable Minnesota laws and statutes. It is governed by a seven-member Board of Education elected by the voters of the District to four-year terms. The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, the District's Board of Education has elected to control and is considered financially accountable with respect to the underlying extracurricular activities. Accordingly, the extracurricular student activity accounts are included in these financial statements.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation expense is reported as “depreciation expense not allocated to other functions.” Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. The proprietary fund (Internal Service Fund) is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the financial statement of the proprietary fund (Internal Service Fund) is consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust, private-purpose trust, and agency. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered to be available if collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Federal revenue is recorded in the year in which the related expenditure is made. State revenue is recognized in the year to which it applies according to Minnesota Statutes (which include state aid funding formulas for specific years) and accounting principles generally accepted in the United States of America. Other revenue is considered available if collected within 60 days. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and severance benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary and fiduciary funds use the accrual basis of accounting as described earlier in these notes. Proprietary and fiduciary funds are reported using the economic resources measurement focus.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

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

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.

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

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used primarily to record financial activities of the District's child nutrition program.

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

Proprietary Fund

Internal Service Fund – The Internal Service Fund accounts for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's Internal Service Fund includes financing for post-employment severance benefits offered by the District to its employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits of eligible employees.

Scholarship Private-Purpose Trust Fund – The Scholarship Private-Purpose Trust Fund is used to administer resources received and held by the District for scholarships. The Scholarship Private-Purpose Trust Fund includes assets held in trust to fund scholarships to eligible individuals.

E. Budgetary Information

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Each June, the Board of Education adopts an annual budget for the following fiscal year for all governmental funds except the Capital Projects – Building Construction Fund. This fund relies on bond issue project budgets for budgetary controls. Legal budgetary control is at the fund level. The Board of Education did not approve General Fund budget revisions.

Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the General Fund, Food Service Special Revenue Fund, Community Service Special Revenue Fund, and the Debt Service Fund by \$6,358,842, \$1,461, \$55,004, and \$56,793, respectively.

F. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Earnings from the investments in these accounts are allocated directly to those accounts. Capital lease proceeds recorded in the General Fund are not pooled, and earnings on those proceeds are allocated directly to those funds.

Cash and investments include balances held in segregated accounts that are established for specific purposes. In the General Fund, cash and investments held by trustee will be used to pay costs related to the issuance of the capital lease. In the Post-Employment Benefits Trust Fund, this represents assets deposited by the District in an irrevocable trust account, the use of which is restricted to paying other post-employment benefits (OPEB) as specified in the trust agreement. Interest earned on these investments was allocated directly to those accounts.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

Due from governmental units at June 30, 2014 consist of the following:

Minnesota Department of Education	\$ 6,265,945
Minnesota school districts	262,201
U.S. Department of Education	88,819
Other governmental units	<u>260,667</u>
Total	<u><u>\$ 6,877,632</u></u>

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aid by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the tax shift, as mandated by legislation, recognizes \$1,907,592 of the property tax levy collectible in 2014 as revenue to the District in fiscal year 2013–2014. The remaining portion of the taxes collectible in 2014 is recorded as deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the governmental fund financial statements because it is not known to be available to finance the current operations of the District. No allowance for uncollectible taxes is considered necessary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$2,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment and pupil transportation vehicles. Land and construction in progress are not depreciated.

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

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

M. Deferred Inflows of Resources

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

1. **Vacation Pay** – Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no liability for vacation pay is recorded in the financial statements.
2. **Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of severance and health benefit payments for some employees upon termination.

O. Severance Benefits

Severance benefits consist of lump sum early retirement incentive payments, including provisions for salary-related payments and convertible sick leave. The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. In addition, certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions. These benefits are paid to a tax-sheltered annuity plan on behalf of the employee. These benefits are offset in certain instances by the amount of matching contributions made by the District to retirement plans of the employee during the years of employment of each individual.

Severance benefits are recorded as a liability in the government-wide financial statements and the Internal Service Fund as it is earned and when it becomes probable that it will vest at some point in the future. Severance benefits are accrued in the appropriate governmental fund (General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund) only when it becomes due and payable.

P. 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; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal 2014.

Q. Net Position

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to Board of Education resolution, the District's Superintendent and Director of Finance and Operations are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

S. Use of Estimates

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

T. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2013, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

U. Prior Period Adjustment

The District recognized a prior period adjustment in fiscal 2014 to properly report OPEB expenditures reported in prior periods. OPEB expenditures reported by the District in fiscal years 2009 to 2011 by the General Fund are being reimbursed by the Post-Employment Benefits Trust Fund in fiscal 2014 totaling \$10,405,920. During the 2009 to 2011 fiscal years, it was determined the District would finance these costs from the General Fund. In fiscal 2014, the District determined these costs are best financed by the Post-Employment Benefits Trust Fund. As a result, the General Fund is being reimbursed for these costs. The adjustment changed the beginning net position in the District's government-wide financial statements, the beginning fund balance in its General Fund, and the beginning net position in the District's Post-Employment Benefits Trust Fund financial statements by \$10,405,920 as of July 1, 2013.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 190,395
Investments	84,576,090
Cash on hand	10,050
	<hr/>
Total	\$ 84,776,535
	<hr/>

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

Statement of Net Position	
Cash and temporary investments	\$ 30,266,590
Statement of Net Position – restricted assets – temporarily restricted	
Cash and investments for capital lease	7,468,322
Statement of Fiduciary Net Position	
Cash and temporary investments – Post-Employment Benefits Trust Fund	1,302,424
Cash and temporary investments – Scholarship Private-Purpose Trust Fund	40,658
Investments held by trustee – Post-Employment Benefits Trust Fund	
U.S. treasury and agency securities	919,144
Corporate and other obligations	13,286,114
International obligations	2,570,305
Stocks	12,718,508
Real estate investment trusts	5,185,876
Mutual funds	9,077,531
Money market funds	1,348,155
Mortgage backed securities	592,908
	<hr/>
Total	\$ 84,776,535
	<hr/>

B. Deposits

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

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The District's investment policy does not further limit depository choices.

At year-end, the carrying amount of the District's deposits was \$190,395 while the balance on the bank records was \$196,073. At June 30, 2014, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the District's agent in the District's name.

C. Investments

The District had the following investments at year-end:

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years				Total
	Rating	Agency	No Maturity	Less Than 1	1 to 5	6 to 10	
U.S. government agency securities	AA	S&P	\$ –	\$ –	\$ 608,622	\$ –	\$ 608,622
U.S. government agency securities	Aaa	Moody's	–	–	310,522	–	310,522
Mortgage backed securities	AAA	S&P	–	–	366,198	226,710	592,908
Corporate obligations	AA	S&P	–	–	2,608,000	–	2,608,000
Corporate obligations	A	S&P	–	807,292	7,572,661	–	8,379,953
Corporate obligations	BBB	S&P	–	616,284	288,402	–	904,686
Corporate obligations	Baa	Moody's	–	–	1,164,489	–	1,164,489
Corporate obligations	BBB	Fitch	–	–	228,987	–	228,987
Guaranteed investment contract	AA	S&P	–	3,557,696	–	–	3,557,696
Stocks	N/R	N/R	12,718,508	–	–	–	12,718,508
Real estate investment trusts	N/R	N/R	5,185,876	–	–	–	5,185,876
International obligations	N/R	N/R	2,570,305	–	–	–	2,570,305
Negotiable certificates of deposit	N/R	N/R	–	17,993,135	–	–	17,993,135
Investment pools/mutual funds							
Mutual funds	N/R	N/R	9,077,531	–	–	–	9,077,531
Fidelity Institutional Money Market Fund	AAA	Moody's	673,172	–	–	–	673,172
Wells Fargo Advantage Money Market Fund	AAA	Moody's	7,468,322	–	–	–	7,468,322
Wells Fargo Advantage Cash Investment Fund	AAA	Moody's	674,983	–	–	–	674,983
MNTrust Investment Shares	AAA	S&P	9,858,395	–	–	–	9,858,395
Total investments							<u>\$ 84,576,090</u>

N/R – Not Rated

The MNTrust Investment Shares (MNTrust) are regulated by Minnesota Statutes and are external investment pools not registered with the Securities Exchange Commission (SEC) that follow the same regulatory rules of the SEC under rule 2a7. The District's investments in MNTrust are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not directly address custodial credit risk; it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statute § 356A.06, Subd. 7. The District's investment policy restricts investing in specific financial instruments by restricting other investments, as defined in Minnesota Statute § 356A.06, Subd. 7, which includes real estate and alternative investments, to up to 20 percent of the total investments in the Post-Employment Benefits Trust Fund.

Post-Employment Benefits Trust Fund – This fund represents investments administered by the District's OPEB Trust Fund investment managers. The District's investment policy, discussed previously, extends to the OPEB Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper if issued by a United States corporation or its Canadian subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency; and in the State Board of Investments. Investments are stated at fair value.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policy does not address concentration risk.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District's investment policy does not limit the maturities of investments; however, when purchasing investments the District considers such things as interest rates and cash flow needs.

NOTE 3 – CAPITAL ASSETS

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

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 915,000	\$ –	\$ –	\$ –	\$ 915,000
Construction in progress	3,900,000	8,899,235	–	(4,534,665)	8,264,570
Total capital assets, not depreciated	4,815,000	8,899,235	–	(4,534,665)	9,179,570
Capital assets, depreciated					
Land improvements	2,309,996	9,475	–	–	2,319,471
Buildings	95,904,355	–	–	4,534,665	100,439,020
Equipment	7,668,636	209,389	(10,954)	–	7,867,071
Pupil transportation vehicles	4,299,964	–	–	–	4,299,964
Total capital assets, depreciated	110,182,951	218,864	(10,954)	4,534,665	114,925,526
Less accumulated depreciation for					
Land improvements	(1,844,774)	(66,240)	–	–	(1,911,014)
Buildings	(45,704,936)	(1,807,476)	–	–	(47,512,412)
Equipment	(5,786,660)	(435,934)	10,954	–	(6,211,640)
Pupil transportation vehicles	(1,975,334)	(423,095)	–	–	(2,398,429)
Total accumulated depreciation	(55,311,704)	(2,732,745)	10,954	–	(58,033,495)
Net capital assets, depreciated	54,871,247	(2,513,881)	–	4,534,665	56,892,031
Total capital assets, net	\$ 59,686,247	\$ 6,385,354	\$ –	\$ –	\$ 66,071,601

Depreciation expense was charged to the following governmental functions:

Elementary and secondary regular instruction	\$ 99,351
Special education instruction	22,333
Instructional support services	426,080
Food service	64,554
Community service	37,270
Depreciation not allocated to other functions	2,083,157
Total depreciation expense	\$ 2,732,745

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2008A Taxable OPEB Bonds	10/15/2008	5.00–5.25%	\$ 40,085,000	02/01/2021	\$ 38,995,000
2008B Alternative Facilities Bonds	10/15/2008	3.25–4.75%	\$ 11,970,000	02/01/2022	11,785,000
2011A Refunding Bonds	12/28/2011	3.00%	\$ 8,745,000	02/01/2017	1,260,000
2012A Alternative Facilities Bonds	05/16/2012	3.00%	\$ 8,850,000	02/01/2024	8,850,000
2012B School Building Refunding Bonds	05/16/2012	3.00–4.00%	\$ 24,170,000	02/01/2022	24,170,000
Total general obligation bonds payable					<u>\$ 85,060,000</u>

B. Description of Long-Term Liabilities

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

General Obligation Taxable Other Post-Employment Benefit (OPEB) Bonds – These obligations were issued to finance OPEB obligations. Assets of the OPEB Debt Service Account, together with scheduled deferred ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

C. Capital Leases

The District is obligated under a capital lease for a building addition. The District entered into the lease agreement on September 15, 2005, and financed the lease for \$750,000 due and payable over 10 years. The lease has an interest rate of 4.48 percent. The lease payments on this obligation will be paid by the General Fund.

The District is also obligated under a capital lease for a building addition. The District entered into the lease agreement on January 1, 2013, and financed the lease for \$3,900,000 due and payable over 15 years. The lease has an interest rate of 3.75 percent. The lease payments on this obligation will be paid by the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

The District is also obligated under a capital lease for a building addition. The District entered into the lease agreement on December 18, 2013, and financed the lease for \$3,900,000 due and payable over 15 years. The lease has an interest rate of 3.99 percent. The lease payments on this obligation will be paid by the General Fund.

The District is also obligated under a capital lease for a building addition. The District entered into the lease agreement on January 17, 2014, and financed the lease for \$4,100,000 due and payable over 15 years. The lease has an interest rate of 3.89 percent. The lease payments on this obligation will be paid by the General Fund.

The assets acquired through these leases totaled \$750,000, \$3,900,000, \$3,900,000, and \$4,100,000 (the present value of the future minimum lease payments as of the inception date), which is reported in land, equipment, buildings, and construction in progress, respectively, on the Statement of Net Position. The expense resulting from the amortization of these assets recorded under capital leases is included within depreciation on an annual basis.

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits and compensated absences. The details of these various benefit liabilities are discussed elsewhere in these notes.

E. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2015	\$ 6,910,000	\$ 3,718,413	\$ 499,918	\$ 483,475
2016	7,225,000	3,405,163	731,156	434,619
2017	7,555,000	3,074,900	664,188	406,503
2018	7,915,000	2,723,813	690,181	380,510
2019	8,285,000	2,347,275	717,192	353,498
2020–2024	47,170,000	4,495,613	4,029,641	1,323,813
2025–2029	—	—	4,538,068	474,160
	<u>\$ 85,060,000</u>	<u>\$ 19,765,177</u>	<u>\$ 11,870,344</u>	<u>\$ 3,856,578</u>

F. Changes in Long-Term Liabilities

	Balance – June 30, 2013	Additions	Retirements	Balance – June 30, 2014	Due Within One Year
General obligation bonds payable	\$ 92,180,000	\$ —	\$ 7,120,000	\$ 85,060,000	\$ 6,910,000
Capital leases payable	4,164,161	8,000,000	293,817	11,870,344	499,918
Severance benefits payable	2,534,651	31,515	409,790	2,156,376	203,387
Premiums (discounts) on bonds payable	3,049,526	—	413,595	2,635,931	—
	<u>\$ 101,928,338</u>	<u>\$ 8,031,515</u>	<u>\$ 8,237,202</u>	<u>\$ 101,722,651</u>	<u>\$ 7,613,305</u>

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds which are defined earlier in the report. Any such restrictions which have an accumulated deficit rather than positive balance at June 30 are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. However, a description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

A. Classifications

At June 30, 2014, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ –	\$ –	\$ –	\$ 56,170	\$ 56,170
Prepaid items	188,940	6,693	–	18,394	214,027
Total nonspendable	188,940	6,693	–	74,564	270,197
Restricted					
Capital projects levy	343,294	–	–	–	343,294
Operating capital	447,267	–	–	–	447,267
Staff development	273,240	–	–	–	273,240
Alternative facilities program	–	255,422	–	–	255,422
General debt service	–	–	1,911,964	–	1,911,964
OPEB bonds debt service	–	–	343,343	–	343,343
Food service	–	–	–	200,938	200,938
Community education	–	–	–	798,967	798,967
Early childhood family education	–	–	–	106,705	106,705
Community services	–	–	–	11,804	11,804
Total restricted	1,063,801	255,422	2,255,307	1,118,414	4,692,944
Assigned					
Alternative Learning Center	69,570	–	–	–	69,570
Building carryover	475,213	–	–	–	475,213
Construction	2,114,763	–	–	–	2,114,763
Scholarships	41,158	–	–	–	41,158
Student activities	283,180	–	–	–	283,180
Subsequent year's budget	6,000,000	–	–	–	6,000,000
Curriculum development	145,087	–	–	–	145,087
Third party billing	169,976	–	–	–	169,976
Wellness program	39,102	–	–	–	39,102
Strategic priorities implementation	750,000	–	–	–	750,000
Secondary facilities	3,500,000	–	–	–	3,500,000
Contingency for self-funded insurance	2,000,000	–	–	–	2,000,000
Total assigned	15,588,049	–	–	–	15,588,049
Unassigned					
Unassigned school readiness restricted account deficit	–	–	–	(51,191)	(51,191)
Unassigned health and safety restricted account deficit	(1,361,534)	–	–	–	(1,361,534)
Unassigned	12,888,284	–	–	–	12,888,284
Total unassigned	11,526,750	–	–	(51,191)	11,475,559
Total	\$ 28,367,540	\$ 262,115	\$ 2,255,307	\$ 1,141,787	\$ 32,026,749

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Unassigned Fund Balance Policy

The Board of Education has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy states that the District will strive to maintain a minimum unassigned General Fund balance of five weeks of operating expenditures. At June 30, 2014, the unassigned fund balance of the General Fund was 13.1 percent of total fiscal 2014 expenditures, or 6.8 weeks of operating expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Substantially all employees of the District are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a state-wide basis. Disclosures relating to these plans are as follows:

Teachers' Retirement Association (TRA)

A. Plan Description

All teachers employed by the District are covered by defined benefit plans administered by the TRA. TRA members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. The plans are established and administered in accordance with Minnesota Statutes, Chapter 354 and 356.

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

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

Tier I

	Step Rate Formula	Percentage per Year
Basic Plan		
First 10 years		2.2 percent
All years after		2.7 percent
Coordinated Plan		
First 10 years if service years are prior to July 1, 2006		1.2 percent
First 10 years if service years are July 1, 2006 or after		1.4 percent
All other years of service if service years are prior to July 1, 2006		1.7 percent
All other years of service if service years are July 1, 2006 or after		1.9 percent

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- Three percent per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

Tier II

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Actuarially equivalent early retirement reduction factors with augmentation are used for early retirement before the normal age of 65. These reduction factors average approximately 4.0 to 5.4 percent per year.

Members first employed after June 30, 1989 receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not receiving them are bound by the provisions in effect at the time they last terminated their public service.

The TRA publicly issues a comprehensive annual financial report presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at www.minnesotatra.org. Alternatively, a copy of the report may be obtained by writing the TRA at Teachers' Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-4000 or by calling (651) 296-2409 or (800) 657-3669.

B. Funding Policy

Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. These statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 7.0 percent and 10.5 percent, respectively, of their annual covered salary during fiscal year 2014 as employee contributions. The TRA employer contribution rates are 7.0 percent for Coordinated Plan members and 11.0 percent for Basic Plan members during fiscal year 2014. Total covered payroll salaries for all TRA members state-wide during the fiscal years June 30, 2013, 2012, and 2011, were approximately \$3.92 billion, \$3.87 billion, and \$3.84 billion, respectively.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The District's contributions for the years ended June 30, 2014, 2013, and 2012 were \$2,994,562, \$2,652,637, and \$2,382,808, respectively, equal to the contractually required contributions for each year as set by state statute.

The 2010 Legislature approved employee and employer contribution rate increases to be phased-in over a four-year period beginning July 1, 2011. Employee and employer contribution rates increased by 0.5 percent on July 1 of each year of the four-year period, ending in 2014. Beginning July 1, 2014, TRA Coordinated Plan employee and employer contribution rates will each be 7.5 percent.

Public Employees' Retirement Association (PERA)

A. Plan Description

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

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

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

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

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

B. Funding Policy

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

The District's contributions to the GERS for the years ended June 30, 2014, 2013, and 2012 were \$1,097,318, \$1,095,703, and \$1,065,177, respectively, equal to the contractually required contributions for each year as set by state statute.

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

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

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the District's OPEB Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. As of July 1, 2013, the plan had 915 active participants and 320 retired participants. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

Post-Employment Insurance Benefits – All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

Under the terms of certain collectively bargained employment contracts, the District is required to pay the health insurance premiums for retired employees until they reach certain age levels. For employees meeting certain length of service experience requirements, the amount to be paid is equal to the same insurance premium benefit as a full-time employee in the retiring employee's respective bargaining unit.

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

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

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the District. The District has established an Employee Benefits Trust Fund to fund these obligations.

C. Annual OPEB Cost and Net OPEB Obligation

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

ARC	\$	–
Interest on net OPEB obligation		(1,615,907)
Adjustment to ARC		2,470,766
Annual OPEB cost (expense)		<u>854,859</u>
Contributions made		–
Change in net OPEB obligation		854,859
Net OPEB obligation – beginning of year		<u>(40,397,681)</u>
Net OPEB obligation – end of year	\$	<u><u>(39,542,822)</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	(Asset) Net OPEB Obligation
June 30, 2012	\$ 785,141	\$ –	– %	\$ (41,216,997)
June 30, 2013	\$ 819,316	\$ –	– %	\$ (40,397,681)
June 30, 2014	\$ 854,859	\$ –	– %	\$ (39,542,822)

D. Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$23,194,160, and the actuarial value of assets was \$43,353,213, resulting in an (over funded) unfunded actuarial accrued liability (AAL) of (\$20,159,053). This calculates to a funded ratio of 187 percent. The covered payroll (annual payroll of active employees covered by the plan) was \$48,969,639, and the ratio of the (over funded) AAL to the covered payroll was a negative (41.2) percent.

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

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

E. Actuarial Methods and Assumptions

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

In the July 1, 2013 actuarial valuation, the entry age normal level dollar method was used. The actuarial assumptions included: a 4.0 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 2.5 percent rate of inflation; an annual healthcare cost trend rate of 7.75 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after eleven years. The (over funded) AAL is being amortized on a level dollar basis over a closed period. At July 1, 2013, the remaining amortization period for the various amortization layers ranged from 25 to 30 years.

F. OPEB Trust Fund

The District administers a defined benefit OPEB plan. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The District has reserved the right to withdraw funds from the OPEB Trust Fund in the future for OPEB costs that they did not submit for reimbursement from the OPEB trust account for OPEB expenditures paid by the General Fund in prior fiscal years.

The Post-Employment Benefits Trust Fund is reported using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a “cafeteria plan” (the Plan) under § 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars to the Plan for health insurance, medical care, and dependant care benefits.

Before the beginning of the Plan year, which is from October 1 to September 30, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

Payments of insurance premiums (health and dental) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund.

Amounts withheld for medical reimbursement and dependant care are held in the District’s cash account. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependant care activity is included in the financial statements in the General Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the District in an amount equal to eligible medical care and dependant care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Funding

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

B. Construction Contracts

The District has awarded contracts for various construction and remodeling projects. The District’s commitment for uncompleted work on these contracts at June 30, 2014 is approximately \$3,486,000.

C. Legal Contingencies

The District is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

D. Tax Abatement Bonds

In April 2005, the District pledged the full faith, credit, and taxing powers of the District on a school district economic development abatement tax levy for the payment of 50 percent of the principal and interest on bonds issued by the City of Hugo, Minnesota (the City) totaling \$7,920,000. These bonds were issued by and for the City to construct certain highway public improvements and to complete certain site improvements on a new elementary school within the City.

This pledge shall continue until the payment in full of the bonds, which is expected to occur in February 2020. The District's future economic development tax levy that will be used to make payments to the City on these bonds is as follows:

Year Ended June 30,	Amount
2015	\$ 516,586
2016	487,014
2017	491,301
2018	495,090
2019	501,874
2020	506,910
	<u>\$ 2,998,775</u>

NOTE 10 – INTERFUND BALANCES AND TRANSFER

The District had the following interfund receivables and payables at June 30, 2014:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 11,814,598	\$ –
Post-Employment Benefits Trust Fund	<u>–</u>	<u>11,814,598</u>
	<u>\$ 11,814,598</u>	<u>\$ 11,814,598</u>

This balance represents interfund amounts due to the General Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2014.

During the year ended June 30, 2014, the District transferred \$388,000 from the General Fund to the Community Service Special Revenue Fund to support the operations of that fund.

NOTE 11 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*, replaces the requirements of GASB Statement Nos. 27 and 50, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria (as described for GASB Statement No. 67). The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan. This statement is effective for financial statements for fiscal years beginning after June 15, 2014.

NOTE 12 – SUBSEQUENT EVENT

In September 2014, the District approved the sale of \$5,900,000 of General Obligation Alternative Facilities Bonds, Series 2014A. The issue has a final maturity date of February 1, 2025, and has interest rates ranging from 2.0–2.15 percent.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

Other Post-Employment Benefits Plan
Schedule of Funding Progress and Schedule of Employer Contributions
June 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	(Over Funded) Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	(Over Funded) Unfunded Liability as a Percentage of Payroll
July 1, 2009	\$ 38,513,340	\$ 40,049,795	\$ (1,536,455)	104 %	\$ 45,430,954	(3.4) %
July 1, 2011	\$ 24,621,323	\$ 46,153,625	\$ (21,532,302)	187 %	\$ 46,156,084	(46.7) %
July 1, 2013	\$ 23,194,160	\$ 43,353,213	\$ (20,159,053)	187 %	\$ 48,969,639	(41.2) %

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Employer Contribution	Percentage Contributed	(Negative) Net OPEB Obligation
2009	\$ 3,493,150	\$ 43,216,353	1,237.2 %	\$ (39,723,203)
2010	\$ 1,438,073	\$ 3,401,369	236.5 %	\$ (40,881,279)
2011	\$ 1,353,028	\$ 3,344,556	247.2 %	\$ (42,002,137)
2012	\$ —	\$ —	— %	\$ (41,216,996)
2013	\$ —	\$ —	— %	\$ (40,397,681)
2014	\$ —	\$ —	— %	\$ (39,542,822)

Note 1: From the actuarial valuation as of July 1, 2009 to the valuation dated July 1, 2011, one employee group's plan provisions changed when the group eliminated age 70 as a cut-off age for the post-employment medical subsidy. This group also added a requirement that employees must be hired before July 1, 2012 in order to qualify for the post-employment medical subsidy.

Note 2: The significant change in the actuarial accrued liability at July 1, 2011 when compared to July 1, 2009 was due to the decrease in counts for active employees, retirees, and spouses that are receiving payments. The change was also the result of the District adding a lower cost/high deductible plan coupled with claims experience being better than projected and subsidized payments staying flat or decreasing instead of increasing as projected.

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2014

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 315,489	\$ 1,389,406	\$ 1,704,895
Receivables			
Current taxes	–	610,650	610,650
Delinquent taxes	–	18,956	18,956
Accounts and interest	11,006	7,370	18,376
Due from other governmental units	41,345	40,110	81,455
Inventory	56,170	–	56,170
Prepaid items	12,989	5,405	18,394
Total assets	<u>\$ 436,999</u>	<u>\$ 2,071,897</u>	<u>\$ 2,508,896</u>
Liabilities			
Salaries payable	\$ 7,413	\$ 43,694	\$ 51,107
Accounts and contracts payable	10,662	33,614	44,276
Due to other governmental units	34,760	18,463	53,223
Unearned revenue	114,067	–	114,067
Total liabilities	<u>166,902</u>	<u>95,771</u>	<u>262,673</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	–	14,600	14,600
Property taxes levied for subsequent year	–	1,089,836	1,089,836
Total deferred inflows of resources	<u>–</u>	<u>1,104,436</u>	<u>1,104,436</u>
Fund balances			
Nonspendable for inventory	56,170	–	56,170
Nonspendable for prepaids	12,989	5,405	18,394
Restricted	200,938	917,476	1,118,414
Unassigned	–	(51,191)	(51,191)
Total fund balances	<u>270,097</u>	<u>871,690</u>	<u>1,141,787</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 436,999</u>	<u>\$ 2,071,897</u>	<u>\$ 2,508,896</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2014

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 559,095	\$ 559,095
Investment earnings	99	74	173
Other	2,389,877	3,124,923	5,514,800
State sources	150,656	937,663	1,088,319
Federal sources	1,663,659	—	1,663,659
Total revenue	4,204,291	4,621,755	8,826,046
Expenditures			
Current			
Food service	4,129,395	—	4,129,395
Community service	—	4,418,517	4,418,517
Capital outlay	76,066	26,487	102,553
Total expenditures	4,205,461	4,445,004	8,650,465
Excess (deficiency) of revenue over expenditures	(1,170)	176,751	175,581
Other financing sources			
Transfers in	—	388,000	388,000
Net change in fund balances	(1,170)	564,751	563,581
Fund balances			
Beginning of year	271,267	306,939	578,206
End of year	\$ 270,097	\$ 871,690	\$ 1,141,787

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General Fund

The General Fund is used to account for all revenues and expenditures of the school district that are not accounted for elsewhere. Pupil Transportation and Capital Expenditures are included in this fund.

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2014	2013
Assets		
Cash and temporary investments	\$ 17,862,754	\$ 11,027,823
Cash and investments held by trustee	7,468,322	3,900,000
Receivables		
Current taxes	13,705,795	12,164,790
Delinquent taxes	416,215	537,389
Accounts and interest	51,879	33,475
Due from Post-Employment Benefits Trust Fund	11,814,598	–
Due from other governmental units	6,796,066	8,528,876
Prepaid items	188,940	1,255,743
Total assets	<u>\$ 58,304,569</u>	<u>\$ 37,448,096</u>
Liabilities		
Salaries payable	\$ 129,261	\$ 142,072
Accounts and contracts payable	2,587,808	2,386,809
Due to other governmental units	187,095	216,452
Due to Post-Employment Benefits Trust Fund	–	1,017,589
Unearned revenue	4,123,657	3,307,299
Total liabilities	<u>7,027,821</u>	<u>7,070,221</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	326,925	596,835
Property taxes levied for subsequent year	22,582,283	11,251,592
Total deferred inflows of resources	<u>22,909,208</u>	<u>11,848,427</u>
Fund balances (deficits)		
Nonspendable for prepaid items	188,940	1,255,743
Restricted for capital projects levy	343,294	–
Restricted for cooperative programs	–	42,733
Restricted for operating capital	447,267	980,222
Restricted for staff development	273,240	–
Assigned for Alternative Learning Center	69,570	71,750
Assigned for building carryover	475,213	407,187
Assigned for construction	2,114,763	3,000,000
Assigned for early recognition of operating levy	–	777,000
Assigned for scholarships	41,158	32,117
Assigned for severance	–	463,980
Assigned for student activities	283,180	299,175
Assigned for subsequent year's budget	6,000,000	3,400,000
Assigned for curriculum development	145,087	151,083
Assigned for third-party billing	169,976	291,395
Assigned for wellness program	39,102	62,000
Assigned for strategic priorities implementation	750,000	–
Assigned for secondary facilities	3,500,000	–
Assigned for contingency for self-funded insurance	2,000,000	–
Unassigned – health and safety restricted account deficit	(1,361,534)	(738,277)
Unassigned	12,888,284	8,033,340
Total fund balances	<u>28,367,540</u>	<u>18,529,448</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 58,304,569</u>	<u>\$ 37,448,096</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2014			2013
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 12,000,889	\$ 12,956,296	\$ 955,407	\$ 21,280,073
Investment earnings	15,150	20,131	4,981	21,332
Other	776,536	1,601,805	825,269	1,198,099
State sources	70,210,143	72,599,880	2,389,737	61,146,075
Federal sources	2,944,282	2,844,272	(100,010)	2,798,778
Total revenue	85,947,000	90,022,384	4,075,384	86,444,357
Expenditures				
Current				
Administration				
Salaries	2,900,694	3,098,410	197,716	2,834,886
Employee benefits	1,045,312	1,001,674	(43,638)	914,618
Purchased services	181,445	175,651	(5,794)	175,530
Supplies and materials	48,000	28,676	(19,324)	43,220
Other expenditures	41,000	56,041	15,041	47,728
Total administration	4,216,451	4,360,452	144,001	4,015,982
District support services				
Salaries	810,361	795,562	(14,799)	1,222,037
Employee benefits	375,571	289,785	(85,786)	448,275
Purchased services	465,150	466,211	1,061	394,825
Supplies and materials	72,750	59,936	(12,814)	49,803
Capital expenditures	—	5,250	5,250	39,665
Other expenditures	19,000	26,169	7,169	38,884
Total district support services	1,742,832	1,642,913	(99,919)	2,193,489
Elementary and secondary regular instruction				
Salaries	27,842,402	28,505,825	663,423	27,112,501
Employee benefits	10,253,022	9,880,518	(372,504)	9,249,202
Purchased services	1,777,694	2,235,811	458,117	1,947,541
Supplies and materials	1,248,397	1,087,560	(160,837)	1,086,106
Capital expenditures	325,373	171,693	(153,680)	214,181
Other expenditures	198,050	19,965	(178,085)	19,767
Total elementary and secondary regular instruction	41,644,938	41,901,372	256,434	39,629,298

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2014		Over (Under) Budget	2013
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	398,764	326,692	(72,072)	384,726
Employee benefits	184,587	136,542	(48,045)	158,238
Purchased services	285,000	340,954	55,954	248,100
Supplies and materials	25,342	22,922	(2,420)	25,502
Total vocational education instruction	893,693	827,110	(66,583)	816,566
Special education instruction				
Salaries	12,433,007	12,518,354	85,347	12,392,306
Employee benefits	4,807,347	5,156,238	348,891	4,969,267
Purchased services	710,299	641,929	(68,370)	807,543
Supplies and materials	71,435	203,240	131,805	158,633
Capital expenditures	41,000	81,677	40,677	78,900
Other expenditures	2,040	2,090	50	2,300
Total special education instruction	18,065,128	18,603,528	538,400	18,408,949
Instructional support services				
Salaries	3,339,709	3,381,605	41,896	2,801,304
Employee benefits	1,244,490	1,126,055	(118,435)	917,575
Purchased services	198,190	246,372	48,182	257,720
Supplies and materials	109,089	64,922	(44,167)	127,847
Capital expenditures	1,212,635	863,585	(349,050)	374,456
Other expenditures	1,000	190	(810)	35
Total instructional support services	6,105,113	5,682,729	(422,384)	4,478,937
Pupil support services				
Salaries	3,400,617	3,241,157	(159,460)	3,259,581
Employee benefits	1,288,424	1,146,492	(141,932)	1,164,244
Purchased services	2,608,000	2,747,879	139,879	2,303,302
Supplies and materials	821,238	669,284	(151,954)	828,678
Capital expenditures	10,000	403	(9,597)	419,496
Other expenditures	1,000	—	(1,000)	—
Total pupil support services	8,129,279	7,805,215	(324,064)	7,975,301

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2014			2013
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	2,866,039	2,941,905	75,866	2,955,365
Employee benefits	1,217,059	1,078,001	(139,058)	1,093,536
Purchased services	2,336,100	2,955,188	619,088	2,759,755
Supplies and materials	894,400	824,198	(70,202)	822,215
Capital expenditures	2,865,468	8,758,167	5,892,699	5,904,240
Other expenditures	2,500	2,185	(315)	4,399
Total sites and buildings	10,181,566	16,559,644	6,378,078	13,539,510
Fiscal and other fixed cost programs				
Purchased services	480,000	383,556	(96,444)	366,519
Debt service				
Principal	280,000	293,817	13,817	134,839
Interest and fiscal charges	105,000	142,506	37,506	16,077
Total debt service	385,000	436,323	51,323	150,916
Total expenditures	91,844,000	98,202,842	6,358,842	91,575,467
Excess (deficiency) of revenue over expenditures	(5,897,000)	(8,180,458)	(2,283,458)	(5,131,110)
Other financing sources (uses)				
Capital lease issued	—	8,000,000	8,000,000	3,900,000
Proceeds from sale of assets	2,000	630	(1,370)	9,850
Transfers (out)	(388,000)	(388,000)	—	(388,000)
Total other financing sources (uses)	(386,000)	7,612,630	7,998,630	3,521,850
Net change in fund balances	\$ (6,283,000)	(567,828)	\$ 5,715,172	(1,609,260)
Fund balances				
Beginning of year, as previously stated		18,529,448		20,138,708
Prior period adjustment		10,405,920		—
Beginning of year, as restated		28,935,368		20,138,708
End of year		\$ 28,367,540		\$ 18,529,448

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Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Food Service – This fund accounts for the operation of the district's food service program. The program includes activities for the purpose of the preparation of meals, providing snacks, and milk.

Community Service – This fund accounts for the financial activities of the Community Service Program. The program is comprised of three components: Community Service, Community Education, and Early Childhood Family Education.

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>2014</u>	<u>2013</u>
Assets		
Cash and temporary investments	\$ 315,489	\$ 346,449
Receivables		
Accounts and interest	11,006	1,355
Due from other governmental units	41,345	35,462
Inventory	56,170	78,652
Prepaid items	<u>12,989</u>	<u>12,759</u>
Total assets	<u><u>\$ 436,999</u></u>	<u><u>\$ 474,677</u></u>
Liabilities		
Salaries payable	\$ 7,413	\$ 3,785
Accounts and contracts payable	10,662	81,006
Due to other governmental units	34,760	16,912
Unearned revenue	<u>114,067</u>	<u>101,707</u>
Total liabilities	166,902	203,410
Fund balances		
Nonspendable for inventory	56,170	78,652
Nonspendable for prepaid items	12,989	12,759
Restricted for food service	<u>200,938</u>	<u>179,856</u>
Total fund balances	<u><u>270,097</u></u>	<u><u>271,267</u></u>
Total liabilities and fund balances	<u><u>\$ 436,999</u></u>	<u><u>\$ 474,677</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2014			2013
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 250	\$ 99	\$ (151)	\$ 80
Other – primarily meal sales	2,489,805	2,389,877	(99,928)	2,342,824
State sources	156,915	150,656	(6,259)	149,167
Federal sources	1,557,030	1,663,659	106,629	1,568,772
Total revenue	4,204,000	4,204,291	291	4,060,843
Expenditures				
Current				
Salaries	1,316,468	1,305,797	(10,671)	1,249,208
Employee benefits	390,505	369,666	(20,839)	341,629
Purchased services	315,985	440,787	124,802	413,756
Supplies and materials	2,121,292	2,009,007	(112,285)	1,975,875
Other expenditures	6,750	4,138	(2,612)	7,364
Capital outlay	53,000	76,066	23,066	110,289
Total expenditures	4,204,000	4,205,461	1,461	4,098,121
Net change in fund balances	\$ –	(1,170)	\$ (1,170)	(37,278)
Fund balances				
Beginning of year		271,267		308,545
End of year		\$ 270,097		\$ 271,267

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2014	2013
Assets		
Cash and temporary investments	\$ 1,389,406	\$ 363,895
Receivables		
Current taxes	610,650	595,220
Delinquent taxes	18,956	23,270
Accounts and interest receivable	7,370	5,510
Due from other governmental units	40,110	51,982
Prepaid items	5,405	2,267
Total assets	<u>\$ 2,071,897</u>	<u>\$ 1,042,144</u>
Liabilities		
Salaries payable	\$ 43,694	\$ 50,247
Accounts and contracts payable	33,614	99,788
Due to other governmental units	18,463	—
Total liabilities	<u>95,771</u>	<u>150,035</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	14,600	25,654
Property taxes levied for subsequent year	1,089,836	559,516
Total deferred inflows of resources	<u>1,104,436</u>	<u>585,170</u>
Fund balances		
Nonspendable for prepaid items	5,405	2,267
Restricted for community education	798,967	233,135
Restricted for early childhood family education	106,705	69,066
Restricted for school readiness	—	2,471
Restricted for community services	11,804	—
Unassigned – school readiness restricted account deficit	(51,191)	—
Total fund balances	<u>871,690</u>	<u>306,939</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,071,897</u>	<u>\$ 1,042,144</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2014			2013
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 540,935	\$ 559,095	\$ 18,160	\$ 1,104,680
Investment earnings	–	74	74	42
Other – primarily tuition and fees	2,585,592	3,124,923	539,331	3,649,837
State sources	914,473	937,663	23,190	342,954
Total revenue	4,041,000	4,621,755	580,755	5,097,513
Expenditures				
Current				
Salaries	2,567,932	2,637,645	69,713	3,334,643
Employee benefits	728,814	760,455	31,641	1,036,943
Purchased services	718,676	699,876	(18,800)	722,878
Supplies and materials	350,953	313,938	(37,015)	324,889
Other expenditures	7,625	6,603	(1,022)	7,501
Capital outlay	16,000	26,487	10,487	16,888
Total expenditures	4,390,000	4,445,004	55,004	5,443,742
Excess (deficiency) of revenue over expenditures	(349,000)	176,751	525,751	(346,229)
Other financing sources				
Transfers in	388,000	388,000	–	388,000
Net change in fund balances	\$ 39,000	564,751	\$ 525,751	41,771
Fund balances				
Beginning of year		306,939		265,168
End of year		\$ 871,690		\$ 306,939

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Building Construction

Building Construction Funds are used to account for resources used for the construction of major capital facilities authorized by bond issue.

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>2014</u>	<u>2013</u>
Assets		
Cash and temporary investments	\$ 278,236	\$ 2,647,272
Prepaid items	<u>6,693</u>	<u>6,693</u>
Total assets	<u><u>\$ 284,929</u></u>	<u><u>\$ 2,653,965</u></u>
Liabilities		
Salaries payable	\$ 2,903	\$ 4,697
Accounts and contracts payable	<u>19,911</u>	<u>371,078</u>
Total liabilities	<u>22,814</u>	<u>375,775</u>
Fund balances		
Nonspendable for prepaid items	6,693	6,693
Restricted for alternative facilities program	<u>255,422</u>	<u>2,271,497</u>
Total fund balances	<u><u>262,115</u></u>	<u><u>2,278,190</u></u>
Total liabilities and fund balances	<u><u>\$ 284,929</u></u>	<u><u>\$ 2,653,965</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue		
Local sources		
Investment earnings	\$ 1,586	\$ 4,333
Expenditures		
Capital outlay		
Salaries	175,926	200,611
Employee benefits	60,241	55,804
Purchased services	140,142	578,956
Capital expenditures	<u>1,641,352</u>	<u>3,524,934</u>
Total expenditures	<u>2,017,661</u>	<u>4,360,305</u>
Net change in fund balances	(2,016,075)	(4,355,972)
Fund balances		
Beginning of year	<u>2,278,190</u>	<u>6,634,162</u>
End of year	<u><u>\$ 262,115</u></u>	<u><u>\$ 2,278,190</u></u>

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Debt Service Funds

Debt Service Funds account for the accumulation of resources for and payment of principal and interest on general long-term debt.

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INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2014	2013
Assets				
Cash and temporary investments	\$ 4,037,047	\$ 2,825,962	\$ 6,863,009	\$ 7,009,142
Receivables				
Current taxes	2,748,324	3,170,926	5,919,250	6,402,802
Delinquent taxes	169,172	47,185	216,357	279,679
Due from other governmental units	85	26	111	251
Total assets	<u>\$ 6,954,628</u>	<u>\$ 6,044,099</u>	<u>\$ 12,998,727</u>	<u>\$ 13,691,874</u>
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	\$ 132,430	\$ 35,196	\$ 167,626	\$ 310,334
Property taxes levied for subsequent year	4,910,234	5,665,560	10,575,794	11,664,086
Total liabilities	<u>5,042,664</u>	<u>5,700,756</u>	<u>10,743,420</u>	<u>11,974,420</u>
Fund balances				
Restricted for general debt service	1,911,964	–	1,911,964	1,559,305
Restricted for OPEB bonds debt service	–	343,343	343,343	158,149
Total fund balances	<u>1,911,964</u>	<u>343,343</u>	<u>2,255,307</u>	<u>1,717,454</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,954,628</u>	<u>\$ 6,044,099</u>	<u>\$ 12,998,727</u>	<u>\$ 13,691,874</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

		2014		
		Regular	OPEB	
	Budget	Debt Service Account	Debt Service Account	Total
Revenue				
Local sources				
Property taxes	\$ 11,662,239	\$ 8,963,385	\$ 2,719,668	\$ 11,683,053
Investment earnings	761	1,131	356	1,487
State sources	—	848	258	1,106
Total revenue	11,663,000	8,965,364	2,720,282	11,685,646
Expenditures				
Debt service				
Principal	7,120,962	6,615,000	505,000	7,120,000
Interest	3,970,038	1,939,950	2,030,088	3,970,038
Fiscal charges and other	—	57,755	—	57,755
Total expenditures	11,091,000	8,612,705	2,535,088	11,147,793
Excess (deficiency) of revenue over expenditures	572,000	352,659	185,194	537,853
Other financing sources (uses)				
Bond retirement from escrow	—	—	—	—
Net change in fund balances	\$ 572,000	352,659	185,194	537,853
Fund balances				
Beginning of year		1,559,305	158,149	1,717,454
End of year		\$ 1,911,964	\$ 343,343	\$ 2,255,307

	2013
Over (Under) Budget	Actual
\$ 20,814	\$ 11,495,561
726	28,279
1,106	1,847
<u>22,646</u>	<u>11,525,687</u>
(962)	7,170,000
—	4,932,011
57,755	30,025
<u>56,793</u>	<u>12,132,036</u>
(34,147)	(606,349)
—	(26,190,000)
<u>\$ (34,147)</u>	<u>(26,796,349)</u>
	<u>28,513,803</u>
	<u>\$ 1,717,454</u>

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STATISTICAL SECTION

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III. STATISTICAL SECTION

This part of Independent School District No. 624, White Bear Lake Area Schools' (the District) comprehensive annual financial report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

	<u>Pages</u>
Contents	
Financial Trends	86
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	105
These schedules contain information to help the reader assess the District's most significant revenue source, including property tax revenue.	
Debt Capacity	116
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the	
Demographic and Economic Information	122
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Indicators	124
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides, and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the CAFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 624

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ (6,725,101)	\$ (2,700,781)	\$ 6,661,357	\$ 7,125,365
Restricted	3,113,322	2,709,960	3,730,712	4,844,296
Unrestricted	671,248	(583,567)	860,926	(4,588,167)
Total governmental activities net position	<u>\$ (2,940,531)</u>	<u>\$ (574,388)</u>	<u>\$ 11,252,995</u>	<u>\$ 7,381,494</u>

Note: The District implemented GASB Statement No. 45 in fiscal 2009. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by approximately \$14.9 million.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,990,543	\$ (197,985)	\$ 453,384	\$ 1,630,228	\$ 2,130,306	\$ 5,813,967
4,379,938	4,732,401	4,221,609	2,601,876	1,132,318	3,061,846
<u>15,851,351</u>	<u>17,652,050</u>	<u>19,501,829</u>	<u>20,515,031</u>	<u>21,045,132</u>	<u>29,521,587</u>
<u>\$ 23,221,832</u>	<u>\$ 22,186,466</u>	<u>\$ 24,176,822</u>	<u>\$ 24,747,135</u>	<u>\$ 24,307,756</u>	<u>\$ 38,397,400</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental activities				
Administration	\$ 3,544,993	\$ 3,790,959	\$ 3,723,705	\$ 3,226,653
District support services	1,326,436	1,661,436	1,373,226	1,455,973
Elementary and secondary regular instruction	35,262,242	35,648,880	34,232,855	41,338,905
Vocational education instruction	1,427,567	1,472,897	1,198,293	1,237,511
Special education instruction	15,351,514	16,027,671	16,393,259	15,841,498
Instructional support services	3,073,269	3,819,252	4,161,958	3,895,519
Pupil support services	5,263,540	6,186,000	6,012,661	6,178,368
Sites and buildings	10,191,167	9,872,947	8,964,347	12,020,290
Fiscal and other fixed cost programs	235,427	1,028	185	287,360
Food service	3,580,995	3,334,761	3,529,484	3,755,561
Community service	4,076,677	4,194,538	4,204,000	4,533,655
Depreciation not included in other functions	1,353,059	1,201,595	1,415,371	2,281,475
Interest and fiscal charges on debt	2,329,949	2,439,444	2,664,455	2,600,676
Total governmental activities expenses	87,016,835	89,651,408	87,873,799	98,653,444
Program revenues				
Governmental activities				
Charges for services				
Food service	2,447,356	2,433,141	2,518,458	2,506,300
Community service	2,293,986	2,529,330	2,730,995	2,871,348
All other	2,073,145	1,707,738	879,009	1,290,723
Operating grants and contributions	12,745,276	12,342,810	11,686,913	11,437,738
Capital grants and contributions	800,000	—	—	568,600
Total governmental activities program revenues	20,359,763	19,013,019	17,815,375	18,674,709
Net (expense) revenue	(66,657,072)	(70,638,389)	(70,058,424)	(79,978,735)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	9,480,027	8,728,387	10,027,931	9,759,457
Property taxes, levied for capital projects	4,269,972	5,549,371	3,092,622	3,369,672
Property taxes, levied for community service	1,395,157	1,309,956	1,008,607	1,026,606
Property taxes, levied for debt service	5,502,175	4,754,217	6,658,641	6,958,917
Unrestricted grants and contributions	49,378,230	51,359,725	53,962,102	52,717,417
Other general revenues	413,127	194,534	195,926	1,220,713
Investment earnings	1,102,957	1,108,432	2,056,400	1,054,452
Total general revenues and other changes in net position	71,541,645	73,004,622	77,002,229	76,107,234
Change in net position	\$ 4,884,573	\$ 2,366,233	\$ 6,943,805	\$ (3,871,501)

2009	2010	2011	2012	2013	2014
\$ 3,655,539	\$ 3,869,087	\$ 3,991,594	\$ 4,029,515	\$ 4,089,720	\$ 4,437,389
2,284,283	2,720,495	2,747,634	2,243,148	2,365,545	1,788,239
37,011,943	35,724,272	37,532,300	38,815,035	39,527,587	42,224,883
1,095,872	1,206,851	906,963	923,529	816,566	827,110
16,898,282	18,204,071	18,000,216	17,311,207	18,619,906	18,836,586
4,232,013	4,130,759	4,130,540	4,857,506	4,475,571	6,108,809
6,577,236	7,077,329	7,098,605	7,538,799	7,975,301	7,805,215
15,417,599	14,733,080	12,389,819	12,188,020	13,991,384	9,853,039
317,223	323,309	396,113	336,468	366,519	383,556
3,893,101	3,998,768	4,118,542	4,007,239	3,939,335	4,141,595
4,851,414	4,681,407	4,854,351	5,294,255	5,294,575	4,446,087
2,315,905	2,256,769	2,223,641	2,200,859	2,077,872	2,083,157
3,815,164	5,324,820	4,548,253	4,297,853	4,380,407	3,596,704
102,365,574	104,251,017	102,938,571	104,043,433	107,920,288	106,532,369
2,526,722	2,501,718	2,361,396	2,371,288	2,342,824	2,389,877
2,898,030	2,839,310	3,033,168	3,535,129	3,649,837	3,124,923
986,912	890,699	774,062	733,792	799,849	704,208
12,381,894	14,759,126	13,598,280	12,739,695	13,773,555	14,830,987
960,279	337,507	318,720	383,367	512,391	624,834
19,753,837	21,328,360	20,085,626	19,763,271	21,078,456	21,674,829
(82,611,737)	(82,922,657)	(82,852,945)	(84,280,162)	(86,841,832)	(84,857,540)
17,021,057	15,078,382	24,295,624	17,775,348	18,659,789	19,064,752
3,166,276	2,862,033	3,870,514	2,920,342	1,111,426	2,672,002
857,799	726,887	1,208,043	796,039	2,765,087	1,074,426
6,823,354	10,051,500	10,142,769	10,432,599	11,578,651	11,540,345
53,053,991	52,269,656	44,580,093	51,474,590	51,989,567	53,164,405
1,559,344	455,802	493,314	372,001	130,330	898,484
1,008,590	443,031	252,944	129,556	167,603	126,850
83,490,411	81,887,291	84,843,301	83,900,475	86,402,453	88,541,264
\$ 878,674	\$ (1,035,366)	\$ 1,990,356	\$ (379,687)	\$ (439,379)	\$ 3,683,724

INDEPENDENT SCHOOL DISTRICT NO. 624

Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Local sources				
Taxes	\$ 20,687,744	\$ 14,609,917	\$ 20,693,863	\$ 21,108,207
Investment earnings	1,102,957	970,729	1,941,934	935,800
Other	7,659,158	6,864,197	7,483,450	7,889,084
State sources	58,921,506	65,989,699	61,009,375	61,026,716
Federal sources	3,202,000	3,497,967	3,480,578	3,697,039
Total revenues	<u>91,573,365</u>	<u>91,932,509</u>	<u>94,609,200</u>	<u>94,656,846</u>
Expenditures				
Current				
Administration	3,555,042	3,790,959	3,723,705	3,226,653
District support services	1,362,527	1,661,436	1,373,226	1,455,973
Elementary and secondary regular instruction	38,151,421	35,754,400	35,027,130	37,013,269
Vocational education instruction	1,427,567	1,472,897	1,198,293	1,237,511
Special education instruction	15,351,514	16,036,294	16,395,955	15,848,126
Instructional support services	3,442,075	4,008,601	4,422,830	4,100,888
Pupil support services	5,263,540	6,186,000	6,012,661	6,141,130
Sites and buildings	8,324,940	11,797,397	8,315,877	7,625,209
Fiscal and other fixed cost programs	235,427	1,028	185	287,360
Food service	3,514,801	3,322,640	3,694,337	3,859,568
Community service	3,985,972	4,189,143	4,232,322	4,514,967
Capital outlay	6,164,454	17,408,688	13,154,382	5,906,549
Debt service				
Principal	3,161,260	2,760,290	5,006,013	4,312,990
Interest and fiscal charges	2,830,075	2,723,031	2,611,157	2,825,728
Total expenditures	<u>96,770,615</u>	<u>111,112,804</u>	<u>105,168,073</u>	<u>98,355,921</u>
Excess of revenues over (under) expenditures	(5,197,250)	(19,180,295)	(10,558,873)	(3,699,075)
Other financing sources (uses)				
Debt issued	—	750,000	16,500,000	—
Premium on bonds issued	—	—	306,064	—
Payments to refunded bond escrow agent	—	(4,920,000)	—	—
Capital lease issued	—	—	—	—
Sales of capital assets	—	546	—	—
Transfers in	—	—	388,000	388,000
Transfers out	—	—	(388,000)	(388,000)
Total other financing sources (uses)	<u>—</u>	<u>(4,169,454)</u>	<u>16,806,064</u>	<u>—</u>
Net change in fund balances	<u>\$ (5,197,250)</u>	<u>\$ (23,349,749)</u>	<u>\$ 6,247,191</u>	<u>\$ (3,699,075)</u>
Debt service as a percentage of noncapital expenditures	<u>6.6%</u>	<u>5.9%</u>	<u>8.3%</u>	<u>7.4%</u>

2009	2010	2011	2012	2013	2014
\$ 27,739,145	\$ 28,793,384	\$ 39,311,179	\$ 31,960,613	\$ 33,880,314	\$ 25,198,444
904,642	338,787	139,727	16,764	54,066	23,377
7,981,803	6,687,518	6,535,743	6,928,698	7,190,760	7,116,605
62,243,574	56,950,518	51,925,403	59,575,217	61,640,043	73,689,305
4,152,590	10,415,771	6,571,690	5,105,947	4,367,550	4,507,931
103,021,754	103,185,978	104,483,742	103,587,239	107,132,733	110,535,662
6,581,893	3,961,733	4,114,888	3,958,852	4,015,982	4,360,452
6,756,813	2,859,464	2,994,223	2,078,268	2,193,489	1,642,913
63,272,104	36,292,516	38,006,664	38,650,289	39,629,298	41,901,372
1,095,872	1,206,851	906,963	923,529	816,566	827,110
19,143,021	18,293,722	18,282,576	17,125,287	18,408,949	18,603,528
4,524,313	4,446,241	4,384,509	4,913,086	4,478,937	5,682,729
6,725,822	7,077,329	7,098,605	7,538,799	7,975,301	7,805,215
10,983,768	8,904,920	9,212,513	9,049,142	13,539,510	16,559,644
317,223	323,309	396,113	336,468	366,519	383,556
5,204,769	3,963,573	4,081,257	3,975,684	3,987,832	4,129,395
4,915,475	4,674,940	4,822,387	5,272,053	5,426,854	4,418,517
7,861,994	5,950,148	3,449,120	3,288,376	4,487,482	2,120,214
4,810,674	5,393,762	6,152,276	6,721,237	7,304,839	7,413,817
2,786,535	5,777,779	4,798,391	4,709,258	4,978,113	4,170,299
144,980,276	109,126,287	108,700,485	108,540,328	117,609,671	120,018,761
(41,958,522)	(5,940,309)	(4,216,743)	(4,953,089)	(10,476,938)	(9,483,099)
52,055,000	—	—	41,765,000	—	—
213,852	—	—	3,280,108	—	—
—	—	—	(9,070,000)	(26,190,000)	—
—	—	—	—	3,900,000	8,000,000
1,500	900	7,699	4,095	9,850	630
388,000	388,000	388,000	388,000	388,000	388,000
(388,000)	(388,000)	(388,000)	(388,000)	(388,000)	(388,000)
52,270,352	900	7,699	35,979,203	(22,280,150)	8,000,630
\$ 10,311,830	\$ (5,939,409)	\$ (4,209,044)	\$ 31,026,114	\$ (32,757,088)	\$ (1,482,469)
5.3%	10.3%	10.2%	10.6%	10.9%	10.4%

INDEPENDENT SCHOOL DISTRICT NO. 624

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Reserved	\$ 4,155,256	\$ 4,284,138	\$ 4,591,209	\$ 5,109,317
Unreserved	9,165,752	7,088,038	8,403,496	9,395,348
Nonspendable	—	—	—	—
Restricted	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total General Fund	<u>\$ 13,321,008</u>	<u>\$ 11,372,176</u>	<u>\$ 12,994,705</u>	<u>\$ 14,504,665</u>
All other governmental funds				
Reserved	\$ 5,941,457	\$ 833,341	\$ 7,836,835	\$ 3,156,924
Unreserved, reported in				
Special revenue funds	387,042	554,604	607,060	490,628
Capital Projects – Building				
Construction Fund	23,381,996	7,062,383	4,677,225	3,874,764
Debt Service Fund	1,491,025	1,350,275	1,304,145	1,693,914
Nonspendable	—	—	—	—
Restricted				
Special revenue funds	—	—	—	—
Capital Projects – Building				
Construction Fund	—	—	—	—
Debt service funds	—	—	—	—
Unassigned	—	—	—	—
Total all other governmental funds	<u>\$ 31,201,520</u>	<u>\$ 9,800,603</u>	<u>\$ 14,425,265</u>	<u>\$ 9,216,230</u>

Note: The District implemented GASB Statement No. 54 in fiscal 2011. This information is not available for years prior to fiscal 2010.

2009	2010	2011	2012	2013	2014
\$ 2,815,375	\$ —	\$ —	\$ —	\$ —	\$ —
17,106,342	—	—	—	—	—
—	479,163	586,628	219,984	1,255,743	188,940
—	3,120,086	3,148,469	2,106,435	1,022,955	1,063,801
—	6,474,495	7,818,797	6,697,066	8,955,687	15,588,049
—	10,551,796	8,882,644	11,115,223	7,295,063	11,526,750
<u>\$ 19,921,717</u>	<u>\$ 20,625,540</u>	<u>\$ 20,436,538</u>	<u>\$ 20,138,708</u>	<u>\$ 18,529,448</u>	<u>\$ 28,367,540</u>
\$ 11,024,081	\$ —	\$ —	\$ —	\$ —	\$ —
386,681	—	—	—	—	—
577,881	—	—	—	—	—
2,122,365	—	—	—	—	—
—	163,252	175,913	108,758	100,371	81,257
—	1,035,688	619,346	469,850	484,528	1,118,414
—	4,555,170	1,149,370	6,629,267	2,271,497	255,422
—	1,713,666	1,503,105	28,513,803	1,717,454	2,255,307
—	—	—	—	—	(51,191)
<u>\$ 14,111,008</u>	<u>\$ 7,467,776</u>	<u>\$ 3,447,734</u>	<u>\$ 35,721,678</u>	<u>\$ 4,573,850</u>	<u>\$ 3,659,209</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Revenue	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2005	\$ 13,862,753 18%	\$ 58,032,888 76%	\$ 2,286,419 3%	\$ 2,415,871 3%	\$ 76,597,931 100%
2006	8,982,623 12%	64,909,713 82%	2,504,857 3%	2,474,104 3%	78,871,297 100%
2007	13,069,286 17%	60,238,005 77%	2,360,414 3%	2,330,619 3%	77,998,324 100%
2008	13,142,533 17%	60,240,504 77%	2,531,168 3%	3,126,622 3%	79,040,827 100%
2009	20,074,307 23%	61,363,884 71%	2,899,536 3%	2,721,867 3%	87,059,594 100%
2010	18,025,185 21%	56,003,016 66%	8,973,137 11%	1,662,418 2%	84,663,756 100%
2011	28,052,711 33%	51,365,163 60%	5,112,324 6%	1,269,303 1%	85,799,501 100%
2012	20,720,513 25%	58,534,326 70%	3,624,916 4%	1,036,788 1%	83,916,543 100%
2013	21,280,073 25%	61,146,075 71%	2,798,778 3%	1,219,431 1%	86,444,357 100%
2014	12,956,296 14%	72,599,880 81%	2,844,272 3%	1,621,936 2%	90,022,384 100%

Note: The change in “tax shift” as approved in legislation impacted the amount of tax revenue recognized in fiscal years 2006, 2011, and 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund Expenditures by Program
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2005	\$ 3,555,042 5%	\$ 1,362,527 2%	\$ 38,151,421 49%	\$ 1,427,567 2%	\$ 15,351,514 20%
2006	3,790,959 5%	1,661,436 2%	35,754,400 44%	1,472,897 2%	16,036,294 20%
2007	3,723,705 5%	1,373,226 2%	35,027,130 45%	1,198,293 2%	16,395,955 21%
2008	3,226,652 4%	1,455,973 2%	37,013,268 48%	1,237,512 2%	15,848,126 21%
2009	6,581,893 5%	6,756,813 6%	63,272,104 53%	1,095,872 1%	19,143,021 16%
2010	3,961,733 5%	2,859,464 4%	36,292,516 43%	1,206,851 1%	18,293,722 22%
2011	4,114,888 5%	2,994,223 4%	38,006,664 44%	906,963 1%	18,282,576 21%
2012	3,958,852 5%	2,078,268 2%	38,650,289 45%	923,529 1%	17,125,287 20%
2013	4,015,982 4%	2,193,489 2%	39,629,298 43%	816,566 1%	18,408,949 20%
2014	4,360,452 4%	1,642,913 2%	41,901,372 43%	827,110 1%	18,603,528 19%

Note: In fiscal 2009, the expenditures included \$39,520,357 of employer contributions to the Post-Employment Benefits Trust Fund related to OPEB debt issuance.

<u>Instructional Support Services</u>	<u>Pupil Support Services</u>	<u>Sites and Buildings</u>	<u>Fiscal, Other Fixed Cost Programs, and Debt Service</u>	<u>Total</u>
\$ 3,442,075 4%	\$ 5,263,540 7%	\$ 8,324,940 11%	\$ 347,091 —	\$ 77,225,717 100%
4,008,601 5%	6,186,000 8%	11,797,397 14%	112,691 —	80,820,675 100%
4,422,830 6%	6,012,661 8%	8,315,877 11%	206,981 —	76,676,658 100%
4,100,888 5%	6,141,131 8%	7,625,209 10%	494,108 —	77,142,867 100%
4,524,313 4%	6,725,822 6%	10,983,768 9%	523,971 —	119,607,577 100%
4,446,241 5%	7,077,329 8%	8,904,920 11%	530,057 1%	83,572,833 100%
4,384,509 5%	7,098,605 8%	9,212,513 11%	602,861 1%	85,603,802 100%
4,913,086 6%	7,538,799 9%	9,049,142 11%	543,216 1%	84,780,468 100%
4,478,937 5%	7,975,301 9%	13,539,510 15%	517,435 1%	91,575,467 100%
5,682,729 6%	7,805,215 8%	16,559,644 16%	819,879 1%	98,202,843 100%

INDEPENDENT SCHOOL DISTRICT NO. 624

Summary of Revenues and Expenditures
for Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
General Fund	\$ 76,597,931	\$ 78,871,297	\$ 77,998,324	\$ 79,040,827
Special revenue funds				
Food Service	3,450,928	3,511,118	3,762,902	3,797,396
Community Service	4,073,648	4,104,247	4,050,703	4,401,215
Capital Projects – Building				
Construction Fund	1,504,026	317,676	1,793,278	95,669
Debt Service Fund	5,946,832	5,128,171	7,003,993	7,321,739
	<u>5,946,832</u>	<u>5,128,171</u>	<u>7,003,993</u>	<u>7,321,739</u>
Total revenues	<u>\$ 91,573,365</u>	<u>\$ 91,932,509</u>	<u>\$ 94,609,200</u>	<u>\$ 94,656,846</u>
Expenditures				
General Fund	\$ 77,225,717	\$ 80,820,675	\$ 76,676,658	\$ 77,142,867
Special revenue funds				
Food Service	3,514,801	3,322,640	3,694,337	3,859,568
Community Service	4,076,677	4,210,542	4,264,446	4,531,929
Capital Projects – Building				
Construction Fund	6,073,749	17,387,289	13,176,445	5,889,587
Debt Service Fund	5,879,671	5,371,658	7,356,187	6,931,970
	<u>5,879,671</u>	<u>5,371,658</u>	<u>7,356,187</u>	<u>6,931,970</u>
Total expenditures	<u>\$ 96,770,615</u>	<u>\$ 111,112,804</u>	<u>\$ 105,168,073</u>	<u>\$ 98,355,921</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 87,059,594	\$ 84,663,756	\$ 85,799,501	\$ 83,916,543	\$ 86,444,357	\$ 90,022,384
3,881,554	4,056,179	3,947,224	3,995,104	4,060,843	4,204,291
4,349,644	3,891,955	4,195,256	4,702,090	5,097,513	4,621,755
591,202	17,994	8,403	469	4,333	1,586
<u>7,139,760</u>	<u>10,556,094</u>	<u>10,533,358</u>	<u>10,973,033</u>	<u>11,525,687</u>	<u>11,685,646</u>
<u>\$ 103,021,754</u>	<u>\$ 103,185,978</u>	<u>\$ 104,483,742</u>	<u>\$ 103,587,239</u>	<u>\$ 107,132,733</u>	<u>\$ 110,535,662</u>
\$ 119,607,577	\$ 83,572,833	\$ 85,603,802	\$ 84,780,468	\$ 91,575,467	\$ 98,202,842
5,204,769	3,973,659	4,099,270	4,008,114	4,098,121	4,205,461
4,961,650	4,710,360	4,844,186	5,293,731	5,443,742	4,445,004
7,815,819	5,904,642	3,409,308	3,234,268	4,360,305	2,017,661
<u>7,390,461</u>	<u>10,964,793</u>	<u>10,743,919</u>	<u>11,223,747</u>	<u>12,132,036</u>	<u>11,147,793</u>
<u>\$ 144,980,276</u>	<u>\$ 109,126,287</u>	<u>\$ 108,700,485</u>	<u>\$ 108,540,328</u>	<u>\$ 117,609,671</u>	<u>\$ 120,018,761</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Cash and Investments by Fund
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
General Fund	\$ 4,890,346	\$ 8,861,012	\$ 11,814,401	\$ 17,653,772
Special revenue funds				
Food Service	175,952	317,746	481,841	428,768
Community Service	1,168,883	1,278,616	1,550,935	2,039,087
Capital Projects – Building Construction Fund	25,087,521	10,135,240	12,752,017	7,178,261
Debt Service Fund	8,456,160	3,794,794	4,379,659	5,895,578
Internal Service Fund	3,000,000	3,137,703	3,252,169	3,370,821
Post-Employment Benefits Trust Fund	–	–	–	–
Scholarship Private-Purpose Trust Fund	–	–	–	–
	<u>\$ 42,778,862</u>	<u>\$ 27,525,111</u>	<u>\$ 34,231,022</u>	<u>\$ 36,566,287</u>

Note: This table includes cash and investments held by trustee.

2009	2010	2011	2012	2013	2014
\$ 22,712,790	\$ 14,809,214	\$ 4,481,478	\$ 1,729,290	\$ 14,927,823	\$ 25,331,076
309,713	377,969	327,298	345,224	346,449	315,489
1,528,045	1,098,013	396,471	231,772	363,895	1,389,406
11,799,124	5,227,176	1,819,236	7,435,706	2,647,272	278,236
6,653,403	5,833,763	5,985,243	33,486,384	7,009,142	6,863,009
3,474,769	3,579,012	3,692,229	3,805,021	3,864,013	3,557,696
40,035,431	40,982,795	46,153,625	42,146,512	42,335,624	47,000,965
—	—	34,876	33,145	30,617	40,658
<u>\$ 86,513,275</u>	<u>\$ 71,907,942</u>	<u>\$ 62,890,456</u>	<u>\$ 89,213,054</u>	<u>\$ 71,524,835</u>	<u>\$ 84,776,535</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Expenditures per Student
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Expenditures per student (ADM) (1)				
General Fund				
District-level administration	270	301	299	270
School-level administration	342	359	363	358
Regular instruction	4,169	3,863	3,903	4,213
Career and technical instruction	162	169	138	145
Special education	1,732	1,840	1,889	1,861
Student activities/athletics	98	99	102	101
Instructional support services	320	390	433	403
Pupil support services	201	219	226	226
Operations, maintenance, and other	594	684	720	770
Student transportation	384	452	424	453
Other	—	—	—	N/A
Capital	532	948	531	371
Total General Fund expenditures per student	8,804	9,324	9,028	9,171
Food Service Fund	401	383	428	456

N/A – Not Available

(1) Average daily membership (ADM) is a measure of student attendance.

Source: Minnesota Department of Education

2009	2010	2011	2012	2013	2014
1,287	503	527	369	383	N/A
395	417	402	442	476	N/A
7,439	4,264	4,456	4,528	4,730	N/A
128	143	108	113	101	N/A
2,286	2,176	2,195	2,089	2,264	N/A
112	103	129	156	138	N/A
446	435	442	471	410	N/A
269	303	280	312	339	N/A
1,154	874	923	860	920	N/A
474	479	498	540	594	N/A
N/A	N/A	N/A	N/A	N/A	N/A
338	416	410	527	474	N/A
14,328	10,113	10,370	10,407	10,829	N/A
624	481	497	492	506	N/A

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INDEPENDENT SCHOOL DISTRICT NO. 624

Governmental Funds Tax Revenues by Source and Levy Type
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Debt Service Fund		
2005	\$ 13,862,753	\$ 1,386,196	\$ 5,438,795	\$	20,687,744
2006	8,982,623	867,317	4,759,977		14,609,917
2007	13,069,286	1,003,564	6,621,013		20,693,863
2008	13,142,533	1,023,117	6,942,557		21,108,207
2009	20,074,308	858,572	6,806,266		27,739,146
2010	18,025,185	731,821	10,036,378		28,793,384
2011	28,052,711	1,200,155	10,058,313		39,311,179
2012	20,720,513	797,823	10,442,277		31,960,613
2013	21,280,073	1,104,680	11,495,561		33,880,314
2014	12,956,296	559,095	11,683,053		25,198,444

Note: The change in “tax shift” as approved in legislation impacted the amount of tax revenue recognized in fiscal years 2006, 2011, 2014. Changes in the amount of revenue recognized due to the tax shift are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 624

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Agricultural Net Tax Capacity	Personal Property	Non-Agricultural Net Tax Capacity	Fiscal Disparities	
				Contribution Net Tax Capacity	Distribution Net Tax Capacity
2005	\$ 380,499	N/A	\$ 62,548,729	\$ (5,593,366)	\$ 5,229,610
2006	421,578	\$ 900,617	70,256,836	(6,048,417)	5,426,767
2007	498,617	948,628	78,790,254	(6,857,104)	5,973,731
2008	517,859	911,084	83,938,051	(7,582,337)	6,960,271
2009	506,941	910,389	84,190,451	(8,339,899)	8,201,481
2010	391,116	850,711	81,192,584	(8,644,482)	8,631,800
2011	360,106	927,025	76,341,618	(8,670,402)	8,539,233
2012	392,973	995,107	69,319,294	(8,175,134)	7,388,803
2013	395,373	1,062,162	64,295,867	(7,513,017)	7,115,720
2014	401,085	1,065,271	65,266,991	(7,389,456)	6,898,176

N/A – Not Available

Source: State of Minnesota School Tax Report

<u>Tax Increment Net Tax Capacity</u>	<u>Total Taxable Net Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Market Value</u>	<u>Percentage Tax Capacity to Market Value</u>
\$ (3,586,882)	\$ 58,978,590	0.20602	\$ 5,401,287,100	1.09 %
(3,765,312)	67,192,069	0.17785	6,136,221,775	1.09
(4,153,079)	75,201,047	0.16887	6,883,120,225	1.09
(4,303,661)	80,441,267	0.15422	7,268,550,075	1.11
(4,442,515)	81,026,848	0.19396	7,227,447,125	1.12
(4,414,231)	78,007,498	0.21772	6,910,433,800	1.13
(4,173,498)	73,324,082	0.22521	6,497,742,000	1.13
(3,467,832)	66,453,211	0.26102	6,236,751,100	1.07
(3,060,855)	62,295,250	0.28622	5,820,147,200	1.07
(3,005,643)	63,236,424	0.28562	5,914,824,800	1.07

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INDEPENDENT SCHOOL DISTRICT NO. 624

School Tax Levies,
Tax Rates (1), and Market Value Rates by Fund
Last Ten Fiscal Years

	<u>Year Collectible</u>	<u>General Fund (2)</u>	<u>Community Service Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total All Funds</u>
Levies					
	2005	\$ 14,822,118	\$ 965,528	\$ 5,053,984	\$ 20,841,630
	2006	13,163,599	1,058,181	7,037,924	21,259,704
	2007	13,149,773	1,101,418	7,347,978	21,599,169
	2008	20,707,725	901,005	7,218,143	28,826,873
	2009	18,380,639	762,499	10,541,211	29,684,349
	2010	19,883,063	839,601	10,736,261	31,458,925
	2011	21,679,347	849,309	11,195,932	33,724,588
	2012	21,716,706	971,539	11,687,568	34,375,813
	2013	22,158,396	1,083,251	11,664,086	34,905,733
	2014	24,489,875	1,089,836	10,575,794	36,155,505
Tax rates					
	2005	0.10557	0.01611	0.08434	0.20602
	2006	0.05888	0.01555	0.10342	0.17785
	2007	0.05702	0.01458	0.09727	0.16887
	2008	0.05411	0.01111	0.08900	0.15422
	2009	0.05150	0.00961	0.13285	0.19396
	2010	0.06751	0.01089	0.13932	0.21772
	2011	0.06029	0.01163	0.15329	0.22521
	2012	0.06757	0.01485	0.17859	0.26101
	2013	0.07956	0.01756	0.18910	0.28622
	2014	0.10119	0.01723	0.16720	0.28562
Market value for rates					
	2005	0.00141	—	—	0.00141
	2006	0.00136	—	—	0.00136
	2007	0.00116	—	—	0.00116
	2008	0.00213	—	—	0.00213
	2009	0.00174	—	—	0.00174
	2010	0.00191	—	—	0.00191
	2011	0.00242	—	—	0.00242
	2012	0.00248	—	—	0.00248
	2013	0.00264	—	—	0.00264
	2014	0.00272	—	—	0.00273

(1) Tax rates are expressed in terms of “net tax capacity.” A property’s tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

(2) A tax rate based on market value is used for a portion of the District’s referendum levy.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Property Tax Rates (1)
Last Ten Fiscal Years

For Taxes Collectible	ISD No. 624		Counties			Special Taxing Districts		
	Total Direct Tax Rate (2)	Market Value Rate	Ramsey County	Washington County	Anoka County	Ramsey County	Washington County	Anoka County
2005	20.602	0.141	49.210	28.599	30.764	5.857	4.342	5.940
2006	17.785	0.136	46.623	26.968	32.096	7.327	4.221	4.706
2007	16.887	0.116	44.943	25.673	32.391	6.515	3.530	3.767
2008	15.422	0.213	44.023	25.936	31.078	7.924	3.975	2.538
2009	19.396	0.174	46.546	26.371	32.078	7.297	3.896	4.066
2010	21.772	0.191	50.248	27.775	35.189	7.657	4.069	4.161
2011	22.521	0.242	54.678	29.772	39.952	8.251	4.389	4.639
2012	26.101	0.248	61.316	31.939	41.146	9.240	5.247	6.691
2013	28.622	0.264	65.240	34.225	44.411	9.954	3.164	6.940
2014	28.562	0.273	63.735	32.811	43.239	9.825	4.640	5.768

(1) Tax rates are expressed in terms of “net tax capacity.” A property’s tax capacity is determined by multiplying its taxable market value by a state-determined class rate. Class rates vary by property type and change periodically based on state legislation.

(2) Tax rates per \$100 of tax capacity.

Source: Anoka, Washington, and Ramsey counties

Municipalities					Average Total Rates by Area				
White Bear Lake	White Bear Township	Hugo	Lino Lakes	Vadnais Heights	White Bear Lake Resident	White Bear Township Resident	Hugo Resident	Vadnais Heights Resident	Lino Lakes Resident
20.947	19.287	33.205	42.223	20.388	96.757	95.097	86.889	96.198	99.670
18.575	17.939	35.826	41.398	18.995	90.446	89.810	84.936	90.866	96.121
17.706	17.072	35.144	38.994	18.174	86.167	85.533	81.350	86.635	92.155
16.524	16.491	34.941	38.967	18.159	84.106	84.073	80.487	85.741	88.218
15.302	16.926	34.443	38.733	19.051	88.714	90.338	84.280	92.463	94.447
16.591	17.584	34.274	37.905	23.163	96.459	97.452	88.081	103.031	99.218
17.705	20.760	34.236	42.041	24.771	103.397	106.452	91.160	110.463	109.395
19.940	23.767	36.498	42.894	27.840	116.845	120.672	100.033	124.745	117.080
21.496	25.246	36.512	46.774	29.051	125.576	129.326	102.787	133.131	127.011
21.102	24.014	36.417	46.683	29.269	123.497	126.409	102.703	131.664	124.525

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INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Xcel Energy	\$ 699,398	1	1.11 %	\$ 507,496	1	0.86 %
Presbyterian Homes	548,538	2	0.87	—	—	—
North Oaks Farm	354,488	3	0.56	—	—	—
White Bear Woods Apartments	350,138	4	0.55	—	—	—
Walmart	344,746	5	0.55	257,287	3	0.44
Maplewood 2007 LLC	280,036	6	0.44	—	—	—
Taylor Corporation	255,526	7	0.40	—	—	—
Trane Corporation	240,850	8	0.38	—	—	—
Specialty Manufacturing	239,802	9	0.38	—	—	—
Sam's Club	217,250	10	0.34	—	—	—
HB Fuller Co.	—	—	—	335,479	2	0.57
Thermoform Plastics	—	—	—	243,975	4	0.41
K-Mart Corporation	—	—	—	231,250	5	0.39
Chorus Corporation	—	—	—	222,964	6	0.38
CSM Investors, Inc.	—	—	—	221,670	7	0.38
Schwing America	—	—	—	210,247	8	0.36
Monmouth Capital Corp.	—	—	—	204,292	9	0.35
Vadnais Square, LLC	—	—	—	203,171	10	0.34
Total	<u>\$ 3,530,772</u>		<u>5.58 %</u>	<u>\$ 2,637,831</u>		<u>4.47 %</u>

Source: County Board of Equalization and Assessment

INDEPENDENT SCHOOL DISTRICT NO. 624

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy				Collections	
	Local Spread	Fiscal Disparities	Property Tax Credits (1)	Total Spread	First Year Levy Recognized Amount	Percentage of Levy
2005	\$ 18,000,117	\$ 2,109,102	\$ 732,411	\$ 20,841,630	N/A	N/A
2006	18,766,724	1,889,002	603,978	21,259,704	N/A	N/A
2007	19,184,423	1,875,452	539,294	21,599,169	\$ 21,276,974	98.5 %
2008	26,330,128	1,981,101	515,644	28,826,873	28,316,344	98.2
2009	25,960,895	2,994,280	729,174	29,684,349	29,230,585	98.5
2010	27,558,835	3,161,569	738,521	31,458,925	30,769,646	97.8
2011	29,468,908	3,480,987	774,693	33,724,588	33,239,387	98.6
2012	30,927,409	3,447,088	1,316	34,375,813	33,926,689	98.7
2013	31,178,677	3,724,356	2,700	34,905,733	34,553,389	99.0
2014	32,257,126	3,897,020	1,359	36,155,505	15,919,810	44.0

N/A – Not Available

- (1) A portion of the total spread levy is paid through various property tax credits which are paid through state aids.
- (2) Delinquent taxes receivable are written off after seven years.

Source: State of Minnesota School Tax Report

Received in Subsequent Years	Total to Date		Uncollected Taxes Receivable as of June 30, 2014					
	Amount	Percentage of Levy	Delinquent (2)		Current		Amount	Percent
			Amount	Percent	Amount	Percent		
\$ 20,841,630	\$ 20,841,630	100.0 %	\$	—	— %		—	— %
21,259,704	21,259,704	100.0		—	—		—	—
322,195	21,599,169	100.0		—	—		—	—
489,811	28,806,155	99.9		20,718	0.1		—	—
428,233	29,658,818	99.9		25,531	0.1		—	—
621,096	31,390,742	99.8		68,183	0.2		—	—
414,639	33,654,026	99.8		70,562	0.2		—	—
334,934	34,261,623	99.7		114,190	0.3		—	—
—	34,553,389	99.0		352,344	1.0		—	—
—	15,919,810	44.0		—	—		20,235,695	56.0
				\$ 651,528			\$ 20,235,695	

INDEPENDENT SCHOOL DISTRICT NO. 624

Ratio of Net Debt
to Net Tax Capacity and Market Value and Net
Debt per Capita and Legal Debt Margin
Last Ten Fiscal Years

Fiscal Year	Outstanding Bonded Debt	Other Debt	Premium (Discount) on Debt	Balance on Hand Value	Net Debt
2005	\$ 63,330,000	\$ 686,242	\$ 1,108,904	\$ 6,513,762	\$ 58,611,384
2006	55,735,000	1,350,952	899,937	1,350,275	56,635,614
2007	67,360,000	1,219,939	1,060,153	1,304,145	68,335,947
2008	63,195,000	1,071,949	904,739	1,693,914	63,477,774
2009	110,595,000	916,274	951,291	2,122,365	110,340,200
2010	105,365,000	752,513	780,030	1,713,666	105,183,877
2011	99,385,000	580,237	637,332	1,503,105	99,099,464
2012	125,540,000	399,000	3,519,477	28,513,803	100,944,674
2013	92,180,000	4,164,161	3,049,526	1,717,454	97,676,233
2014	85,060,000	11,870,344	2,635,931	2,255,307	97,310,968

Note: Balance on hand values are restricted for the repayment of debt principal based on Minnesota Statutes.

Source: State of Minnesota School Tax Report and Metropolitan Council

Net Tax Capacity	Percent of Net Debt to Tax Capacity Value	Market Value	Percent of Net Debt to Market Value	Estimated Population	Debt per Capita	Percent of Net Debt to Personal Income
\$ 58,978,590	99.38 %	\$ 5,401,287,100	1.09 %	64,207	913	2.02 %
67,192,069	84.29	6,136,221,775	0.92	65,843	860	1.86
75,201,048	90.87	6,883,120,255	0.99	66,103	1,034	2.04
80,441,267	78.91	7,268,550,075	0.87	66,192	959	2.00
81,026,848	136.18	7,227,447,125	1.53	66,192	1,667	3.72
78,007,498	134.84	6,910,433,800	1.52	66,200	1,589	3.48
73,324,082	135.15	6,497,742,000	1.53	47,533	2,085	4.19
66,453,211	151.90	6,236,751,100	1.62	48,144	2,097	4.14
62,295,250	156.80	5,820,147,200	1.68	48,332	2,021	3.87
63,236,424	153.88	5,914,824,800	1.65	48,449	2,009	3.75

INDEPENDENT SCHOOL DISTRICT NO. 624

Ratio of Annual Debt Expenditures
to General Fund Expenditures
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Other Charges</u>	<u>Total Debt Service Expenditures</u>	<u>Total General Fund Expenditures</u>	<u>Percent of Debt Service to General Fund Expenditures</u>
2005	\$ 3,090,597	\$ 2,789,074	\$ 5,879,671	\$ 77,225,717	7.61 %
2006	2,685,596	2,686,062	5,371,658	80,820,675	6.65
2007	5,006,013	2,611,157	7,617,170	76,676,658	9.93
2008	4,312,990	2,825,728	7,138,718	77,142,867	9.25
2009	4,810,674	2,786,535	7,597,209	119,607,577	6.35
2010	5,393,762	5,777,779	11,171,541	83,572,833	13.37
2011	6,152,276	4,798,391	10,950,667	85,603,802	12.79
2012	6,721,237	4,709,258	11,430,495	84,780,468	13.48
2013	7,304,839	4,978,113	12,282,952	91,575,467	13.41
2014	7,413,817	4,170,299	11,584,116	98,202,842	11.80

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Debt
as of June 30, 2014

	<u>General Obligation Debt</u>	<u>2014 Tax Capacity Value</u>	<u>Percent of Debt Applicable (1)</u>	<u>Amount of Debt Applicable</u>
Taxing unit				
Overlapping debt				
Counties				
Ramsey	\$ 204,482,000	\$ 444,175,623	14.24 %	\$ 29,111,707
Washington	139,195,000	258,453,000	4.89	6,811,447
Cities				
White Bear Lake	–	22,624,916	35.78	–
White Bear Township	4,637,158	11,796,862	18.66	865,070
Hugo	17,435,000	12,822,370	20.28	3,535,273
Special districts				
Metropolitan Council	<u>240,135,000</u>	<u>3,150,328,000</u>	2.01	<u>4,820,221</u>
Total overlapping debt	605,884,158	3,900,200,771		45,143,718
Direct debt				
ISD No. 624	<u>96,930,344</u>	<u>63,236,424</u>	100.00	<u>96,930,344</u>
Total direct and overlapping debt	<u>\$ 702,814,502</u>	<u>\$ 3,963,437,195</u>		<u>\$ 142,074,062</u>

(1) The percent overlap is based on the percentage of tax capacity of the individual entities in ISD No. 624.

Source: Anoka, Washington, and Ramsey counties

INDEPENDENT SCHOOL DISTRICT NO. 624

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Debt limit	\$ 810,193,065	\$ 920,433,266	\$ 1,032,468,038	\$ 1,090,282,511
Total net debt applicable to limit	<u>56,816,238</u>	<u>54,384,725</u>	<u>66,055,855</u>	<u>61,501,086</u>
Legal debt margin	<u>\$ 753,376,827</u>	<u>\$ 866,048,541</u>	<u>\$ 966,412,183</u>	<u>\$ 1,028,781,425</u>
Total net debt applicable to the limit as a percentage of debt limit	7.01%	5.91%	6.40%	5.64%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 15 percent of total market property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: State of Minnesota School Tax Report

2009	2010	2011	2012	2013	2014
\$ 1,084,117,069	\$ 1,036,565,070	\$ 974,661,300	\$ 935,512,665	\$ 873,022,080	\$ 887,223,720
108,472,635	103,651,334	97,881,895	97,109,281	90,462,546	82,794,693
<u>\$ 975,644,434</u>	<u>\$ 932,913,736</u>	<u>\$ 876,779,405</u>	<u>\$ 838,403,384</u>	<u>\$ 782,559,534</u>	<u>\$ 804,429,027</u>
10.01%	10.00%	10.04%	10.38%	10.36%	9.33%

Legal Debt Margin Calculation for Fiscal Year 2014

Market value	\$ 5,914,824,800
Debt limit (15% of market value)	887,223,720
Debt applicable to limit	
General obligation bonds	85,050,000
Less amount set aside for repayment of general obligation debt	<u>(2,255,307)</u>
Total net debt applicable to limit	<u>82,794,693</u>
Legal debt margin	<u>\$ 804,429,027</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Ramsey County Unemployment Rate (2)
2005	64,207	\$ 2,900,718,163	\$ 45,178	33.7	8,681	4.3 %
2006	65,843	3,048,994,435	46,307	33.7	8,529	3.7
2007	66,103	3,356,512,031	50,777	33.7	8,425	3.8
2008	66,192	3,168,015,312	47,861	33.7	8,232	5.4
2009	66,192	2,964,236,621	44,782	33.7	8,121	6.8
2010	66,200	3,022,427,200	45,656	33.7	8,020	7.1
2011	47,553	2,362,956,123	49,691	37.4	8,231	7.5
2012	48,144	2,439,398,707	50,669	37.4	8,005	6.4
2013	48,332	2,523,752,044	52,217	37.4	8,035	5.3
2014	48,449	2,596,381,910	53,590	37.4	8,056	4.7

Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Data sources:

- (1) Bureau of the Census/County Regional Planning Commission.
- (2) U.S. Department of Labor.
- (3) Minnesota Office of the State Demographer. The 2005–2009 figures are from the 2000 U.S. Census.
- (4) ISD No. 624.

INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Employers
Current Year and Nine Years Ago

Employer	2014		2005	
	Employees	Rank	Employees	Rank
ISD No. 624	1,147	1	1,150	1
Century College	1,000	2	503	3
Taymark	600	3	291	9
Wilson Tool International	450	4	470	4
Walmart	410	5	350	7
Cerenity Care Center	351	6	—	—
Super Target	300	7	—	—
Water Gremlin Co.	215	8	—	—
Lifetime Fitness	200	9	—	—
Festival Foods	175	10	—	—
IC Systems	—	—	626	2
Schwing America, Inc.	—	—	387	5
H.B. Fuller Company	—	—	376	6
The Trane Company	—	—	320	8
Tousley Ford	—	—	254	10
	<u>4,848</u>		<u>4,727</u>	

Note: This table includes the City of White Bear Lake, White Bear Township, and the City of Hugo.

Source: State Department of Commerce

INDEPENDENT SCHOOL DISTRICT NO. 624

Employees by Classification
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Board of Education	7	7	7	7
Administrators/principals	26	26	24	27
Supervisors/managers	11	11	10	11
Teachers	559	544	526	528
Support services	147	138	147	153
Paraprofessionals	174	168	148	145
Custodians	61	65	64	64
Food service	70	69	67	73
Extended day	43	36	38	30
Bus drivers	52	36	39	39
Total	1,150	1,100	1,070	1,077

Source: ISD No. 624

2009	2010	2011	2012	2013	2014
7	7	7	7	7	7
27	34	34	34	35	33
12	18	19	22	30	27
544	575	559	580	599	602
149	120	126	110	101	103
149	151	148	152	153	158
65	68	67	67	63	65
76	72	72	75	75	73
39	39	44	43	47	48
38	40	43	43	40	38
1,106	1,124	1,119	1,133	1,150	1,154

INDEPENDENT SCHOOL DISTRICT NO. 624

Teacher Data
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>Average Salary</u>	<u>Number of Teachers With</u>	
				<u>B.A. Degree</u>	<u>M.A. Degree</u>
2005	\$ 32,000	\$ 60,160	N/A	N/A	N/A
2006	32,630	62,000	N/A	241	382
2007	33,380	71,740	\$ 52,560	248	374
2008	34,081	72,505	53,293	176	388
2009	35,000	75,000	55,000	199	408
2010	35,000	76,035	55,518	198	395
2011	35,000	79,285	57,143	174	414
2012	36,850	80,925	58,888	167	413
2013	37,219	82,409	59,814	185	414
2014	38,391	84,628	61,510	199	392

N/A – Not Available

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Student to Staff Ratios
Last Ten Fiscal Years

Fiscal Year	ISD No. 624 Student to Teacher Ratios	Minnesota Department of Education Student to Staff Ratio		
		ISD No. 624	Ramsey County Average	State of Minnesota Average
2005	19.00	15.00	13.71	13.00
2006	19.00	16.00	13.71	13.00
2007	19.35	15.94	15.44	13.32
2008	19.99	16.45	15.23	13.53
2009	19.00	16.00	14.80	13.00
2010	18.00	15.00	14.80	13.00
2011	18.00	15.00	14.20	13.00
2012	18.00	14.00	14.20	14.00
2013	17.00	14.00	14.00	13.00
2014	N/A	N/A	N/A	N/A

N/A – Not Available

Source: Minnesota Department of Education

INDEPENDENT SCHOOL DISTRICT NO. 624

Operating Indicators by Function
Standardized Testing and Graduation Rates
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
Standardized Tests				
MCA Reading (1) (2)				
Grade 3	80.04 %	84.46 %	81.30 %	83.70 %
Grade 4	N/A	81.36	74.10	69.70
Grade 5	82.45	75.75	73.20	79.60
Grade 6	N/A	77.31	70.30	75.90
Grade 7	83.70	73.22	66.20	73.70
Grade 8	N/A	71.80	68.10	70.40
Grade 10	84.65	67.01	65.30	74.70
MCA Math (1)				
Grade 3	81.48	79.01	81.80	82.30
Grade 4	N/A	71.67	74.30	71.30
Grade 5	83.94	59.35	66.40	72.80
Grade 6	N/A	57.12	62.70	66.70
Grade 7	82.83	64.32	68.00	67.60
Grade 8	N/A	58.29	68.00	61.80
Grade 11	75.16	27.75	40.90	40.20
MCA Science (1)				
Grade 5	N/A	N/A	N/A	N/A
Grade 7	N/A	N/A	N/A	N/A
Grade 11	N/A	N/A	N/A	N/A
ACT				
Average composite score	21.80	21.70	22.20	22.40
Graduation data				
ISD No. 624 rate	N/A	99.68	99.66	99.00
Post-graduation				
4-year college/university	60.00	52.00	60.00	53.00
2-year college	25.00	25.00	28.00	12.00
Other	15.00	23.00	12.00	35.00

N/A – Not Available

(1) Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.

(2) New reading test in 2013 aligned with new standards.

Source: Minnesota Department of Education

2009	2010	2011	2012	2013	2014
82.90 %	78.30 %	82.60 %	83.70 %	60.80 %	66.00 %
77.50	77.20	78.90	80.60	59.60	60.00
71.50	76.60	87.40	82.20	68.90	73.60
76.10	70.70	76.30	78.70	63.90	64.60
67.90	72.10	68.90	78.30	60.80	59.90
73.40	73.60	73.60	72.70	64.60	66.90
78.10	78.80	76.00	78.80	66.80	59.70
83.40	87.50	75.61	84.60	76.60	80.40
76.80	85.80	75.56	81.00	77.20	74.40
63.40	75.80	65.33	69.10	66.90	62.60
64.60	66.00	48.26	61.60	57.10	61.80
66.60	69.30	50.17	60.80	60.40	58.00
67.70	63.10	59.36	66.00	68.20	70.40
45.70	53.50	65.00	51.80	62.10	68.00
N/A	49.90	57.50	64.00	69.00	63.80
N/A	63.20	51.50	52.00	57.50	58.10
N/A	62.20	58.60	56.00	60.60	56.20
22.40	23.40	22.90	22.80	23.10	23.40
99.00	99.00	99.00	96.80	99.00	99.00
59.00	59.00	58.00	58.00	62.00	60.00
33.00	33.00	35.00	35.00	27.00	25.00
8.00	8.00	7.00	7.00	11.00	15.00

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INDEPENDENT SCHOOL DISTRICT NO. 624

Food Service
School Lunch Program
Last Ten Fiscal Years

Fiscal Year	Daily Attendance (01–12)	Total Lunches Served	Days	Average Daily Participation (ADP)	Percent of ADP	Free Lunch		Reduced Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2005	7,500	909,184	172	5,145	68.60 %	164,738	18.12 %	62,929	6.92 %
2006	7,363	918,516	172	5,182	70.38	177,953	19.37	65,508	7.13
2007	7,439	907,612	172	5,160	69.36	198,865	21.91	65,654	7.23
2008	7,142	896,193	172	4,962	69.48	211,771	23.63	65,334	7.29
2009	7,145	928,595	172	5,052	70.71	205,731	22.16	80,742	8.70
2010	7,712	947,242	172	5,611	72.76	231,578	24.45	86,284	9.11
2011	7,011	905,516	172	5,023	71.64	237,912	26.27	93,224	10.30
2012	7,586	877,690	172	5,103	67.27	250,903	28.59	75,928	8.65
2013	7,382	831,414	172	4,834	65.48	246,535	29.65	80,519	9.68
2014	7,558	850,649	172	4,815	63.71	255,488	30.03	83,593	9.83

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

School Facilities
as of June 30, 2014

Facility	Usage	Constructed
White Bear Lake High School South Campus	School – office – classrooms	1971
White Bear Lake High School North Campus	School – office – classrooms	1963
Central Middle/District Center	School – office – classrooms	1918
Sunrise Park Middle	School – office – classrooms	1959
Oneka Elementary	School – office – classrooms	2006
Otter Lake Elementary	School – office – classrooms	1987
Vadnais Heights Elementary	School – office – classrooms	1950
Lincoln Elementary	School – office – classrooms	1952
Birch Lake Elementary	School – office – classrooms	1966
Matoska International	School – office – classrooms	1962
Lakeaires Elementary	School – office – classrooms	1960
Bellaire Elementary	School – office – classrooms	1956
Hugo Elementary	School – office – classrooms	1961
Willow Lane Elementary	School – office – classrooms	1965
Golfview – ALC	School – office – classrooms	1964
Transition Plus	School – office – classrooms	2005
Normandy Park Center	School – office – classrooms	1960
Hippodrome	Community education – classrooms	1928
Bus garage	Shops/storage	1954
Grounds department	Shops/storage	1997
Maintenance department	Shops/storage	1974

N/A – Not Applicable

Note: Design capacity calculated at 25 elementary students per kindergarten through Grade 6 classroom and 28 secondary students per classroom.

Source: ISD No. 624

Acres	Regular Classrooms	Square Feet	Capacity	2013–2014 Enrollment
57.04	53	289,953	1,484	1,144
39.98	58	280,906	1,624	1,157
25.00	48	266,386	1,344	1,007
25.30	49	126,979	1,372	805
44.00	22	119,955	840	556
20.00	33	104,739	825	588
16.75	25	68,921	625	390
11.00	26	59,928	650	367
10.00	26	61,781	650	257
10.00	23	59,127	575	532
9.00	23	72,469	575	384
10.00	24	55,433	600	–
9.70	17	58,801	425	320
13.00	23	72,223	575	402
12.00	19	46,872	475	123
–	4	7,258	50	24
1.00	11	31,389	275	–
1.00	1	22,295	N/A	–
–	–	3,899	N/A	–
–	–	3,160	N/A	–
–	–	3,317	N/A	–

INDEPENDENT SCHOOL DISTRICT NO. 624

Insurance Coverage
as of June 30, 2014

Type of Coverage	Amount of Coverage
Fire extended coverage/blanket real and personal property	\$370,283,366 on a replacement cost basis
Comprehensive general liability	\$1,000,000 personal injury liability and \$2,000,000 property damage
Boiler and machinery liability	\$75,000 blanket
Automobile	\$1,000,000 liability \$1,000,000 uninsured motorist
Workers' compensation	Statutory liability \$500,000 per employee
Faithful performance blanket bond	\$25,000 on all employees
School leaders errors and omissions	\$1,000,000 aggregate

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM)					Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2005	98	492	3,777	4,350	8,717	10,145
2006	104	501	3,679	4,326	8,610	10,021
2007	104	519	3,685	4,248	8,556	9,965
2008	99	536	3,588	4,157	8,380	9,750
2009	110	596	3,575	3,983	8,264	9,562
2010	114	504	3,630	3,925	8,173	9,498
2011	115	534	3,633	3,864	8,146	9,441
2012	115	560	3,639	3,747	8,061	9,305
2013	118	580	3,662	3,668	8,028	9,242
2014	113	626	3,732	3,612	8,082	9,272

Note 1: Student enrollment numbers are estimated for the most recent year presented.

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary 1-3	Elementary 4-6	Secondary
Fiscal 2005 through 2008	1.250	1.000	0.557	1.115	1.060	1.300
Fiscal 2009 through 2014	1.250	1.000	0.612	1.115	1.060	1.300

Source: Minnesota Department of Education student reporting system

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