

COMPREHENSIVE ANNUAL FINANCIAL REPORT



INDEPENDENT SCHOOL DISTRICT NO. 624

WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED JUNE 30, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA

4855 Bloom Avenue
White Bear Lake, MN 55110

Prepared by:
Business Office

Executive Director of Business Services
Peter Willcoxon, Sr.

Supervisor of Accounting
Mary Vaske

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Table of Contents

	Page
SECTION I – INTRODUCTORY SECTION	
Letter of Transmittal	i–vi
Organizational Chart	vii
Principal Officials	viii
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers’ Association	ix
Certificate of Excellence in Financial Reporting – Association of School Business Officials	x
SECTION II – FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1–3
MANAGEMENT’S DISCUSSION AND ANALYSIS	5–14
BASIC FINANCIAL STATEMENTS	15
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Governmental Funds	
Balance Sheet	18–19
Reconciliation of the Balance Sheet to the Statement of Net Position	21
Statement of Revenue, Expenditures, and Changes in Fund Balances	22–23
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	25
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	27
Proprietary Funds	
Internal Service Funds	
Statement of Net Position	28
Statement of Revenue, Expenses, and Changes in Fund Net Position	29
Statement of Cash Flows	31
Fiduciary Funds	
Statement of Fiduciary Net Position	32
Statement of Changes in Fiduciary Net Position	32
Notes to Basic Financial Statements	33–55
REQUIRED SUPPLEMENTARY INFORMATION	57
Other Post-Employment Benefits Plan	
Schedule of Funding Progress	58
Schedule of Employer Contributions	58

Table of Contents (continued)

	Page
SUPPLEMENTAL INFORMATION	59
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	60
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	61
General Fund	63
Comparative Balance Sheet	64
Schedule of Revenue, Expenditures, and Changes in Fund Balances –	
Budget and Actual	65–67
Special Revenue Funds	69
Food Service Special Revenue Fund	
Comparative Balance Sheet	70
Schedule of Revenue, Expenditures, and Changes in Fund Balances –	
Budget and Actual	71
Community Service Special Revenue Fund	
Comparative Balance Sheet	72
Schedule of Revenue, Expenditures, and Changes in Fund Balances –	
Budget and Actual	73
Capital Projects – Building Construction Fund	75
Comparative Balance Sheet	76
Schedule of Revenue, Expenditures, and Changes in Fund Balances	77
Debt Service Fund	79
Balance Sheet by Account	81
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account –	
Budget and Actual	82–83
SECTION III – STATISTICAL SECTION	85
Net Assets by Component	86–87
Changes in Net Position	88–89
Changes in Fund Balances of Governmental Funds	90–91
Fund Balances of Governmental Funds	92–93
General Fund Revenue by Source	95
General Fund Expenditures by Program	96–97
Summary of Revenues and Expenditures	98–99
Cash and Investments by Fund	100–101
Expenditures per Student	102–103
Governmental Funds Tax Revenues by Source and Levy Type	105
Tax Capacities and Market Values	106–107
School Tax Levies, Tax Rates, and Market Value Rates by Fund	109
Direct and Overlapping Property Tax Rates	110–111
Principal Property Taxpayers	113
Property Tax Levies and Receivables	114–115

Table of Contents (continued)

	Page
SECTION III – STATISTICAL SECTION (CONTINUED)	
Ratio of Net Debt to Net Tax Capacity and Market Value and Net Debt per Capita and Legal Debt Margin	116–117
Ratio of Annual Debt Expenditures to General Fund Expenditures	118
Direct and Overlapping Debt	119
Legal Debt Margin Information	120–121
Demographic and Economic Statistics	122
Principal Employers	123
Employees by Classification	124–125
Teacher Data	126
Student to Staff Ratios	127
Operating Indicators by Function – Standardized Testing and Graduation Rates	128–129
Food Service – School Lunch Program	131
School Facilities	132–133
Insurance Coverage	134
Student Enrollment	135

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INTRODUCTORY SECTION



White Bear Lake Area Public Schools

Independent School District 624

Peter Willcoxon Sr.
Executive Director of Business Services

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

October 31, 2013

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, 2013 is submitted herewith. The audit was completed on October 31, 2013 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 Nonprofit 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.

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 8,000 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 2012–2013, the District operated 21 buildings. A list of school facilities at June 30, 2013 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 is to provide a high-quality educational experience for all learners. To accomplish our mission we believe that a high-quality educational experience must:

- be in partnership with the community;
- take place in a safe, supportive, and challenging environment;
- develop lifelong learners;
- allow each learner to reach their full potential; and
- encourage each learner to be a contributing member of a global society.

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.

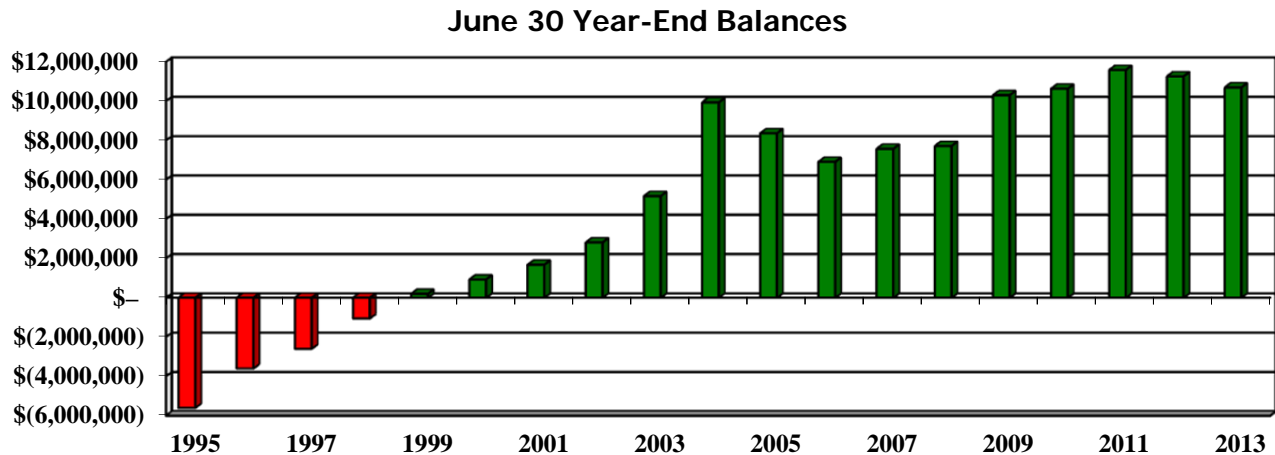
Economic Conditions

The District has approximately 48,000 residents. The various communities that comprise the District are diverse and independent. They range from partially developed to nearly fully developed. Following the nation-wide trend, the market value of property within the District has declined over the past four years to a current estimated value of about \$5.8 billion.

The communities are all committed to careful planning and thoughtful community renewal. Economic conditions remain relatively stable.

Current Financial Conditions

As of June 30, 1995, the District was \$5.6 million in deficit and was required by the state to file a financial plan for removing itself from statutory operating debt (SOD). Since that time, the District has consistently improved its financial position. As of June 30, 1998, the District moved out of SOD. As of June 30, 1999, the District's combined operating funds moved out of deficit. As of this audit, the District continues to maintain a reasonable fund balance at a similar level to the Minnesota state-wide average. The chart below shows the unassigned General Fund balances as of June 30:



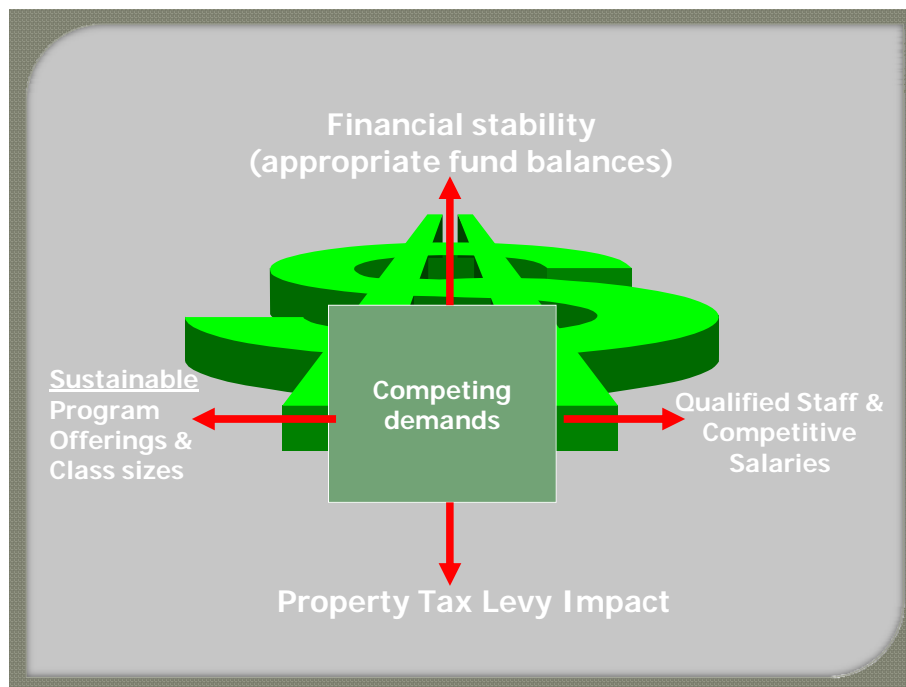
Adequate fund balances are even more critical during these difficult financial times. For example, in order to mitigate its cash flow problems, the state of Minnesota has twice, over the past two years, postponed aid payments to school districts. Without a sufficient fund balance, the District would need to borrow funds to meet its obligations. By doing this, the District would incur interest expenses which could take money away from student learning.

Another major factor contributing to the District's current positive financial condition is legislation that was passed in 2008. This legislation, commonly referred to as other post-employment benefits bonding, allowed a school district to sell general obligation bonds to fund its projected cost of this post-retirement liability. The projected liability must have been determined through an independent actuarial study. That process was completed during the summer of 2008 and the District's liability was established at \$37.5 million. In October 2008, with this authority granted by the Governor and the Legislature, and having just received an AA rating from Standard & Poor's, bonds were sold. The bond proceeds were placed in an irrevocable trust, meaning that the monies can only be used for this specific purpose. As a result of this process, the District has been able to improve program offerings to its students and reduce targeted area class sizes. The AA bond rating from Standard & Poor's was affirmed in February 2012.

Financial Future of the District

The District was successful in conducting a levy renewal referendum in November 2011, with over 73 percent of the voters casting support. The referendum will be in place through the 2018–2019 school year. Coupled with the level fund balance maintained during the 2012–2013 school year, the District hopes that these two factors will allow it to continue to improve program offerings and reduce class sizes, in order to attract new families into the community.

However, because of inaction by the Legislature and the Governor, the state continues to under-fund schools. Over the past two decades, the state has increased funding by about 1.5 percent while inflation has increased almost 3 percent. Because of this, the District has been very proactive with its budgeting. Over the past three years, budget adjustments, made primarily outside the classroom, total over \$2 million. These adjustments have allowed the District to maintain the class size improvements previously made. The District must continue to balance limited resources against four very strong demands.



This diagram shows the four very strong demands that enter into the District's annual financial decisions. *Class size and program offerings* require a major commitment of financial resources. They also are a major factor in attracting prospective homebuyers to the community. The District tries to maintain class sizes near the metro average. With teacher and administrator shortages in many key areas, *competitive salaries* are a necessity to attract and retain quality teachers and administrators. In many cases, it is increasingly more critical to look not only at public sector salaries, but also to factor in the private sector impact. The District needs to maintain its *financial stability*. This reduces the need for short-term borrowing which creates an interest expense, but more significantly, it creates a more positive attitude from the 75 percent of households that do not have children in public schools. Finally, the District must adequately manage its *annual property tax levy*, taking into account the needs of the students and the community's ability to absorb increases in the District's levy.

The District has had a Finance Committee in place for over 15 years. The committee is comprised of three Board of Education members, four community members (each with a specific expertise), the Superintendent, and the Executive Director of Business Services who serves as the District's Chief Financial Officer.

All financial matters pass through this committee. The committee develops recommendations on matters that come before them and pass that on to the Board of Education. The recommendations of this committee weigh heavily in the financial decision making process of the Board of Education.

Financial Reporting Awards

For the thirteenth 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. District staff has worked very hard to achieve this accomplishment. The Board of Education is very proud to have received these awards, as they believe it shows the community, financial institutions, and the general public that the District is continuing to demonstrate good financial management.

Major Factors Impacting Revenue Growth

The limited financial resources are caused by three major issues: insufficient increases in educational funding from the State Legislature, the impact of declining enrollment, and the need to continue local referenda.

Over the past 10 years, state increases in funding have been less than one-half of the cost of living increases for the same period. In its most recent budget, the state did increase the general education formula by 1.5 percent in each of the next two years.

As is the case with most school districts across Minnesota and the nation, declining enrollment has negatively impacted our district over the past decade. That is because a district cannot recover costs as quickly as they lost revenues. Beginning in 2014, enrollment projections indicate a leveling off of student enrollment at about 8,000 (600 students per grade level).

Finally, the community has been very supportive of its schools. As indicated earlier, the community again showed its confidence in the District by approving an operating levy renewal in November 2011 that maintains increased local funding of almost \$14 million.

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.

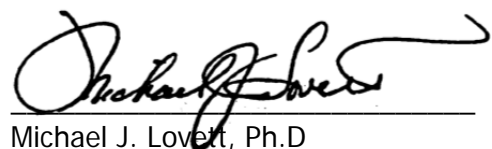
Independent Audit – Minnesota Statutes and the District's adopted policy require an annual audit of the books of accounts, financial records, and transactions of all funds of the District. The audit is done by independent certified public accountants selected by the District's Board of Education. This 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 most 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, 2013.

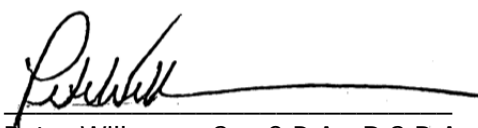
The preparation of this report on a timely basis could not be accomplished without the efforts of Mary Vaske, our District Controller, and the dedicated members of the Business Office who assisted in the closing of the District's financial records and the preparation of this report.

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,

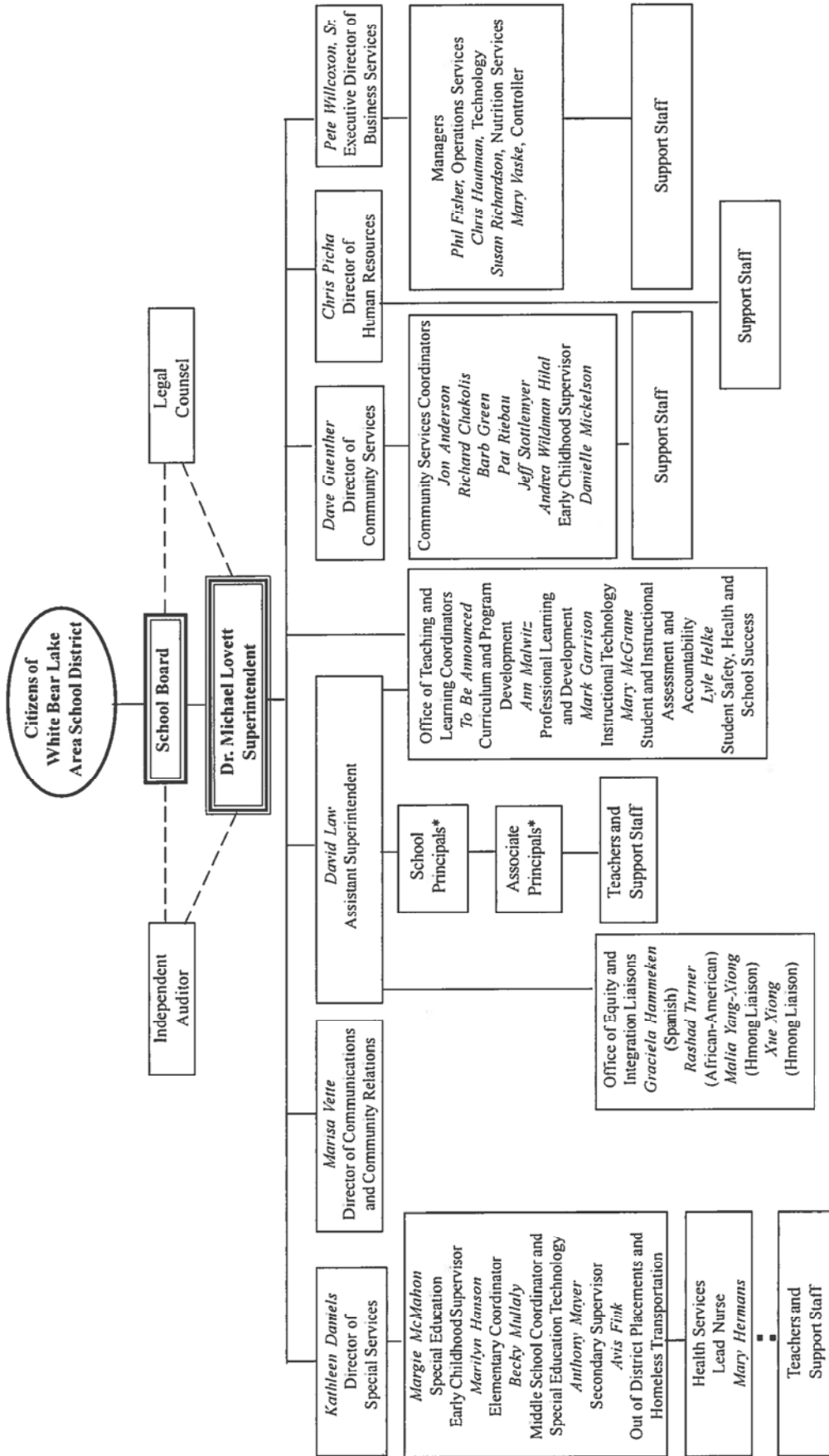


Michael J. Lovett, Ph.D.
Superintendent of Schools



Peter Willcoxon Sr., C.P.A., R.S.B.A.
Executive Director of Business Services

WHITE BEAR LAKE AREA SCHOOL DISTRICT 2012-13 ORGANIZATIONAL CHART



*School Principals, Associate Principals, and Assistant Principals

Elementary Schools	Middle Schools	White Bear Lake Area High School
Birch Lake Elem. - <i>Timur Yamdoverbeke</i> , Principal	Central Middle School - <i>Noel Schmidt</i> , Principal	North Campus - <i>Donald Bosch</i> , Principal
Hugo/Oneka Elem. - <i>Teressa Duhlem</i> , Principal	Bob Brewer Associate Principal	Dion Harriman, Associate Principal
Jason Healy, Associate Principal	Sunrise Park Middle School - <i>Robert McDowell</i> , Principal	Kayleen Baskin, Assistant Principal
Lakeaires Elem. - <i>Cary Krausmark</i> , Principal	<i>Carrie Barth</i> , Associate Principal	South Campus - <i>Tim Wald</i> , Principal
Lincoln Elem. - <i>Dan Schmidt</i> , Principal		Brian Leonard, Associate Principal
Otter Lake Elem. - <i>Max DeRaad</i> , Principal		Christina Pierre, Associate Principal
Matoska International - <i>John Leininger</i> , Principal		Area Learning Center - <i>Gretchen Harriman</i> , Lead Administrator
Vadnais Heights Elem. - <i>Sara Svir</i> , Principal		Students: Activities Director 9-12 - <i>Tim Hermann</i>
Willow Lane Elem. - <i>Brendon Schwirtz</i> , Principal		

INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Officials
as of June 30, 2013

BOARD OF EDUCATION

	<u>Term Expires</u>	<u>Position</u>
Janet Newberg	December 31, 2013	Chairperson
Christian Hiniker	December 31, 2015	Vice Chairperson
George Kimball	December 31, 2013	Treasurer
Cathy Storey	December 31, 2015	Clerk
Kim Chapman	December 31, 2013	Member
Robert Shevik	December 31, 2013	Member
Lori Swanson	December 31, 2015	Member

ADMINISTRATION OFFICIALS

Michael J. Lovett, Ph.D.	Superintendent of Schools
Peter Willcoxon, Sr., C.P.A., R.S.B.A.	Executive Director of Business Services
Kathleen Daniels	Director of Special Services
David Law	Assistant Superintendent
David Guenther	Director of Community Services
Marisa Vette	Director of Communications and Community Relations
Christina Picha	Director of Human Resources

SCHOOL ADMINISTRATORS

Sara Svir	Vadnais Heights Elementary School
Tamera VanOverbeke	Birch Lake Elementary School
Teresa Dahlem	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
Margaret McMahon/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, 2012



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, 2012*

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



Ron McCulley, CPPB, RSBO
President

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year partial comparative information presented has been derived from the District's financial statements for the year ended June 30, 2012 and, in our report dated December 3, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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.

(continued)

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position and cash flows thereof, where applicable, and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1 of the notes to basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

The financial statements include prior year partial comparative information, which does not include all of the information required in 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, 2012, from which it was derived.

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 GASB, 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 inquires 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.

(continued)

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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

The introductory section and statistical section 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.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our financial reporting and compliance.

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

Minneapolis, Minnesota
October 31, 2013

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INDEPENDENT SCHOOL DISTRICT NO. 624

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

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, 2013. 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 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, 2013 and 2012		
	2013	2012
Assets		
Current and other assets	\$ 99,572,450	\$ 129,275,478
Capital assets, net of depreciation	59,686,247	57,875,702
Total assets	<u>\$ 159,258,697</u>	<u>\$ 187,151,180</u>
Liabilities		
Current and other liabilities	\$ 9,547,409	\$ 6,664,289
Long-term liabilities, including due within one year	101,928,338	132,464,975
Total liabilities	<u>\$ 111,475,747</u>	<u>\$ 139,129,264</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	<u>\$ 23,475,194</u>	<u>\$ 23,274,781</u>
Net position		
Net investment in capital assets	\$ 2,130,306	\$ 1,630,228
Restricted	1,132,318	2,601,876
Unrestricted	21,045,132	20,515,031
Total net position	<u>\$ 24,307,756</u>	<u>\$ 24,747,135</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.

Total net position decreased by approximately \$439,379, which reflects the current year operating results. As presented in the table above, although the overall unrestricted net position increased from the prior year by \$530,101, the amount restricted decreased by nearly \$1.5 million. A significant portion of the decrease is due to the increase in health and safety costs which will be levied for in subsequent years and a significant spend down of operating capital funds.

The significant decrease in the current assets and long-term liabilities is the result of the District issuing crossover refunding bonds. As of June 30, 2012, the proceeds from this issue were being held in escrow until the crossover refunding date. In February 2013, the bonds crossed over and the escrow account paid off the refunded bonds.

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

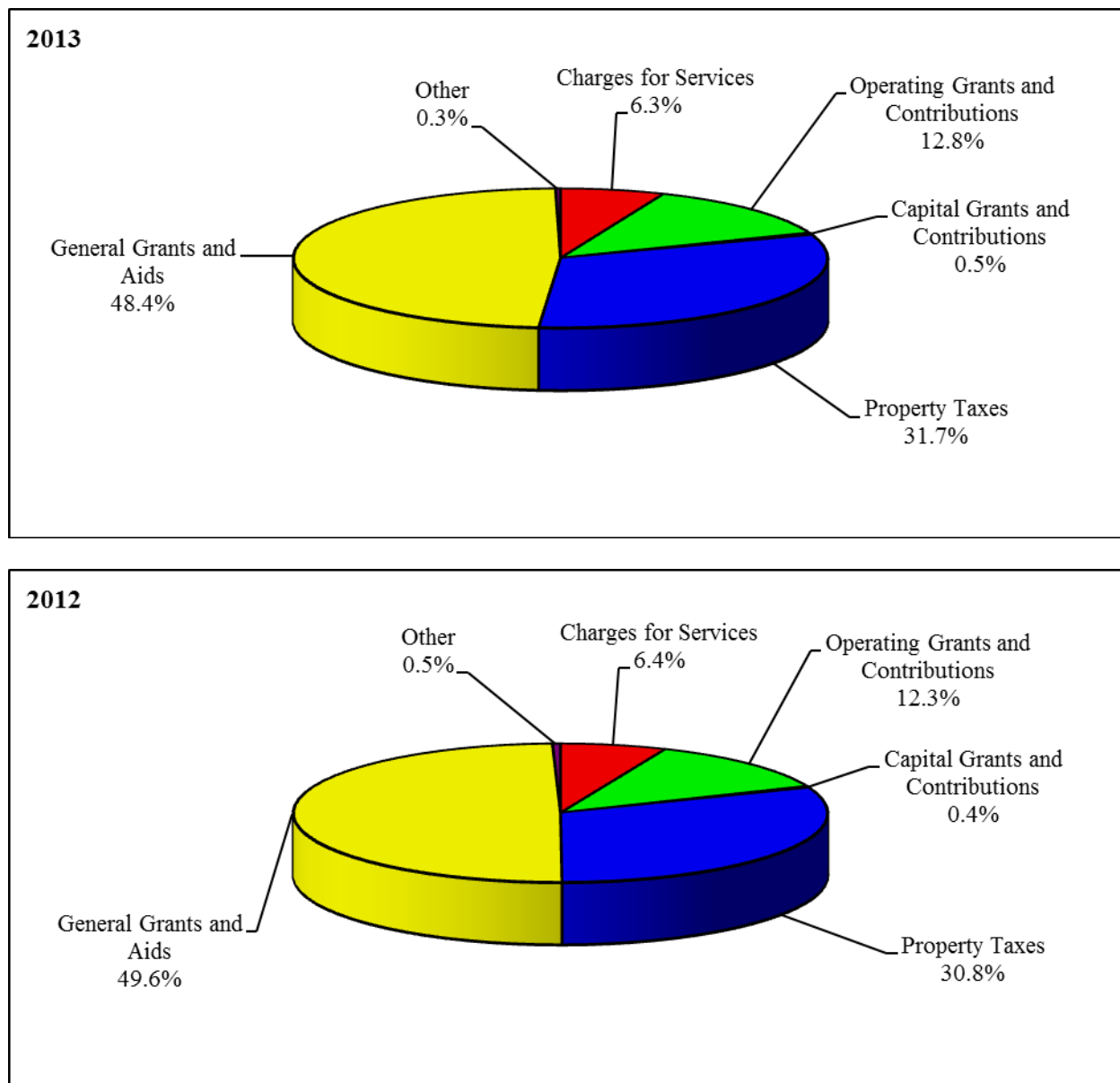
Table 2 Change in Net Position for the Years Ended June 30, 2013 and 2012		
	2013	2012
Revenues		
Program revenues		
Charges for services	\$ 6,792,510	\$ 6,640,209
Operating grants and contributions	13,773,555	12,739,695
Capital grants and contributions	512,391	383,367
General revenues		
Property taxes	34,114,953	31,924,328
General grants and aids	51,989,567	51,474,590
Other	297,933	501,557
Total revenues	107,480,909	103,663,746
Expenses		
Administration	4,089,720	4,029,515
District support services	2,365,545	2,243,148
Elementary and secondary regular instruction	39,527,587	38,815,035
Vocational education instruction	816,566	923,529
Special education instruction	18,619,906	17,311,207
Instructional support services	4,475,571	4,857,506
Pupil support services	7,975,301	7,538,799
Sites and buildings	13,991,384	12,188,020
Fiscal and other fixed cost programs	366,519	336,468
Food service	3,939,335	4,007,239
Community service	5,294,575	5,294,255
Depreciation not allocated to other functions	2,077,872	2,200,859
Interest and fiscal charges on debt	4,380,407	4,297,853
Total expenses	107,920,288	104,043,433
Change in net position	(439,379)	(379,687)
Net position – beginning of year	24,747,135	25,126,822
Net position – end of year	\$ 24,307,756	\$ 24,747,135

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 overall decrease in the change in net position from fiscal 2012 to fiscal 2013 is due to an increase in salary and benefit expenses most notably in elementary and secondary regular instruction where salaries and benefits increased \$1.3 million. The decrease is also due to an increase in building improvements compared to prior year.

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

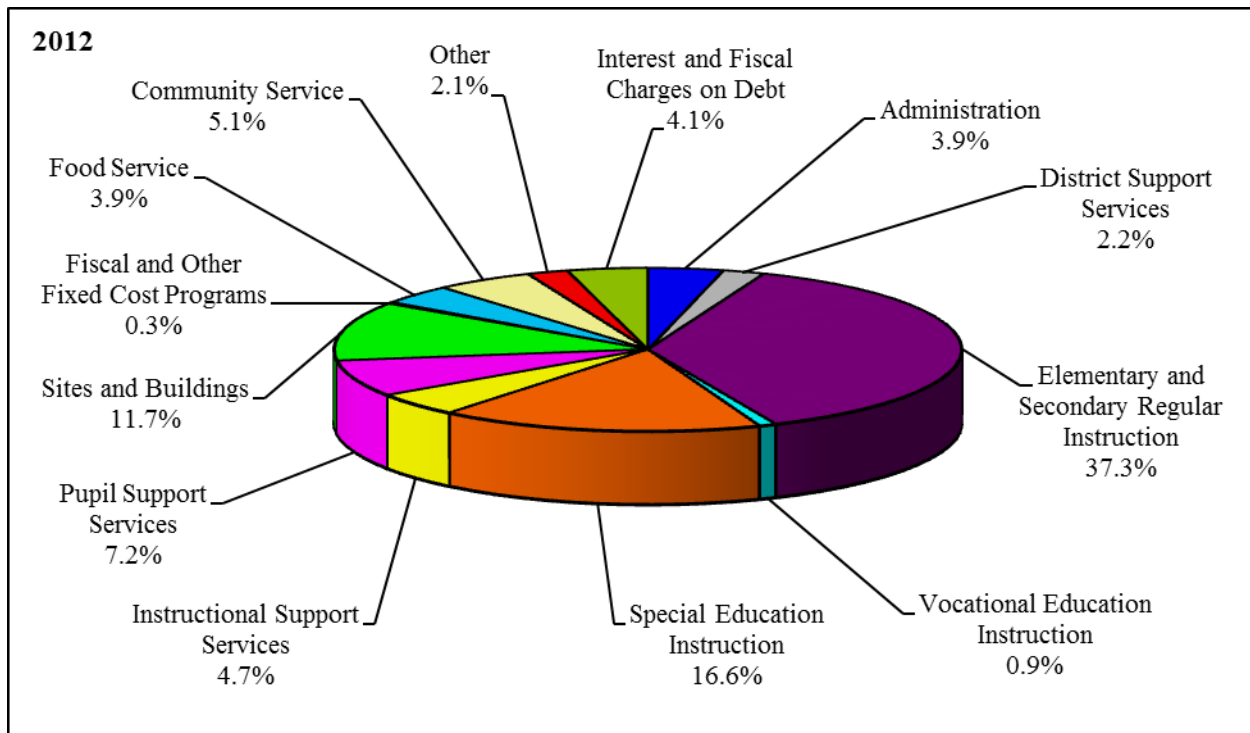
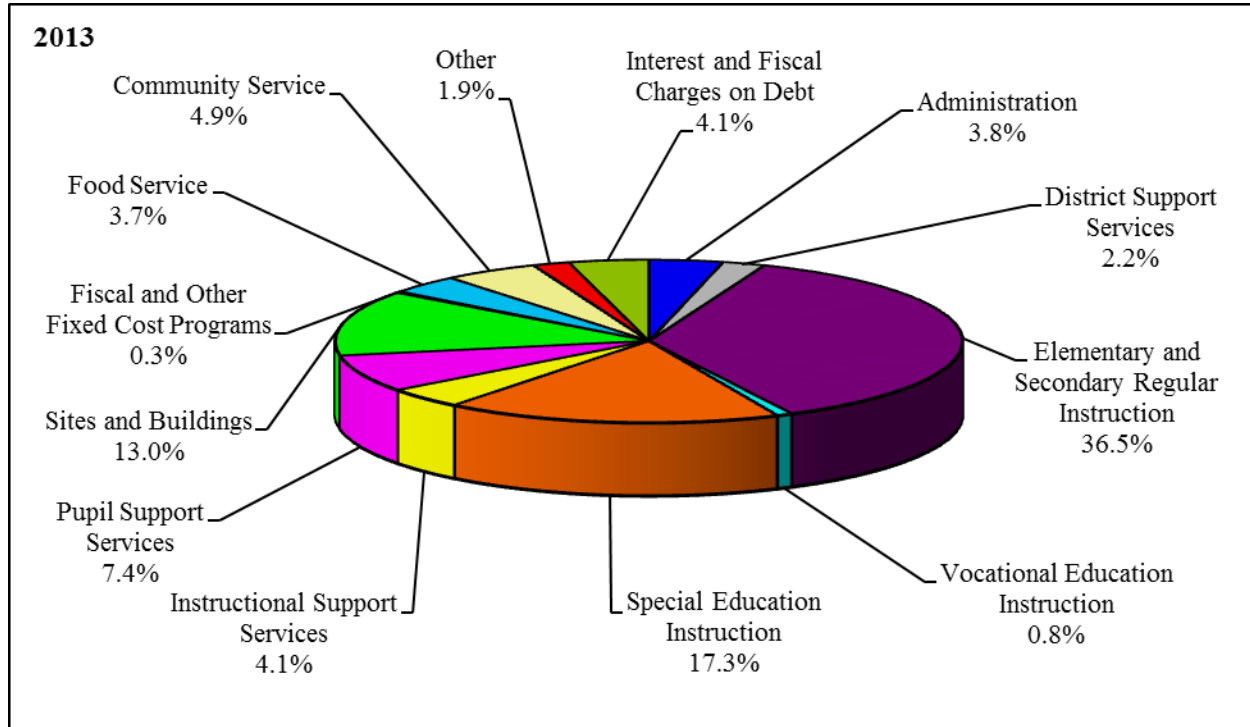
Figure A – Sources of Revenues for Fiscal Years 2013 and 2012



The largest share of the District's revenue is received from the state, including the 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 2013 and 2012



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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3 Governmental Fund Balances as of June 30, 2013 and 2012			
	2013	2012	Increase (Decrease)
Major funds			
General	\$ 18,529,448	\$ 20,138,708	\$ (1,609,260)
Capital Projects – Building Construction	2,278,190	6,634,162	(4,355,972)
Debt Service	1,717,454	28,513,803	(26,796,349)
Nonmajor funds			
Food Service Special Revenue	271,267	308,545	(37,278)
Community Service Special Revenue	306,939	265,168	41,771
Total governmental funds	<u>\$ 23,103,298</u>	<u>\$ 55,860,386</u>	<u>\$ (32,757,088)</u>

The General Fund decrease from the prior year is due to a number of areas but most notably an increase in salary and benefit expenses as a result of rate increases and general increases in benefit expenses. 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. The decrease in the Debt Service Fund from the prior year is related to the issuance of school refunding bonds which crossed over during the current year.

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>\$ 85,825,000</u>	<u>\$ 85,825,000</u>	<u>\$ –</u>	<u>–</u>
Expenditures and other financing uses	<u>\$ 86,625,000</u>	<u>\$ 86,625,000</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					
	2013 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue	\$ 86,444,357	\$ 621,357	0.7%	\$ 2,527,814	3.0%
Expenditures	91,575,467	\$ 5,338,467	6.2%	\$ 6,794,999	8.0%
Other financing sources (uses)	<u>3,521,850</u>	\$ 3,907,850	1.10%	\$ 3,905,755	10.2%
Net change in fund balances	<u>\$ (1,609,260)</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 state special education aid received was higher than projected.

Expenditures increased from the prior year mainly due to the issuance of a capital lease of \$3,900,000. Salaries and benefits also increased for regular instruction (\$1.3 million) and special education instruction (\$1.5 million) due to staff compensation increases. Expenditures were over budget as a result of building improvements being over budget by nearly \$1,300,000 and the capital lease amount not being known when the budget was approved.

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 \$3,900,000 to finance a building addition.

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 \$4,360,000 were utilized in fiscal 2013.

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, 2013 and 2012:

Table 6			
Capital Assets			
	2013	2012	Increase (Decrease)
Land	\$ 915,000	\$ 915,000	\$ —
Land improvements	2,309,996	2,195,010	114,986
Buildings	95,904,355	95,808,461	95,894
Equipment	7,668,636	8,285,494	(616,858)
Pupil transportation vehicles	4,299,964	4,274,242	25,722
Construction in progress	3,900,000	—	3,900,000
Less accumulated depreciation	(55,311,704)	(53,602,505)	(1,709,199)
Total	<u>\$ 59,686,247</u>	<u>\$ 57,875,702</u>	<u>\$ 1,810,545</u>
Depreciation expense	<u>\$ 3,203,015</u>	<u>\$ 3,283,186</u>	<u>\$ (80,171)</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			
	2013	2012	Increase (Decrease)
General obligation bonds payable	\$ 92,180,000	\$ 125,540,000	\$ (33,360,000)
Capital leases payable	4,164,161	399,000	3,765,161
Severance benefits payable	2,534,651	3,006,498	(471,847)
Premiums (discounts) on bonds payable	3,049,526	3,519,477	(469,951)
Total	<u>\$ 101,928,338</u>	<u>\$ 132,464,975</u>	<u>\$ (30,536,637)</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	\$ 5,820,147,200
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 873,022,080</u></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 \$50 per pupil in fiscal year 2013 to \$5,224. The Legislature has added \$78, or 1.5 percent, per pupil to the formula for fiscal year 2014. Beginning with the 2015 fiscal year several funding and pupil weighting changes are effective, which include an equivalent increase of \$80, or 1.5 percent, for basic general education formula funding. A weakened economy and growing demand on limited resources continue to present challenges in funding education for Minnesota schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, 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, 2013
(With Partial Comparative Information as of June 30, 2012)

	Governmental Activities	
	2013	2012
Assets		
Cash and temporary investments	\$ 25,258,594	\$ 20,224,661
Receivables		
Current taxes	19,162,812	19,018,249
Delinquent taxes	840,338	884,619
Accounts and interest	40,340	25,741
Due from other governmental units	8,616,571	20,767,734
Inventory	78,652	89,125
Prepaid items	1,277,462	239,617
Net other post-employment benefit asset	40,397,681	41,216,996
Restricted assets – temporarily restricted		
Cash and investments for debt service	–	26,808,736
Cash and investments for capital lease	3,900,000	–
Capital assets		
Not depreciated	4,815,000	915,000
Depreciated, net of accumulated depreciation	54,871,247	56,960,702
Total capital assets, net of accumulated depreciation	<u>59,686,247</u>	<u>57,875,702</u>
Total assets	<u>\$ 159,258,697</u>	<u>\$ 187,151,180</u>
Liabilities		
Salaries payable	\$ 200,801	\$ 311,394
Accounts and contracts payable	2,938,681	2,962,042
Accrued interest payable	1,747,968	1,875,723
Due to other governmental units	233,364	248,345
Due to Post-Employment Benefits Trust Fund	1,017,589	412,339
Unearned revenue on lease	–	368,456
Unearned revenue	3,409,006	485,990
Long-term liabilities		
Due within one year	7,829,981	33,775,859
Due in more than one year	94,098,357	98,689,116
Total long-term liabilities	<u>101,928,338</u>	<u>132,464,975</u>
Total liabilities	<u>111,475,747</u>	<u>139,129,264</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	<u>23,475,194</u>	<u>23,274,781</u>
Net position		
Net investment in capital assets	2,130,306	1,630,228
Restricted for		
Capital asset acquisition	248,638	1,952,667
Community service	332,593	284,076
Debt service	279,820	56,588
Food service	271,267	308,545
Unrestricted	21,045,132	20,515,031
Total net position	<u>24,307,756</u>	<u>24,747,135</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 159,258,697</u>	<u>\$ 187,151,180</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Activities
Year Ended June 30, 2013
(With Partial Comparative Information for the Year Ended June 30, 2012)

		2013			2012	
					Net (Expense)	Net (Expense)
					Revenue and	Revenue and
					Changes in	Changes in
		Program Revenues			Net Position	Net Position
Functions/Programs	Expenses	Charges for	Operating	Capital	Governmental	Governmental
		Services	Grants and	Grants and	Activities	Activities
			Contributions	Contributions		
Governmental activities						
Administration	\$ 4,089,720	\$ —	\$ —	\$ —	\$ (4,089,720)	(4,029,515)
District support services	2,365,545	—	—	—	(2,365,545)	(2,243,148)
Elementary and secondary						
regular instruction	39,527,587	387,030	1,249,223	—	(37,891,334)	(37,360,202)
Vocational education						
instruction	816,566	—	—	—	(816,566)	(923,529)
Special education instruction	18,619,906	248,956	10,143,281	—	(8,227,669)	(7,729,984)
Instructional support services	4,475,571	—	—	—	(4,475,571)	(4,857,506)
Pupil support services	7,975,301	88,818	320,158	—	(7,566,325)	(7,176,325)
Sites and buildings	13,991,384	75,045	—	512,391	(13,403,948)	(11,722,528)
Fiscal and other fixed cost						
programs	366,519	—	—	—	(366,519)	(336,468)
Food service	3,939,335	2,342,824	1,717,939	—	121,428	(12,213)
Community service	5,294,575	3,649,837	342,954	—	(1,301,784)	(1,390,032)
Depreciation not allocated to						
other functions	2,077,872	—	—	—	(2,077,872)	(2,200,859)
Interest and fiscal charges	4,380,407	—	—	—	(4,380,407)	(4,297,853)
Total governmental activities	<u>\$107,920,288</u>	<u>\$ 6,792,510</u>	<u>\$13,773,555</u>	<u>\$ 512,391</u>	(86,841,832)	(84,280,162)
General revenues						
Taxes						
Property taxes, levied for general purposes					18,659,789	17,775,348
Property taxes, levied for community service					1,111,426	796,039
Property taxes, levied for capital projects					2,765,087	2,920,342
Property taxes, levied for debt service					11,578,651	10,432,599
General grants and aids					51,989,567	51,474,590
Other general revenues					130,330	372,001
Investment earnings					167,603	129,556
Total general revenues					<u>86,402,453</u>	<u>83,900,475</u>
Change in net position					(439,379)	(379,687)
Net position – beginning					<u>24,747,135</u>	<u>25,126,822</u>
Net position – ending					<u>\$24,307,756</u>	<u>\$24,747,135</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Balance Sheet
Governmental Funds
as of June 30, 2013
(With Partial Comparative Information as of June 30, 2012)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 11,027,823	\$ 2,647,272	\$ 7,009,142
Cash and investments held by trustee	3,900,000	–	–
Receivables			
Current taxes	12,164,790	–	6,402,802
Delinquent taxes	537,389	–	279,679
Accounts and interest	33,475	–	–
Due from other governmental units	8,528,876	–	251
Inventory	–	–	–
Prepaid items	1,255,743	6,693	–
	<u>\$ 37,448,096</u>	<u>\$ 2,653,965</u>	<u>\$ 13,691,874</u>
Liabilities			
Salaries payable	\$ 142,072	\$ 4,697	\$ –
Accounts and contracts payable	2,386,809	371,078	–
Due to other governmental units	216,452	–	–
Due to Post-Employment Benefits Trust Fund	1,017,589	–	–
Unearned revenue	3,307,299	–	–
Total liabilities	<u>7,070,221</u>	<u>375,775</u>	<u>–</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	596,835	–	310,334
Property taxes levied for subsequent year	11,251,592	–	11,664,086
Total deferred inflows of resources	<u>11,848,427</u>	<u>–</u>	<u>11,974,420</u>
Fund balances			
Nonspendable	1,255,743	6,693	–
Restricted	1,022,955	2,271,497	1,717,454
Assigned	8,955,687	–	–
Unassigned	7,295,063	–	–
Total fund balances	<u>18,529,448</u>	<u>2,278,190</u>	<u>1,717,454</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,448,096</u>	<u>\$ 2,653,965</u>	<u>\$ 13,691,874</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2013	2012
\$ 710,344	\$ 21,394,581	\$ 16,419,640
–	3,900,000	26,808,736
595,220	19,162,812	19,018,249
23,270	840,338	884,619
6,865	40,340	25,741
87,444	8,616,571	20,767,734
78,652	78,652	89,125
15,026	1,277,462	239,617
<u>\$ 1,516,821</u>	<u>\$ 55,310,756</u>	<u>\$ 84,253,461</u>
\$ 54,032	\$ 200,801	\$ 311,394
180,794	2,938,681	2,962,042
16,912	233,364	248,345
–	1,017,589	412,339
101,707	3,409,006	485,990
<u>353,445</u>	<u>7,799,441</u>	<u>4,420,110</u>
25,654	932,823	698,184
559,516	23,475,194	23,274,781
<u>585,170</u>	<u>24,408,017</u>	<u>23,972,965</u>
93,678	1,356,114	328,742
484,528	5,496,434	37,719,355
–	8,955,687	6,697,066
–	7,295,063	11,115,223
<u>578,206</u>	<u>23,103,298</u>	<u>55,860,386</u>
<u>\$ 1,516,821</u>	<u>\$ 55,310,756</u>	<u>\$ 84,253,461</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, 2013
(With Partial Comparative Information as of June 30, 2012)

	2013	2012
Total fund balances – governmental funds	\$ 23,103,298	\$ 55,860,386
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	114,997,951	111,478,207
Accumulated depreciation	(55,311,704)	(53,602,505)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds payable	(92,180,000)	(125,540,000)
Capital leases payable	(4,164,161)	(399,000)
Premium (discount) on bonds payable	(3,049,526)	(3,519,477)
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.	40,397,681	41,216,996
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.	1,329,362	798,523
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(1,747,968)	(1,875,723)
Capital improvements received in lieu of rent are being recognized as revenue over the life of a lease; the unearned portion is reflected as unearned revenue on lease.	–	(368,456)
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.	932,823	698,184
Total net position – governmental activities	<u>\$ 24,307,756</u>	<u>\$ 24,747,135</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, 2013
(With Partial Comparative Information for the Year Ended June 30, 2012)

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Debt Service Fund</u>
Revenue			
Local sources			
Property taxes	\$ 21,280,073	\$ –	\$ 11,495,561
Investment earnings	21,332	4,333	28,279
Other	1,198,099	–	–
State sources	61,146,075	–	1,847
Federal sources	2,798,778	–	–
Total revenue	<u>86,444,357</u>	<u>4,333</u>	<u>11,525,687</u>
Expenditures			
Current			
Administration	4,015,982	–	–
District support services	2,193,489	–	–
Elementary and secondary regular instruction	39,629,298	–	–
Vocational education instruction	816,566	–	–
Special education instruction	18,408,949	–	–
Instructional support services	4,478,937	–	–
Pupil support services	7,975,301	–	–
Sites and buildings	13,539,510	–	–
Fiscal and other fixed cost programs	366,519	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	4,360,305	–
Debt service			
Principal	134,839	–	7,170,000
Interest and fiscal charges	16,077	–	4,962,036
Total expenditures	<u>91,575,467</u>	<u>4,360,305</u>	<u>12,132,036</u>
Excess (deficiency) of revenue over expenditures	(5,131,110)	(4,355,972)	(606,349)
Other financing sources (uses)			
Refunding debt issued	–	–	–
Debt issued	–	–	–
Premium on debt issued	–	–	–
Bond retirement from refunding escrow	–	–	(26,190,000)
Capital lease issued	3,900,000	–	–
Proceeds from sale of assets	9,850	–	–
Transfers in	–	–	–
Transfers (out)	(388,000)	–	–
Total other financing sources (uses)	<u>3,521,850</u>	<u>–</u>	<u>(26,190,000)</u>
Net change in fund balances	(1,609,260)	(4,355,972)	(26,796,349)
Fund balances			
Beginning of year	<u>20,138,708</u>	<u>6,634,162</u>	<u>28,513,803</u>
End of year	<u>\$ 18,529,448</u>	<u>\$ 2,278,190</u>	<u>\$ 1,717,454</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2013	2012
\$ 1,104,680	\$ 33,880,314	\$ 31,960,613
122	54,066	16,764
5,992,661	7,190,760	6,928,698
492,121	61,640,043	59,575,217
1,568,772	4,367,550	5,105,947
9,158,356	107,132,733	103,587,239
—	4,015,982	3,958,852
—	2,193,489	2,078,268
—	39,629,298	38,650,289
—	816,566	923,529
—	18,408,949	17,125,287
—	4,478,937	4,913,086
—	7,975,301	7,538,799
—	13,539,510	9,049,142
—	366,519	336,468
3,987,832	3,987,832	3,975,684
5,426,854	5,426,854	5,272,053
127,177	4,487,482	3,288,376
—	7,304,839	6,721,237
—	4,978,113	4,709,258
9,541,863	117,609,671	108,540,328
(383,507)	(10,476,938)	(4,953,089)
—	—	32,915,000
—	—	8,850,000
—	—	3,280,108
—	(26,190,000)	(9,070,000)
—	3,900,000	—
—	9,850	4,095
388,000	388,000	388,000
—	(388,000)	(388,000)
388,000	(22,280,150)	35,979,203
4,493	(32,757,088)	31,026,114
573,713	55,860,386	24,834,272
\$ 578,206	\$ 23,103,298	\$ 55,860,386

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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, 2013

(With Partial Comparative Information for the Year Ended June 30, 2012)

	2013	2012
Total net change in fund balances – governmental funds	\$ (32,757,088)	\$ 31,026,114
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	5,043,123	956,059
Depreciation expense	(3,203,015)	(3,283,186)
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)	(18,163)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is included in the governmental activities in the Statement of Activities.	530,839	234,925
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.	(3,900,000)	(41,765,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	33,360,000	15,610,000
Capital leases payable	134,839	181,237
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.	(819,315)	(785,141)
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.	127,755	13,442
Debt issuance premiums, discounts, and issuance costs 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.	469,951	(2,882,145)
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	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.	234,639	(36,285)
Change in net position – governmental activities	<u>\$ (439,379)</u>	<u>\$ (379,687)</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, 2013

	Original and Final Budget	Actual	Over (Under) Final Budget
Revenue			
Local sources			
Property taxes	\$ 21,357,923	\$ 21,280,073	\$ (77,850)
Investment earnings	15,150	21,332	6,182
Other	927,015	1,198,099	271,084
State sources	60,349,750	61,146,075	796,325
Federal sources	3,173,162	2,798,778	(374,384)
Total revenue	85,823,000	86,444,357	621,357
Expenditures			
Current			
Administration	4,001,394	4,015,982	14,588
District support services	2,462,341	2,193,489	(268,852)
Elementary and secondary regular instruction	39,712,511	39,629,298	(83,213)
Vocational education instruction	852,087	816,566	(35,521)
Special education instruction	18,158,714	18,408,949	250,235
Instructional support services	4,554,565	4,478,937	(75,628)
Pupil support services	8,034,123	7,975,301	(58,822)
Sites and buildings	7,849,265	13,539,510	5,690,245
Fiscal and other fixed cost programs	460,000	366,519	(93,481)
Debt service			
Principal	135,000	134,839	(161)
Interest and fiscal charges	17,000	16,077	(923)
Total expenditures	86,237,000	91,575,467	5,338,467
Excess (deficiency) of revenue over expenditures	(414,000)	(5,131,110)	(4,717,110)
Other financing sources (uses)			
Capital lease issued	—	3,900,000	3,900,000
Proceeds from sale of assets	2,000	9,850	7,850
Transfers (out)	(388,000)	(388,000)	—
Total other financing sources (uses)	(386,000)	3,521,850	3,907,850
Net change in fund balances	\$ (800,000)	(1,609,260)	\$ (809,260)
Fund balances			
Beginning of year		20,138,708	
End of year		\$ 18,529,448	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Net Position
Internal Service Funds
as of June 30, 2013
(With Partial Comparative Information as of June 30, 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Current assets		
Cash and temporary investments	\$ 3,864,013	\$ 3,805,021
Liabilities		
Current liabilities		
Severance benefits payable	416,164	281,021
Long-term liabilities		
Severance benefits payable	<u>2,118,487</u>	<u>2,725,477</u>
Total liabilities	<u>2,534,651</u>	<u>3,006,498</u>
Net position		
Unrestricted	<u>\$ 1,329,362</u>	<u>\$ 798,523</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, 2013
(With Partial Comparative Information for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Operating revenue		
Contributions from governmental funds	\$ 699,593	\$ 250,366
Operating expenses		
Post-employment severance benefits	<u>282,291</u>	<u>128,233</u>
Operating income	417,302	122,133
Nonoperating revenue		
Investment earnings	<u>113,537</u>	<u>112,792</u>
Change in net position	530,839	234,925
Net position		
Beginning of year	<u>798,523</u>	<u>563,598</u>
End of year	<u>\$ 1,329,362</u>	<u>\$ 798,523</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, 2013
(With Partial Comparative Information for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 645,048	\$ 250,366
Post-employment severance benefit payments	<u>(699,593)</u>	<u>(250,366)</u>
Net cash provided by operating activities	(54,545)	–
Cash flows from investing activities		
Investment income received	<u>113,537</u>	<u>112,792</u>
Net change in cash and cash equivalents	58,992	112,792
Cash and cash equivalents		
Beginning of year	<u>3,805,021</u>	<u>3,692,229</u>
End of year	<u><u>\$ 3,864,013</u></u>	<u><u>\$ 3,805,021</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income	\$ 417,302	\$ 122,133
Adjustments to reconcile operating income to cash provided by operating activities		
Changes in assets and liabilities		
Severance benefits payable	<u>(471,847)</u>	<u>(122,133)</u>
Net cash provided by operating activities	<u><u>\$ (54,545)</u></u>	<u><u>\$ –</u></u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Fiduciary Net Position
as of June 30, 2013

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Assets		
Cash and temporary investments	\$ 583	\$ 30,617
Accounts receivable	—	3,000
Investments held by trustee, at fair value		
U.S. treasury and agency securities	1,946,519	—
Corporate and other obligations	10,957,318	—
International obligations	3,358,164	—
Stocks	16,622,305	—
Real estate investment trusts	3,592,650	—
Mutual funds	2,600,788	—
Money market funds	3,257,297	—
Due from other governmental funds	1,017,589	—
Total assets	<u>43,353,213</u>	<u>33,617</u>
Liabilities		
Accounts payable	<u>—</u>	<u>1,500</u>
Net position		
Held in trust for employee benefits and other purposes	<u>\$ 43,353,213</u>	<u>\$ 32,117</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2013

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Additions		
Contributions		
Private donations	\$ —	\$ 60,829
Investment earnings	3,189,112	—
Total additions	<u>3,189,112</u>	<u>60,829</u>
Deductions		
Benefits	2,394,750	—
Other private-purpose expenses	<u>—</u>	<u>61,857</u>
Total deductions	<u>2,394,750</u>	<u>61,857</u>
Change in net position	794,362	(1,028)
Net position		
Beginning of year	<u>42,558,851</u>	<u>33,145</u>
End of year	<u>\$ 43,353,213</u>	<u>\$ 32,117</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Notes to Basic Financial Statements June 30, 2013

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. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internal service funds are presented in proprietary fund financial statements by type. Because the principal users of the internal services are the District's governmental activities, the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary 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. The District applies only those applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 in accounting and reporting for its proprietary operations.

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 \$5,338,467, \$358,121, \$363,742, and \$507,036, 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. Bond proceeds and capital lease proceeds recorded in the General Fund, Capital Projects – Building Construction Fund, and Debt Service Fund are not pooled, and earnings on these 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 Debt Service Fund, the refunding bond escrow account held by trustee is used only to retire refunded bond issues and to pay interest on refunding bond issues until the crossover refunding dates. 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, 2013 consist of the following:

Minnesota Department of Education	\$ 8,080,895
Minnesota school districts	243,005
U.S. Department of Education	127,211
Other governmental units	<u>165,460</u>
Total	<u><u>\$ 8,616,571</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 \$11,433,189 of the property tax levy collectible in 2013 as revenue to the District in fiscal year 2012–2013. The remaining portion of the taxes collectible in 2013 is recorded as 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 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) or the Internal Service 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 2013.

Q. Net Position

In the government-wide financial statements, net assets represent the difference between assets and liabilities. Net assets are 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 Assets** – Consists of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Assets** – All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **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 Business Services 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. Changes in Accounting Principles

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

T. Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 1,789,646
Investments	69,725,139
Cash on hand	<u>10,050</u>
Total	<u>\$ 71,524,835</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 25,258,594
Statement of Net Assets – restricted assets – temporarily restricted	
Cash and investments for capital lease	3,900,000
Statement of Fiduciary Net Position	
Cash and temporary investments – Post-Employment Benefits Trust Fund	583
Cash and temporary investments – Scholarship Private-Purpose Trust Fund	30,617
Investments held by trustee – Post-Employment Benefits Trust Fund	
U.S. treasury and agency securities	1,946,519
Corporate and other obligations	10,957,318
International obligations	3,358,164
Stocks	16,622,305
Real estate investment trusts	3,592,650
Mutual funds	2,600,788
Money market funds	<u>3,257,297</u>
Total	<u>\$ 71,524,835</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the Board of Education, including checking accounts, 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.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

At year-end, the carrying amount of the District's deposits was \$1,789,646 while the balance on the bank records was \$1,959,788. At June 30, 2013, 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	
U.S. government agency securities	AA	S&P	\$ –	\$ 356,689	\$ 1,260,262	\$ 1,616,951
U.S. government agency securities	Aaa	Moody's			329,568	329,568
Corporate obligations	A	S&P	–	1,611,409	5,849,136	7,460,545
Corporate obligations	AA	S&P	–	256,238	647,085	903,323
Corporate obligations	AAA	S&P	–	256,435	–	256,435
Corporate obligations	BBB	S&P	–	–	816,384	816,384
Corporate obligations	A	Moody's	–	130,113	682,876	812,989
Corporate obligations	Baa	Moody's	–	–	707,645	707,645
Guaranteed investment contract	AA	S&P	–	3,770,629	–	3,770,629
Stocks	N/R	N/R	16,622,306	–	–	16,622,306
Real estate investment trusts	N/R	N/R	3,592,650	–	–	3,592,650
International obligations	N/R	N/R	3,358,164	–	–	3,358,164
Negotiable certificates of deposit	N/R	N/R	–	747,304	–	747,304
Investment pools/mutual funds						
Mutual funds	N/R	N/R	2,600,786	–	–	2,600,786
Fidelity Institutional						
Money Market Fund	AAA	S&P	3,143,923	–	–	3,143,923
Wells Fargo Advantage						
Money Market Fund	AAA	S&P	4,013,375	–	–	4,013,375
MNTrust Investment Shares	AAA	S&P	2,522,162	16,450,000	–	18,972,162
Total investments						<u>\$ 69,725,139</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. At year-end, the District's investment portfolio included 5.4 percent concentration in Guaranteed Investment Contracts with Midamerica Administrative and Retirement Solutions, Inc.

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, 2013 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 915,000	\$ –	\$ –	\$ 915,000
Construction in progress	–	3,900,000	–	3,900,000
Total capital assets, not depreciated	915,000	3,900,000	–	4,815,000
Capital assets, depreciated				
Land improvements	2,195,010	114,986	–	2,309,996
Buildings	95,808,461	95,894	–	95,904,355
Equipment	8,285,494	476,221	(1,093,079)	7,668,636
Pupil transportation vehicles	4,274,242	456,022	(430,300)	4,299,964
Total capital assets, depreciated	110,563,207	1,143,123	(1,523,379)	110,182,951
Less accumulated depreciation for				
Land improvements	(1,761,657)	(83,117)	–	(1,844,774)
Buildings	(43,485,411)	(2,219,525)	–	(45,704,936)
Equipment	(6,425,983)	(453,543)	1,092,866	(5,786,660)
Pupil transportation vehicles	(1,929,454)	(446,830)	400,950	(1,975,334)
Total accumulated depreciation	(53,602,505)	(3,203,015)	1,493,816	(55,311,704)
Net capital assets, depreciated	56,960,702	(2,059,892)	(29,563)	54,871,247
Total capital assets, net	\$ 57,875,702	\$ 1,840,108	\$ (29,563)	\$ 59,686,247

Depreciation expense was charged to the following governmental functions:

Elementary and secondary regular instruction	\$ 54,686
Special education instruction	26,166
Instructional support services	607,265
Sites and buildings	368,457
Food service	32,845
Community service	35,724
Depreciation not allocated to other functions	2,077,872
Total depreciation expense	\$ 3,203,015

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
2006A Alternative Facilities Bonds	10/18/2006	4.00–4.25%	\$ 16,500,000	02/01/2014	\$ 2,620,000
2008A Taxable OPEB Bonds	10/15/2008	5.00–5.25%	\$ 40,085,000	02/01/2021	39,500,000
2008B Alternative Facilities Bonds	10/15/2008	3.25–4.75%	\$ 11,970,000	02/01/2022	11,970,000
2011A Refunding Bonds	12/28/2011	3.00%	\$ 8,745,000	02/01/2017	5,070,000
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>\$ 92,180,000</u>

B. Description of Long-Term Liabilities

General Obligation School Building, Refunding, and Alternative Facility 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 Refunding Bonds – On May 16, 2012, the District issued \$24,170,000 of General Obligation School Building Refunding Bonds, Series 2012B. In February 2013, the proceeds of this issue were used to refund, in advance of their stated maturities, the 2014 through 2019 maturities of the District’s 2004A General Obligation School Building Bonds totaling \$26,190,000. This “crossover refunding” reduced the District’s total future debt service payments by approximately \$1,627,039 and resulted in a present value savings of approximately \$1,631,950.

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.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Capital Leases

The District is obligated under a capital lease for a parcel of land. The District entered into the lease agreement on December 15, 2002, and financed the lease for \$850,000 due and payable over 10 years. The lease has an interest rate of 5.625 percent and an optional purchase price of \$1 at the end of the lease term. 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 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.

The assets acquired through these leases totaled \$850,000, \$750,000, and \$3,900,000, respectively, (the present value of the future minimum lease payments as of the inception date), which is reported in land, buildings, and construction in progress on the Statement of Net Position.

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
2014	\$ 7,120,000	\$ 3,970,038	\$ 293,817	\$ 142,494
2015	6,910,000	3,718,413	292,736	143,575
2016	7,225,000	3,405,163	304,472	131,839
2017	7,555,000	3,074,900	220,533	120,694
2018	7,915,000	2,723,813	228,880	112,347
2019–2023	50,970,000	6,708,337	1,281,101	425,034
2024–2028	4,485,000	134,550	1,542,622	163,513
	<u>\$ 92,180,000</u>	<u>\$ 23,735,214</u>	<u>\$ 4,164,161</u>	<u>\$ 1,239,497</u>

F. Changes in Long-Term Liabilities

	Balance – June 30, 2012	Additions	Retirements	June 30, 2013	Due Within One Year
General obligation bonds payable	\$ 125,540,000	\$ –	\$ 33,360,000	\$ 92,180,000	\$ 7,120,000
Capital leases payable	399,000	3,900,000	134,839	4,164,161	293,817
Severance benefits payable	3,006,498	227,747	699,594	2,534,651	416,164
Premiums (discounts) on bonds payable	3,519,477	–	469,951	3,049,526	–
	<u>\$ 132,464,975</u>	<u>\$ 4,127,747</u>	<u>\$ 34,664,384</u>	<u>\$ 101,928,338</u>	<u>\$ 7,829,981</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, 2013, 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	\$ –	\$ –	\$ –	\$ 78,652	\$ 78,652
Prepaid items	1,255,743	6,693	–	15,026	1,277,462
Total nonspendable	1,255,743	6,693	–	93,678	1,356,114
Restricted					
Cooperative programs	42,733	–	–	–	42,733
Operating capital	980,222	–	–	–	980,222
Alternative facilities program	–	2,271,497	–	–	2,271,497
General debt service	–	–	1,559,305	–	1,559,305
OPEB bonds debt service	–	–	158,149	–	158,149
Food service	–	–	–	179,856	179,856
Community education	–	–	–	233,135	233,135
Early childhood family education	–	–	–	69,066	69,066
School readiness	–	–	–	2,471	2,471
Total restricted	1,022,955	2,271,497	1,717,454	484,528	5,496,434
Assigned					
Alternative Learning Center	71,750	–	–	–	71,750
Building carryover	407,187	–	–	–	407,187
Construction	3,000,000	–	–	–	3,000,000
Early recognition of operating levy	777,000	–	–	–	777,000
Scholarships	32,117	–	–	–	32,117
Severance	463,980	–	–	–	463,980
Student activities	299,175	–	–	–	299,175
Subsequent year's budget	3,400,000	–	–	–	3,400,000
Textbooks	151,083	–	–	–	151,083
Third party billing	291,395	–	–	–	291,395
Wellness program	62,000	–	–	–	62,000
Total assigned	8,955,687	–	–	–	8,955,687
Unassigned					
Unassigned	8,033,340	–	–	–	8,033,340
Unassigned health and safety restricted account deficit	(738,277)	–	–	–	(738,277)
Total unassigned	7,295,063	–	–	–	7,295,063
Total	\$ 18,529,448	\$ 2,278,190	\$ 1,717,454	\$ 578,206	\$ 23,103,298

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, 2013, the unassigned fund balance of the General Fund was 8.0 percent of total fiscal 2013 expenditures, or 4.1 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 Statutes 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 as described below:

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 4–5.4 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 6.5 percent and 10.0 percent, respectively, of their annual covered salary during fiscal year 2013 as employee contributions. The TRA employer contribution rates are 6.5 percent for Coordinated Plan members and 10.5 percent for Basic Plan members during fiscal year 2013. Total covered payroll salaries for all TRA members state-wide during the fiscal years June 30, 2012, 2011, and 2010 were approximately \$3.87 billion, \$3.84 billion, and \$3.79 billion, respectively.

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

The District's contributions for the years ended June 30, 2013, 2012, and 2011 were \$2,652,637, \$2,382,808, and \$2,113,877, respectively, equal to the contractually required contributions for each year as set by state statutes.

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 will rise 0.5 percent on July 1 of each year of the four-year period. 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 three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for 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. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

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 2013. In fiscal 2013, 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, 2013, 2012, and 2011 were \$1,095,703, \$1,065,177, and \$1,058,752, respectively, equal to the contractually required contributions for each year as set by state statutes.

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, 2011, the plan had 956 active participants and 294 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.

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.

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

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		(1,648,680)
Adjustment to ARC		2,467,996
Annual OPEB cost (expense)		<u>819,316</u>
Contributions made		–
Change in net OPEB obligation		<u>819,316</u>
Net OPEB obligation – beginning of year		<u>(41,216,997)</u>
Net OPEB obligation – end of year	\$	<u><u>(40,397,681)</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, 2011	\$ 2,223,698	\$ 3,344,556	150.4 %	\$ (42,002,137)
June 30, 2012	\$ 785,141	\$ –	– %	\$ (41,216,997)
June 30, 2013	\$ 819,316	\$ –	– %	\$ (40,397,681)

D. Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$24,621,323, and the actuarial value of assets was \$46,153,625, resulting in an (over funded) unfunded actuarial accrued liability (AAL) of (\$21,532,302). The covered payroll (annual payroll of active employees covered by the plan) was \$46,156,084, and the ratio of the AAL to the covered payroll was a negative (46.7) percent.

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

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

Since the actuarial valuation as of July 1, 2009, one employee group's plan provision 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.

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 much better than projected and subsidized payments staying flat or decreasing instead of increasing as projected.

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, 2011 actuarial valuation, the projected unit credit actuarial cost 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 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after six years. The UAAL is being amortized on a level dollar basis over a closed period. At July 1, 2011, the remaining amortization period for the various amortization layers ranged from 27 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.

NOTE 8 – FLEXIBLE BENEFIT PLAN (CONTINUED)

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, 2013 is approximately \$4,540,000.

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.

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.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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
2014	\$ 513,166
2015	516,586
2016	487,014
2017	491,301
2018	495,090
2019–2020	<u>1,008,784</u>
	<u><u>\$ 3,511,941</u></u>

NOTE 10 – OPERATING LEASE

Included in capital assets on the Statement of Net Position is the value of improvements made by another school district which leases a district-owned building. The improvements were made in lieu of future rent payments.

The term of this lease was for a period of 10 years starting July 1, 2003. These improvements did constitute complete consideration for rent over the 10-year lease period related to this agreement. These improvements, totaling \$3,684,562, have been included in capital assets of the District as "buildings." Accumulated depreciation of \$3,684,562 has been included in the government-wide financial statements. The lease revenue related to this lease was recorded as unearned revenue at the origination of the lease in the government-wide financial statements and was being included in revenue ratably over the term of the lease starting with the date of occupancy. The Statement of Activities includes revenue and depreciation expense of \$368,456 as a result of this transaction for the year ended June 30, 2013.

NOTE 11 – INTERFUND BALANCES AND TRANSFER

The District had the following interfund receivables and payables at June 30, 2013:

	Due From Other Funds	Due to Other Funds
General Fund	\$ –	\$ 1,017,589
Post-Employment Benefits Trust Fund	<u>1,017,589</u>	<u>–</u>
	<u><u>\$ 1,017,589</u></u>	<u><u>\$ 1,017,589</u></u>

This balance represents interfund amounts due to the General Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2013.

During the year ended June 30, 2013, the District transferred \$388,000 from the General Fund to the Community Service Special Revenue Fund to support the operations of that fund.

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

Other Post-Employment Benefits Plan
Schedule of Funding Progress and Schedule of Employer Contributions
June 30, 2013

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, 2007	\$ 39,520,357	\$ —	\$ 39,520,357	— %	\$ 42,351,065	93.3 %
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) %

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)

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, 2013

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 346,449	\$ 363,895	\$ 710,344
Receivables			
Current taxes	–	595,220	595,220
Delinquent taxes	–	23,270	23,270
Accounts and interest	1,355	5,510	6,865
Due from other governmental units	35,462	51,982	87,444
Inventory	78,652	–	78,652
Prepaid items	12,759	2,267	15,026
Total assets	<u>\$ 474,677</u>	<u>\$ 1,042,144</u>	<u>\$ 1,516,821</u>
Liabilities			
Salaries payable	\$ 3,785	\$ 50,247	\$ 54,032
Accounts and contracts payable	81,006	99,788	180,794
Due to other governmental units	16,912	–	16,912
Unearned revenue	101,707	–	101,707
Total liabilities	<u>203,410</u>	<u>150,035</u>	<u>353,445</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	–	25,654	25,654
Property taxes levied for subsequent year	–	559,516	559,516
Total deferred inflows of resources	<u>–</u>	<u>585,170</u>	<u>585,170</u>
Fund balances			
Nonspendable for inventory	78,652	–	78,652
Nonspendable for prepaids	12,759	2,267	15,026
Restricted	179,856	304,672	484,528
Total fund balances	<u>271,267</u>	<u>306,939</u>	<u>578,206</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 474,677</u>	<u>\$ 1,042,144</u>	<u>\$ 1,516,821</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2013

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 1,104,680	\$ 1,104,680
Investment earnings	80	42	122
Other	2,342,824	3,649,837	5,992,661
State sources	149,167	342,954	492,121
Federal sources	1,568,772	—	1,568,772
Total revenue	4,060,843	5,097,513	9,158,356
Expenditures			
Current			
Food service	3,987,832	—	3,987,832
Community service	—	5,426,854	5,426,854
Capital outlay	110,289	16,888	127,177
Total expenditures	4,098,121	5,443,742	9,541,863
Excess (deficiency) of revenue over expenditures	(37,278)	(346,229)	(383,507)
Other financing sources			
Transfers in	—	388,000	388,000
Net change in fund balances	(37,278)	41,771	4,493
Fund balances			
Beginning of year	308,545	265,168	573,713
End of year	\$ 271,267	\$ 306,939	\$ 578,206

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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, 2013 and 2012

	2013	2012
Assets		
Cash and temporary investments	\$ 11,027,823	\$ 1,729,290
Cash and investments held by trustee	3,900,000	—
Receivables		
Current taxes	12,164,790	12,014,787
Delinquent taxes	537,389	573,666
Accounts and interest	33,475	17,956
Due from other governmental units	8,528,876	20,389,053
Prepaid items	1,255,743	219,984
Total assets	<u>\$ 37,448,096</u>	<u>\$ 34,944,736</u>
Liabilities		
Salaries payable	\$ 142,072	\$ 250,812
Accounts and contracts payable	2,386,809	2,071,002
Due to other governmental units	216,452	225,170
Due to Post-Employment Benefits Trust Fund	1,017,589	412,339
Unearned revenue	3,307,299	361,643
Total liabilities	<u>7,070,221</u>	<u>3,320,966</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	596,835	452,032
Property taxes levied for subsequent year	11,251,592	11,033,030
Total deferred inflows of resources	<u>11,848,427</u>	<u>11,485,062</u>
Fund balances (deficits)		
Nonspendable for prepaid items	1,255,743	219,984
Restricted for cooperative programs	42,733	16,578
Restricted for operating capital	980,222	2,089,857
Assigned for Alternative Learning Center	71,750	103,944
Assigned for building carryover	407,187	431,758
Assigned for construction	3,000,000	4,000,000
Assigned for early recognition of operating levy	777,000	777,000
Assigned for scholarships	32,117	33,145
Assigned for severance	463,980	645,105
Assigned for staff development	—	87,873
Assigned for student activities	299,175	263,297
Assigned for subsequent year's budget	3,400,000	—
Assigned for textbooks	151,083	52,004
Assigned for third-party billing	291,395	302,940
Assigned for wellness program	62,000	—
Unassigned – health and safety restricted account deficit	(738,277)	(142,085)
Unassigned	8,033,340	11,257,308
Total fund balances	<u>18,529,448</u>	<u>20,138,708</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,448,096</u>	<u>\$ 34,944,736</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 21,357,923	\$ 21,280,073	\$ (77,850)	\$ 20,720,513
Investment earnings	15,150	21,332	6,182	14,507
Other	927,015	1,198,099	271,084	1,022,281
State sources	60,349,750	61,146,075	796,325	58,534,326
Federal sources	3,173,162	2,798,778	(374,384)	3,624,916
Total revenue	85,823,000	86,444,357	621,357	83,916,543
Expenditures				
Current				
Administration				
Salaries	2,860,434	2,834,886	(25,548)	2,800,769
Employee benefits	926,160	914,618	(11,542)	876,434
Purchased services	137,700	175,530	37,830	192,180
Supplies and materials	36,100	43,220	7,120	33,087
Other expenditures	41,000	47,728	6,728	56,382
Total administration	4,001,394	4,015,982	14,588	3,958,852
District support services				
Salaries	1,335,792	1,222,037	(113,755)	1,083,103
Employee benefits	530,849	448,275	(82,574)	443,556
Purchased services	467,300	394,825	(72,475)	448,242
Supplies and materials	83,100	49,803	(33,297)	67,249
Capital expenditures	37,900	39,665	1,765	28,907
Other expenditures	7,400	38,884	31,484	7,211
Total district support services	2,462,341	2,193,489	(268,852)	2,078,268
Elementary and secondary regular instruction				
Salaries	27,451,910	27,112,501	(339,409)	26,080,666
Employee benefits	8,930,829	9,249,202	318,373	8,955,130
Purchased services	1,948,656	1,947,541	(1,115)	2,051,887
Supplies and materials	812,684	1,086,106	273,422	1,061,973
Capital expenditures	391,442	214,181	(177,261)	491,143
Other expenditures	176,990	19,767	(157,223)	9,490
Total elementary and secondary regular instruction	39,712,511	39,629,298	(83,213)	38,650,289

(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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		2012	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	372,341	384,726	12,385	403,713
Employee benefits	161,853	158,238	(3,615)	170,691
Purchased services	295,000	248,100	(46,900)	308,154
Supplies and materials	22,893	25,502	2,609	39,974
Capital expenditures	—	—	—	997
Total vocational education instruction	852,087	816,566	(35,521)	923,529
Special education instruction				
Salaries	11,580,228	12,392,306	812,078	11,315,733
Employee benefits	5,445,850	4,969,267	(476,583)	4,566,417
Purchased services	935,000	807,543	(127,457)	951,116
Supplies and materials	97,476	158,633	61,157	185,097
Capital expenditures	97,660	78,900	(18,760)	105,330
Other expenditures	2,500	2,300	(200)	1,594
Total special education instruction	18,158,714	18,408,949	250,235	17,125,287
Instructional support services				
Salaries	2,825,360	2,801,304	(24,056)	3,340,292
Employee benefits	944,485	917,575	(26,910)	872,577
Purchased services	229,797	257,720	27,923	134,766
Supplies and materials	108,071	127,847	19,776	85,937
Capital expenditures	445,852	374,456	(71,396)	478,704
Other expenditures	1,000	35	(965)	810
Total instructional support services	4,554,565	4,478,937	(75,628)	4,913,086
Pupil support services				
Salaries	3,290,166	3,259,581	(30,585)	3,267,483
Employee benefits	1,268,146	1,164,244	(103,902)	1,196,711
Purchased services	2,316,780	2,303,302	(13,478)	1,791,246
Supplies and materials	748,031	828,678	80,647	690,390
Capital expenditures	410,000	419,496	9,496	592,969
Other expenditures	1,000	—	(1,000)	—
Total pupil support services	8,034,123	7,975,301	(58,822)	7,538,799

(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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		2012	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	2,780,986	2,955,365	174,379	2,815,542
Employee benefits	1,092,854	1,093,536	682	1,074,811
Purchased services	2,355,800	2,759,755	403,955	2,695,694
Supplies and materials	882,600	822,215	(60,385)	779,571
Capital expenditures	734,525	5,904,240	5,169,715	1,680,440
Other expenditures	2,500	4,399	1,899	3,084
Total sites and buildings	7,849,265	13,539,510	5,690,245	9,049,142
Fiscal and other fixed cost programs				
Purchased services	460,000	366,519	(93,481)	336,468
Debt service				
Principal	135,000	134,839	(161)	181,237
Interest and fiscal charges	17,000	16,077	(923)	25,511
Total debt service	152,000	150,916	(1,084)	206,748
Total expenditures	86,237,000	91,575,467	5,338,467	84,780,468
Excess (deficiency) of revenue over expenditures	(414,000)	(5,131,110)	(4,717,110)	(863,925)
Other financing sources (uses)				
Capital lease issued	—	3,900,000	3,900,000	—
Proceeds from sale of assets	2,000	9,850	7,850	4,095
Transfers (out)	(388,000)	(388,000)	—	(388,000)
Total other financing sources (uses)	(386,000)	3,521,850	3,907,850	(383,905)
Net change in fund balances	\$ (800,000)	(1,609,260)	\$ (809,260)	(1,247,830)
Fund balances				
Beginning of year		20,138,708		21,386,538
End of year		\$ 18,529,448		\$ 20,138,708

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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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 346,449	\$ 345,224
Receivables		
Accounts and interest	1,355	7,785
Due from other governmental units	35,462	36,297
Inventory	78,652	89,125
Prepaid items	<u>12,759</u>	<u>13,015</u>
Total assets	<u><u>\$ 474,677</u></u>	<u><u>\$ 491,446</u></u>
Liabilities		
Salaries payable	\$ 3,785	\$ 5,285
Accounts and contracts payable	81,006	60,188
Due to other governmental units	16,912	20,636
Unearned revenue	<u>101,707</u>	<u>96,792</u>
Total liabilities	<u>203,410</u>	<u>182,901</u>
Fund balances		
Nonspendable for inventory	78,652	89,125
Nonspendable for prepaid items	12,759	13,015
Restricted for food service	<u>179,856</u>	<u>206,405</u>
Total fund balances	<u><u>271,267</u></u>	<u><u>308,545</u></u>
Total liabilities and fund balances	<u><u>\$ 474,677</u></u>	<u><u>\$ 491,446</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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 250	\$ 80	\$ (170)	\$ 78
Other – primarily meal sales	2,078,558	2,342,824	264,266	2,371,288
State sources	195,000	149,167	(45,833)	142,707
Federal sources	1,606,192	1,568,772	(37,420)	1,481,031
Total revenue	<u>3,880,000</u>	<u>4,060,843</u>	<u>180,843</u>	<u>3,995,104</u>
Expenditures				
Current				
Salaries	1,292,203	1,249,208	(42,995)	1,268,756
Employee benefits	361,445	341,629	(19,816)	363,673
Purchased services	274,800	413,756	138,956	396,617
Supplies and materials	1,697,402	1,975,875	278,473	1,943,650
Other expenditures	4,150	7,364	3,214	2,988
Capital outlay	110,000	110,289	289	32,430
Total expenditures	<u>3,740,000</u>	<u>4,098,121</u>	<u>358,121</u>	<u>4,008,114</u>
Net change in fund balances	<u>\$ 140,000</u>	(37,278)	<u>\$ (177,278)</u>	(13,010)
Fund balances				
Beginning of year		<u>308,545</u>		<u>321,555</u>
End of year		<u>\$ 271,267</u>		<u>\$ 308,545</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 363,895	\$ 231,772
Receivables		
Current taxes	595,220	537,489
Delinquent taxes	23,270	23,581
Accounts and interest receivable	5,510	—
Due from other governmental units	51,982	153,498
Prepaid items	<u>2,267</u>	<u>1,723</u>
Total assets	<u><u>\$ 1,042,144</u></u>	<u><u>\$ 948,063</u></u>
Liabilities		
Salaries payable	\$ 50,247	\$ 50,723
Accounts and contracts payable	99,788	31,526
Unearned revenue	<u>—</u>	<u>27,555</u>
Total liabilities	<u>150,035</u>	<u>109,804</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	25,654	18,908
Property taxes levied for subsequent year	<u>559,516</u>	<u>554,183</u>
Total deferred inflows of resources	<u>585,170</u>	<u>573,091</u>
Fund balances		
Nonspendable for prepaid items	2,267	1,723
Restricted for community education	233,135	76,999
Restricted for early childhood family education	69,066	157,325
Restricted for school readiness	<u>2,471</u>	<u>29,121</u>
Total fund balances	<u><u>306,939</u></u>	<u><u>265,168</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 1,042,144</u></u>	<u><u>\$ 948,063</u></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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 971,537	\$ 1,104,680	\$ 133,143	\$ 797,823
Investment earnings	—	42	42	44
Other – primarily tuition and fees	3,318,028	3,649,837	331,809	3,535,129
State sources	287,435	342,954	55,519	369,094
Total revenue	4,577,000	5,097,513	520,513	4,702,090
Expenditures				
Current				
Salaries	3,016,660	3,334,643	317,983	3,202,005
Employee benefits	977,884	1,036,943	59,059	961,838
Purchased services	706,631	722,878	16,247	709,125
Supplies and materials	351,600	324,889	(26,711)	391,352
Other expenditures	7,625	7,501	(124)	7,733
Capital outlay	19,600	16,888	(2,712)	21,678
Total expenditures	5,080,000	5,443,742	363,742	5,293,731
Excess (deficiency) of revenue over expenditures	(503,000)	(346,229)	156,771	(591,641)
Other financing sources				
Transfers in	388,000	388,000	—	388,000
Net change in fund balances	\$ (115,000)	41,771	\$ 156,771	(203,641)
Fund balances				
Beginning of year		265,168		468,809
End of year		\$ 306,939		\$ 265,168

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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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 2,647,272	\$ 7,435,706
Prepaid items	<u>6,693</u>	<u>4,895</u>
Total assets	<u><u>\$ 2,653,965</u></u>	<u><u>\$ 7,440,601</u></u>
Liabilities		
Salaries payable	\$ 4,697	\$ 4,574
Accounts and contracts payable	371,078	799,326
Due to other governmental units	<u>–</u>	<u>2,539</u>
Total liabilities	<u>375,775</u>	<u>806,439</u>
Fund balances		
Nonspendable for prepaid items	6,693	4,895
Restricted for alternative facilities program	<u>2,271,497</u>	<u>6,629,267</u>
Total fund balances	<u>2,278,190</u>	<u>6,634,162</u>
Total liabilities and fund balances	<u><u>\$ 2,653,965</u></u>	<u><u>\$ 7,440,601</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue		
Local sources		
Investment earnings	\$ 4,333	\$ 469
Expenditures		
Capital outlay		
Salaries	200,611	200,714
Employee benefits	55,804	51,940
Purchased services	578,956	413,511
Capital expenditures	<u>3,524,934</u>	<u>2,568,103</u>
Total expenditures	<u>4,360,305</u>	<u>3,234,268</u>
Excess (deficiency) of revenue over expenditures	(4,355,972)	(3,233,799)
Other financing sources		
Debt issued	<u>–</u>	<u>8,713,696</u>
Net change in fund balances	(4,355,972)	5,479,897
Fund balances		
Beginning of year	<u>6,634,162</u>	<u>1,154,265</u>
End of year	<u><u>\$ 2,278,190</u></u>	<u><u>\$ 6,634,162</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, 2013
(With Comparative Totals as of June 30, 2012)

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2013	2012
Assets				
Cash and temporary investments	\$ 5,616,479	\$ 1,392,663	\$ 7,009,142	\$ 6,677,648
Cash and investments held by trustee	—	—	—	26,808,736
Receivables				
Current taxes	4,909,369	1,493,433	6,402,802	6,465,973
Delinquent taxes	223,989	55,690	279,679	287,372
Due from other governmental units	199	52	251	188,886
Total assets	<u>\$ 10,750,036</u>	<u>\$ 2,941,838</u>	<u>\$ 13,691,874</u>	<u>\$ 40,428,615</u>
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	\$ 248,026	\$ 62,308	\$ 310,334	\$ 227,244
Property taxes levied for subsequent year	8,942,705	2,721,381	11,664,086	11,687,568
Total liabilities	<u>9,190,731</u>	<u>2,783,689</u>	<u>11,974,420</u>	<u>11,914,812</u>
Fund balances				
Restricted for bond refunding	—	—	—	26,808,736
Restricted for general debt service	1,559,305	—	1,559,305	1,621,983
Restricted for OPEB bonds debt service	—	158,149	158,149	83,084
Total fund balances	<u>1,559,305</u>	<u>158,149</u>	<u>1,717,454</u>	<u>28,513,803</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,750,036</u>	<u>\$ 2,941,838</u>	<u>\$ 13,691,874</u>	<u>\$ 40,428,615</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, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			
		Actual		
		Regular	OPEB	
	Budget	Debt Service	Debt Service	Total
		Account	Account	
Revenue				
Local sources				
Property taxes	\$ 11,615,000	\$ 9,101,528	\$ 2,394,033	\$ 11,495,561
Investment earnings	—	28,106	173	28,279
State sources	—	1,463	384	1,847
Total revenue	11,615,000	9,131,097	2,394,590	11,525,687
Expenditures				
Debt service				
Principal	6,880,000	6,895,000	275,000	7,170,000
Interest	4,735,000	2,887,486	2,044,525	4,932,011
Fiscal charges and other	10,000	30,025	—	30,025
Total expenditures	11,625,000	9,812,511	2,319,525	12,132,036
Excess (deficiency) of revenue over expenditures	(10,000)	(681,414)	75,065	(606,349)
Other financing sources (uses)				
Refunding bonds issued	—	—	—	—
Debt issued	—	—	—	—
Premium on debt issued	—	—	—	—
Bond retirement from escrow	—	(26,190,000)	—	(26,190,000)
Total other financing sources (uses)	—	(26,190,000)	—	(26,190,000)
Net change in fund balances	\$ (10,000)	(26,871,414)	75,065	(26,796,349)
Fund balances				
Beginning of year		28,430,719	83,084	28,513,803
End of year		\$ 1,559,305	\$ 158,149	\$ 1,717,454

	2012
Over (Under) Budget	Actual
\$ (119,439)	\$ 10,442,277
28,279	1,666
1,847	529,090
(89,313)	10,973,033
290,000	6,540,000
197,011	4,508,647
20,025	175,100
507,036	11,223,747
(596,349)	(250,714)
—	32,915,000
—	136,304
—	3,280,108
(26,190,000)	(9,070,000)
(26,190,000)	27,261,412
<u>\$ (26,786,349)</u>	27,010,698
	<u>1,503,105</u>
	<u>\$ 28,513,803</u>

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STATISTICAL SECTION

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 future.	
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
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ (9,055,169)	\$ (6,725,101)	\$ (2,700,781)	\$ 6,661,357
Restricted	2,518,136	3,113,322	2,709,960	3,730,712
Unrestricted	(1,288,161)	671,248	(583,567)	860,926
Total governmental activities net assets	<u>\$ (7,825,194)</u>	<u>\$ (2,940,531)</u>	<u>\$ (574,388)</u>	<u>\$ 11,252,995</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 assets by approximately \$14.9 million.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 7,125,365	\$ 2,990,543	\$ (197,985)	\$ 453,384	\$ 1,630,228	\$ 2,130,306
4,844,296	4,379,938	4,732,401	4,221,609	2,601,876	1,132,318
<u>(4,588,167)</u>	<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>\$ 7,381,494</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>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities				
Administration	\$ 3,308,922	\$ 3,544,993	\$ 3,790,959	\$ 3,723,705
District support services	1,626,652	1,326,436	1,661,436	1,373,226
Elementary and secondary regular instruction	34,570,587	35,262,242	35,648,880	34,232,855
Vocational education instruction	1,340,022	1,427,567	1,472,897	1,198,293
Special education instruction	14,275,941	15,351,514	16,027,671	16,393,259
Instructional support services	3,950,680	3,073,269	3,819,252	4,161,958
Pupil support services	5,092,450	5,263,540	6,186,000	6,012,661
Sites and buildings	9,062,174	10,191,167	9,872,947	8,964,347
Fiscal and other fixed cost programs	225,980	235,427	1,028	185
Food service	3,314,484	3,580,995	3,334,761	3,529,484
Community service	3,902,753	4,076,677	4,194,538	4,204,000
Depreciation not included in other functions	1,280,273	1,353,059	1,201,595	1,415,371
Interest and fiscal charges on debt	3,005,755	2,329,949	2,439,444	2,664,455
Total governmental activities expenses	84,956,673	87,016,835	89,651,408	87,873,799
Program revenues				
Governmental activities				
Charges for services				
Food service	2,415,883	2,447,356	2,433,141	2,518,458
Community service	2,365,863	2,293,986	2,529,330	2,730,995
All other	1,411,599	2,073,145	1,707,738	879,009
Operating grants and contributions	12,723,472	12,745,276	12,342,810	11,686,913
Capital grants and contributions	—	800,000	—	—
Total governmental activities program revenues	18,916,817	20,359,763	19,013,019	17,815,375
Net (expense) revenue	(66,039,856)	(66,657,072)	(70,638,389)	(70,058,424)
General revenues and other changes in net assets				
Taxes				
Property taxes, levied for general purposes	6,771,883	9,480,027	8,728,387	10,027,931
Property taxes, levied for capital projects	3,621,164	4,269,972	5,549,371	3,092,622
Property taxes, levied for community service	1,554,715	1,395,157	1,309,956	1,008,607
Property taxes, levied for debt service	4,177,114	5,502,175	4,754,217	6,658,641
Unrestricted grants and contributions	54,099,110	49,378,230	51,359,725	53,962,102
Other general revenues	408,454	413,127	194,534	195,926
Investment earnings	558,013	1,102,957	1,108,432	2,056,400
Total general revenues and other changes in net assets	71,190,453	71,541,645	73,004,622	77,002,229
Change in net position	\$ 5,150,597	\$ 4,884,573	\$ 2,366,233	\$ 6,943,805

2008	2009	2010	2011	2012	2013
\$ 3,226,653	\$ 3,655,539	\$ 3,869,087	\$ 3,991,594	\$ 4,029,515	\$ 4,089,720
1,455,973	2,284,283	2,720,495	2,747,634	2,243,148	2,365,545
41,338,905	37,011,943	35,724,272	37,532,300	38,815,035	39,527,587
1,237,511	1,095,872	1,206,851	906,963	923,529	816,566
15,841,498	16,898,282	18,204,071	18,000,216	17,311,207	18,619,906
3,895,519	4,232,013	4,130,759	4,130,540	4,857,506	4,475,571
6,178,368	6,577,236	7,077,329	7,098,605	7,538,799	7,975,301
12,020,290	15,417,599	14,733,080	12,389,819	12,188,020	13,991,384
287,360	317,223	323,309	396,113	336,468	366,519
3,755,561	3,893,101	3,998,768	4,118,542	4,007,239	3,939,335
4,533,655	4,851,414	4,681,407	4,854,351	5,294,255	5,294,575
2,281,475	2,315,905	2,256,769	2,223,641	2,200,859	2,077,872
2,600,676	3,815,164	5,324,820	4,548,253	4,297,853	4,380,407
98,653,444	102,365,574	104,251,017	102,938,571	104,043,433	107,920,288
2,506,300	2,526,722	2,501,718	2,361,396	2,371,288	2,342,824
2,871,348	2,898,030	2,839,310	3,033,168	3,535,129	3,649,837
1,290,723	986,912	890,699	774,062	733,792	799,849
11,437,738	12,381,894	14,759,126	13,598,280	12,739,695	13,773,555
568,600	960,279	337,507	318,720	383,367	512,391
18,674,709	19,753,837	21,328,360	20,085,626	19,763,271	21,078,456
(79,978,735)	(82,611,737)	(82,922,657)	(82,852,945)	(84,280,162)	(86,841,832)
9,759,457	17,021,057	15,078,382	24,295,624	17,775,348	18,659,789
3,369,672	3,166,276	2,862,033	3,870,514	2,920,342	1,111,426
1,026,606	857,799	726,887	1,208,043	796,039	2,765,087
6,958,917	6,823,354	10,051,500	10,142,769	10,432,599	11,578,651
52,717,417	53,053,991	52,269,656	44,580,093	51,474,590	51,989,567
1,220,713	1,559,344	455,802	493,314	372,001	130,330
1,054,452	1,008,590	443,031	252,944	129,556	167,603
76,107,234	83,490,411	81,887,291	84,843,301	83,900,475	86,402,453
\$ (3,871,501)	\$ 878,674	\$ (1,035,366)	\$ 1,990,356	\$ (379,687)	\$ (439,379)

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Local sources				
Taxes	\$ 23,214,390	\$ 20,687,744	\$ 14,609,917	\$ 20,693,863
Investment earnings	596,943	1,102,957	970,729	1,941,934
Other	6,594,538	7,659,158	6,864,197	7,483,450
State sources	56,598,394	58,921,506	65,989,699	61,009,375
Federal sources	3,132,146	3,202,000	3,497,967	3,480,578
Total revenues	<u>90,136,411</u>	<u>91,573,365</u>	<u>91,932,509</u>	<u>94,609,200</u>
Expenditures				
Current				
Administration	3,463,678	3,555,042	3,790,959	3,723,705
District support services	1,605,589	1,362,527	1,661,436	1,373,226
Elementary and secondary regular instruction	33,913,407	38,151,421	35,754,400	35,027,130
Vocational education instruction	1,340,022	1,427,567	1,472,897	1,198,293
Special education instruction	14,275,941	15,351,514	16,036,294	16,395,955
Instructional support services	4,022,565	3,442,075	4,008,601	4,422,830
Pupil support services	5,091,747	5,263,540	6,186,000	6,012,661
Sites and buildings	8,728,373	8,324,940	11,797,397	8,315,877
Fiscal and other fixed cost programs	225,980	235,427	1,028	185
Food service	3,268,311	3,514,801	3,322,640	3,694,337
Community service	3,885,142	3,985,972	4,189,143	4,232,322
Capital outlay	396,003	6,164,454	17,408,688	13,154,382
Debt service				
Principal	2,762,447	3,161,260	2,760,290	5,006,013
Interest and fiscal charges	2,820,521	2,830,075	2,723,031	2,611,157
Total expenditures	<u>85,799,726</u>	<u>96,770,615</u>	<u>111,112,804</u>	<u>105,168,073</u>
Excess of revenues over (under) expenditures	4,336,685	(5,197,250)	(19,180,295)	(10,558,873)
Other financing sources (uses)				
Debt issued	33,325,000	—	750,000	16,500,000
Premium on bonds issued	118,528	—	—	306,064
Payments to refunded bond escrow agent	(13,400,000)	—	(4,920,000)	—
Capital lease issued	—	—	—	—
Sales of capital assets	—	—	546	—
Transfers in	—	—	—	388,000
Transfers out	—	—	—	(388,000)
Total other financing sources (uses)	<u>20,043,528</u>	<u>—</u>	<u>(4,169,454)</u>	<u>16,806,064</u>
Net change in fund balances	<u>\$ 24,380,213</u>	<u>\$ (5,197,250)</u>	<u>\$ (23,349,749)</u>	<u>\$ 6,247,191</u>
Debt service as a percentage of noncapital expenditures	<u>6.5%</u>	<u>6.6%</u>	<u>5.9%</u>	<u>8.3%</u>

2008	2009	2010	2011	2012	2013
\$ 21,108,207	\$ 27,739,145	\$ 28,793,384	\$ 39,311,179	\$ 31,960,613	\$ 33,880,314
935,800	904,642	338,787	139,727	16,764	54,066
7,889,084	7,981,803	6,687,518	6,535,743	6,928,698	7,190,760
61,026,716	62,243,574	56,950,518	51,925,403	59,575,217	61,640,043
3,697,039	4,152,590	10,415,771	6,571,690	5,105,947	4,367,550
94,656,846	103,021,754	103,185,978	104,483,742	103,587,239	107,132,733
3,226,653	6,581,893	3,961,733	4,114,888	3,958,852	4,015,982
1,455,973	6,756,813	2,859,464	2,994,223	2,078,268	2,193,489
37,013,269	63,272,104	36,292,516	38,006,664	38,650,289	39,629,298
1,237,511	1,095,872	1,206,851	906,963	923,529	816,566
15,848,126	19,143,021	18,293,722	18,282,576	17,125,287	18,408,949
4,100,888	4,524,313	4,446,241	4,384,509	4,913,086	4,478,937
6,141,130	6,725,822	7,077,329	7,098,605	7,538,799	7,975,301
7,625,209	10,983,768	8,904,920	9,212,513	9,049,142	13,539,510
287,360	317,223	323,309	396,113	336,468	366,519
3,859,568	5,204,769	3,963,573	4,081,257	3,975,684	3,987,832
4,514,967	4,915,475	4,674,940	4,822,387	5,272,053	5,426,854
5,906,549	7,861,994	5,950,148	3,449,120	3,288,376	4,487,482
4,312,990	4,810,674	5,393,762	6,152,276	6,721,237	7,304,839
2,825,728	2,786,535	5,777,779	4,798,391	4,709,258	4,978,113
98,355,921	144,980,276	109,126,287	108,700,485	108,540,328	117,609,671
(3,699,075)	(41,958,522)	(5,940,309)	(4,216,743)	(4,953,089)	(10,476,938)
—	52,055,000	—	—	41,765,000	—
—	213,852	—	—	3,280,108	—
—	—	—	—	(9,070,000)	(26,190,000)
—	—	—	—	—	3,900,000
—	1,500	900	7,699	4,095	9,850
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)
\$ (3,699,075)	\$ 10,311,830	\$ (5,939,409)	\$ (4,209,044)	\$ 31,026,114	\$ (32,757,088)
7.4%	5.3%	10.3%	10.2%	10.6%	10.9%

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Reserved	\$ 3,424,614	\$ 4,155,256	\$ 4,284,138	\$ 4,591,209
Unreserved	10,524,180	9,165,752	7,088,038	8,403,496
Nonspendable	—	—	—	—
Restricted	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total General Fund	<u>\$ 13,948,794</u>	<u>\$ 13,321,008</u>	<u>\$ 11,372,176</u>	<u>\$ 12,994,705</u>
All other governmental funds				
Reserved	\$ 6,068,123	\$ 5,941,457	\$ 833,341	\$ 7,836,835
Unreserved, reported in				
Special revenue funds	392,598	387,042	554,604	607,060
Capital Projects – Building				
Construction Fund	27,951,719	23,381,996	7,062,383	4,677,225
Debt Service Fund	1,358,544	1,491,025	1,350,275	1,304,145
Nonspendable	—	—	—	—
Restricted				
Special revenue funds	—	—	—	—
Capital Projects – Building				
Construction Fund	—	—	—	—
Debt service funds	—	—	—	—
Total all other governmental funds	<u>\$ 35,770,984</u>	<u>\$ 31,201,520</u>	<u>\$ 9,800,603</u>	<u>\$ 14,425,265</u>

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

2008	2009	2010	2011	2012	2013
\$ 5,109,317	\$ 2,815,375	\$ —	\$ —	\$ —	\$ —
9,395,348	17,106,342	—	—	—	—
—	—	479,163	586,628	219,984	1,255,743
—	—	3,120,086	3,148,469	2,106,435	1,022,955
—	—	6,474,495	7,818,797	6,697,066	8,955,687
—	—	10,551,796	8,882,644	11,115,223	7,295,063
<u>\$ 14,504,665</u>	<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>
\$ 3,156,924	\$ 11,024,081	\$ —	\$ —	\$ —	\$ —
490,628	386,681	—	—	—	—
3,874,764	577,881	—	—	—	—
1,693,914	2,122,365	—	—	—	—
—	—	163,252	175,913	108,758	100,371
—	—	1,035,688	619,346	469,850	484,528
—	—	4,555,170	1,149,370	6,629,267	2,271,497
—	—	1,713,666	1,503,105	28,513,803	1,717,454
<u>\$ 9,216,230</u>	<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>

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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
2004	\$ 16,976,434 22%	\$ 56,341,957 73%	\$ 2,288,793 3%	\$ 1,944,679 2%	\$ 77,551,863 100%
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%

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
2004	\$ 3,463,678 5%	\$ 1,605,589 2%	\$ 33,913,407 46%	\$ 1,340,022 2%	\$ 14,275,941 20%
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%

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>
\$ 4,022,565 5%	\$ 5,091,747 7%	\$ 8,728,373 12%	\$ 881,933 1%	\$ 73,323,255 100%
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%

INDEPENDENT SCHOOL DISTRICT NO. 624

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

				Fiscal Year
	2004	2005	2006	2007
Revenues				
General Fund	\$ 77,551,863	\$ 76,597,931	\$ 78,871,297	\$ 77,998,324
Special revenue funds				
Food Service	3,331,462	3,450,928	3,511,118	3,762,902
Community Service	4,250,702	4,073,648	4,104,247	4,050,703
Capital Projects – Building				
Construction Fund	110,569	1,504,026	317,676	1,793,278
Debt Service Fund	4,891,815	5,946,832	5,128,171	7,003,993
Total revenues	<u>\$ 90,136,411</u>	<u>\$ 91,573,365</u>	<u>\$ 91,932,509</u>	<u>\$ 94,609,200</u>
Expenditures				
General Fund	\$ 73,323,255	\$ 77,225,717	\$ 80,820,675	\$ 76,676,658
Special revenue funds				
Food Service	3,287,853	3,514,801	3,322,640	3,694,337
Community Service	3,902,753	4,076,677	4,210,542	4,264,446
Capital Projects – Building				
Construction Fund	358,850	6,073,749	17,387,289	13,176,445
Debt Service Fund	4,927,015	5,879,671	5,371,658	7,356,187
Total expenditures	<u>\$ 85,799,726</u>	<u>\$ 96,770,615</u>	<u>\$ 111,112,804</u>	<u>\$ 105,168,073</u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 79,040,827	\$ 87,059,594	\$ 84,663,756	\$ 85,799,501	\$ 83,916,543	\$ 86,444,357
3,797,396	3,881,554	4,056,179	3,947,224	3,995,104	4,060,843
4,401,215	4,349,644	3,891,955	4,195,256	4,702,090	5,097,513
95,669	591,202	17,994	8,403	469	4,333
7,321,739	7,139,760	10,556,094	10,533,358	10,973,033	11,525,687
<u>\$ 94,656,846</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>
\$ 77,142,867	\$ 119,607,577	\$ 83,572,833	\$ 85,603,802	\$ 84,780,468	\$ 91,575,467
3,859,568	5,204,769	3,973,659	4,099,270	4,008,114	4,098,121
4,531,929	4,961,650	4,710,360	4,844,186	5,293,731	5,443,742
5,889,587	7,815,819	5,904,642	3,409,308	3,234,268	4,360,305
6,931,970	7,390,461	10,964,793	10,743,919	11,223,747	12,132,036
<u>\$ 98,355,921</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>

INDEPENDENT SCHOOL DISTRICT NO. 624

Cash and Investments by Fund
Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
General Fund	\$ 3,014,143	\$ 4,890,346	\$ 8,861,012	\$ 11,814,401
Special revenue funds				
Food Service	302,456	175,952	317,746	481,841
Community Service	972,646	1,168,883	1,278,616	1,550,935
Capital Projects – Building Construction Fund	27,781,435	25,087,521	10,135,240	12,752,017
Debt Service Fund	8,210,002	8,456,160	3,794,794	4,379,659
Internal Service Fund	–	3,000,000	3,137,703	3,252,169
Post-Employment Benefits Trust Fund	–	–	–	–
Scholarship Private-Purpose Trust Fund	–	–	–	–
	<u>\$ 40,280,682</u>	<u>\$ 42,778,862</u>	<u>\$ 27,525,111</u>	<u>\$ 34,231,022</u>

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

2008	2009	2010	2011	2012	2013
\$ 17,653,772	\$ 22,712,790	\$ 14,809,214	\$ 4,481,478	\$ 1,729,290	\$ 14,927,823
428,768	309,713	377,969	327,298	345,224	346,449
2,039,087	1,528,045	1,098,013	396,471	231,772	363,895
7,178,261	11,799,124	5,227,176	1,819,236	7,435,706	2,647,272
5,895,578	6,653,403	5,833,763	5,985,243	33,486,384	7,009,142
3,370,821	3,474,769	3,579,012	3,692,229	3,805,021	3,864,013
–	40,035,431	40,982,795	46,153,625	42,146,512	42,335,624
–	–	–	34,876	33,145	30,617
<u>\$ 36,566,287</u>	<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>

INDEPENDENT SCHOOL DISTRICT NO. 624

Expenditures per Student
Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Expenditures per student (ADM) (1)				
General Fund				
District-level administration	389	270	301	299
School-level administration	178	342	359	363
Regular instruction	3,726	4,169	3,863	3,903
Career and technical instruction	150	162	169	138
Special education	1,598	1,732	1,840	1,889
Student activities/athletics	N/A	98	99	102
Instructional support services	449	320	390	433
Pupil support services	198	201	219	226
Operations, maintenance, and other	537	594	684	720
Student transportation	355	384	452	424
Other	42	—	—	—
Capital	617	532	948	531
Total General Fund expenditures per student	8,239	8,804	9,324	9,028
Food Service Fund	369	401	383	428

N/A – Not Available

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

Source: Minnesota Department of Education

2008	2009	2010	2011	2012	2013
270	1,287	503	527	369	N/A
358	395	417	402	442	N/A
4,213	7,439	4,264	4,456	4,528	N/A
145	128	143	108	113	N/A
1,861	2,286	2,176	2,195	2,089	N/A
101	112	103	129	156	N/A
403	446	435	442	471	N/A
226	269	303	280	312	N/A
770	1,154	874	923	860	N/A
453	474	479	498	540	N/A
N/A	N/A	N/A	N/A	N/A	N/A
371	338	416	410	527	N/A
9,171	14,328	10,113	10,370	10,407	N/A
456	624	481	497	492	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		
2004	\$ 16,976,434	\$ 2,060,842	\$ 4,177,114	\$	23,214,390
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

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
2004	\$ 328,914	N/A	\$ 54,518,734	\$ (5,006,174)	\$ 4,975,553
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

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>
\$ (3,758,528)	\$ 51,058,499	0.24347	\$ 4,685,708,500	1.09 %
(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

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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				
2004	\$ 13,618,604	\$ 1,169,093	\$ 5,864,278	\$ 20,651,975
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
Tax rates				
2004	0.10492	0.02303	0.11552	0.24347
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
Market value for rates				
2004	0.00157	—	—	0.00157
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

(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

	ISD No. 624		Counties			Special Taxing Districts		
For Taxes Collectible	Total Direct Tax Rate (2)	Market Value Rate	Ramsey County	Washington County	Anoka County	Ramsey County	Washington County	Anoka County
2004	24.347	0.157	53.135	31.201	32.721	5.532	4.264	5.923
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

(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
23.081	20.753	33.244	42.286	21.473	106.252	103.924	93.213	104.644	105.434
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

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INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Xcel Energy	\$ 590,948	1	0.95 %	\$ 228,745	2	0.37 %
White Bear Woods Apartments	337,750	2	0.54	200,889	4	0.32
Trane Corporation	252,702	3	0.41	—	—	—
Specialty Manufacturing	233,354	4	0.37	—	—	—
Sam's Club	225,250	5	0.36	—	—	—
White Bear Shopping Center	217,432	6	0.35	—	—	—
Wilson Tool	211,040	7	0.34	155,384	5	0.25
Wilbert Plastics, Inc.	190,570	8	0.31	263,966	1	0.42
Victor Hugo Blvd, LLC	164,800	9	0.26	—	—	—
Aspen Research	159,244	10	0.26	—	—	—
Schwing America, Inc.	—	—	—	222,364	3	0.36
EPI Corporation	—	—	—	141,212	6	0.23
Taylor Corporation	—	—	—	137,998	7	0.22
Birch Lake Townhomes	—	—	—	133,200	8	0.21
Muller Family Theatres	—	—	—	128,540	9	0.21
Kmart Corporation	—	—	—	115,250	10	0.19
Total	<u>\$ 2,583,090</u>		<u>4.15 %</u>	<u>\$ 1,727,548</u>		<u>2.77 %</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
2004	\$ 17,740,841	\$ 2,044,053	\$ 867,081	\$ 20,651,975	N/A	N/A
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	15,357,564	44.7
2013	31,178,677	3,724,356	2,700	34,905,733	15,742,920	45.1

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, 2013					
	Amount	Percentage of Levy	Delinquent (2)		Current		Percent	
			Amount	Percent	Amount	Percent		
\$ 20,651,975	\$ 20,651,975	100.0 %	\$ —	— %	\$ —	—	— %	
20,841,630	20,841,630	100.0	—	—	—	—	—	
21,251,883	21,251,883	100.0	7,821	—	—	—	—	
310,438	21,587,412	99.9	11,757	0.1	—	—	—	
478,101	28,794,445	99.9	32,428	0.1	—	—	—	
424,523	29,655,108	99.9	29,241	0.1	—	—	—	
541,644	31,311,290	99.5	147,635	0.5	—	—	—	
322,869	33,562,256	99.5	162,332	0.5	—	—	—	
18,569,125	33,926,689	98.7	449,124	1.3	—	—	—	
—	15,742,920	—	—	—	19,162,813	—	54.9	
			\$ 840,338		\$ 19,162,813			

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

<u>Fiscal Year</u>	<u>Outstanding Bonded Debt</u>	<u>Other Debt</u>	<u>Balance on Hand Value</u>	<u>Net Debt</u>	<u>Net Tax Capacity</u>
2004	\$ 66,410,000	\$ 767,502	\$ 6,446,601	\$ 60,730,901	\$ 51,058,499
2005	63,330,000	686,242	6,513,762	57,502,480	58,978,590
2006	55,735,000	1,350,952	1,350,275	55,735,677	67,192,069
2007	67,360,000	1,219,939	1,304,145	67,275,794	75,201,048
2008	63,195,000	1,071,949	1,693,914	62,573,035	80,441,267
2009	110,595,000	916,274	2,122,365	109,388,909	81,026,848
2010	105,365,000	752,513	1,713,666	104,403,847	78,007,498
2011	99,385,000	580,237	1,503,105	98,462,132	73,324,082
2012	125,540,000	399,000	28,513,803	97,425,197	66,453,211
2013	92,180,000	4,164,161	1,717,454	94,626,707	62,295,250

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

<u>Percent of Net Debt to Tax Capacity Value</u>	<u>Market Value</u>	<u>Percent of Net Debt to Market Value</u>	<u>Estimated Population</u>	<u>Debt per Capita</u>	<u>Percent of Net Debt to Personal Income</u>
118.94 %	\$ 4,685,708,500	1.30 %	63,517	\$ 956	2.11 %
97.50	5,401,287,100	1.06	64,207	896	1.98
82.95	6,136,221,775	0.91	65,843	846	1.83
89.46	6,883,120,255	0.98	66,103	1,018	2.00
77.79	7,268,550,075	0.86	66,192	945	1.98
135.00	7,227,447,125	1.51	66,192	1,653	3.69
133.84	6,910,433,800	1.51	66,200	1,577	3.45
134.28	6,497,742,000	1.52	47,533	2,071	4.17
146.61	6,236,751,100	1.56	48,144	2,024	3.99
151.90	5,820,147,200	1.63	48,332	1,958	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>
2004	\$ 2,310,597	\$ 2,616,418	\$ 4,927,015	\$ 73,323,255	6.72 %
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

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Debt
as of June 30, 2013

	<u>General Obligation Debt</u>	<u>2013 Tax Capacity Value</u>	<u>Percent of Debt Applicable (1)</u>	<u>Amount of Debt Applicable</u>
Taxing unit				
Overlapping debt				
Counties				
Ramsey	\$ 220,194,708	\$ 468,026,839	13.96 %	\$ 30,748,383
Washington	167,100,000	274,106,000	4.77	7,968,454
Cities				
White Bear Lake	—	22,480,333	34.40	—
White Bear Township	5,324,708	12,692,286	19.42	1,034,069
Hugo	13,115,000	13,320,925	20.38	2,673,108
Special districts				
Metropolitan Council	<u>268,980,000</u>	<u>3,111,683,000</u>	2.10	<u>5,649,510</u>
Total overlapping debt	674,714,416	3,902,309,383		48,073,524
Direct debt				
ISD No. 624	<u>96,344,161</u>	<u>62,295,250</u>	100.00	<u>96,344,161</u>
Total direct and overlapping debt	<u>\$ 771,058,577</u>	<u>\$ 3,964,604,633</u>		<u>\$ 144,417,685</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			
	2004	2005	2006	2007
Debt limit	\$ 702,856,275	\$ 810,193,065	\$ 920,433,266	\$ 1,032,468,038
Total net debt applicable to limit	59,963,399	56,816,238	54,384,725	66,055,855
Legal debt margin	\$ 642,892,876	\$ 753,376,827	\$ 866,048,541	\$ 966,412,183
Total net debt applicable to the limit as a percentage of debt limit	8.53%	7.01%	5.91%	6.40%

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

2008	2009	2010	2011	2012	2013
\$ 1,090,282,511	\$ 1,084,117,069	\$ 1,036,565,070	\$ 974,661,300	\$ 935,512,665	\$ 873,022,080
61,501,086	108,472,635	103,651,334	97,881,895	97,109,281	90,462,546
<u>\$ 1,028,781,425</u>	<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>
5.64%	10.01%	10.00%	10.04%	10.38%	10.36%

Legal Debt Margin Calculation for Fiscal Year 2013

Market value	\$ 5,820,147,200
Debt limit (15% of market value)	873,022,080
Debt applicable to limit	
General obligation bonds	92,180,000
Less amount set aside for repayment of general obligation debt	<u>(1,717,454)</u>
Total net debt applicable to limit	<u>90,462,546</u>
Legal debt margin	<u>\$ 782,559,534</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)
2004	63,517	\$ 2,880,114,848	\$ 45,344	33.7	8,642	4.4 %
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

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 2000–2009 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	2013		2004	
	Employees	Rank	Employees	Rank
ISD No. 624	1,150	1	1,146	1
Taymark Corporation	600	2	—	—
Century College	566	3	378	6
H.B. Fuller Company	478	4	430	4
Wilson Tool International	400	5	520	2
Heraeus Medical Components	350	6	—	—
Festival Foods	325	7	—	—
I.C. Systems	322	8	509	3
Cerenity Care Center	250	9	—	—
S.E.H.	250	10	—	—
Wilbert Plastics Inc. (Thermoform)	—	—	295	9
Walmart	—	—	380	5
Water Gremlin Co.	—	—	330	8
Cub Foods	—	—	220	10
Schwing America, Inc.	—	—	375	7
	<u>4,691</u>		<u>4,583</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			
	2004	2005	2006	2007
Board of Education	7	7	7	7
Administrators/principals	26	26	26	24
Supervisors/managers	9	11	11	10
Teachers	564	559	544	526
Support services	143	147	138	147
Paraprofessionals	173	174	168	148
Custodians	62	61	65	64
Food service	68	70	69	67
Extended day	48	43	36	38
Bus drivers	46	52	36	39
Total	1,146	1,150	1,100	1,070

Source: ISD No. 624

2008	2009	2010	2011	2012	2013
7	7	7	7	7	7
27	27	34	34	34	35
11	12	18	19	22	30
528	544	575	559	580	599
153	149	120	126	110	101
145	149	151	148	152	153
64	65	68	67	67	63
73	76	72	72	75	75
30	39	39	44	43	47
39	38	40	43	43	40
1,077	1,106	1,124	1,119	1,133	1,150

INDEPENDENT SCHOOL DISTRICT NO. 624

Teacher Data
Last Ten Fiscal Years

Fiscal Year	Minimum Salary		Maximum Salary		Average Salary	Number of Teachers With	
						B.A. Degree	M.A. Degree
2004	\$	31,500	\$	59,610	N/A	N/A	N/A
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

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
2004	19.36	15.80	14.96	13.60
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	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				
	2004	2005	2006	2007	2008
Standardized Tests					
MCA Reading (1) (2)					
Grade 3	78.05 %	80.04 %	84.46 %	81.30 %	83.70 %
Grade 4	N/A	N/A	81.36	74.10	69.70
Grade 5	80.18	82.45	75.75	73.20	79.60
Grade 6	N/A	N/A	77.31	70.30	75.90
Grade 7	79.70	83.70	73.22	66.20	73.70
Grade 8	N/A	N/A	71.80	68.10	70.40
Grade 10	77.41	84.65	67.01	65.30	74.70
MCA Math (1)					
Grade 3	70.02	81.48	79.01	81.80	82.30
Grade 4	N/A	N/A	71.67	74.30	71.30
Grade 5	75.15	83.94	59.35	66.40	72.80
Grade 6	N/A	N/A	57.12	62.70	66.70
Grade 7	73.77	82.83	64.32	68.00	67.60
Grade 8	N/A	N/A	58.29	68.00	61.80
Grade 11	71.64	75.16	27.75	40.90	40.20
MCA Science (1)					
Grade 5	N/A	N/A	N/A	N/A	N/A
Grade 7	N/A	N/A	N/A	N/A	N/A
Grade 11	N/A	N/A	N/A	N/A	N/A
ACT					
Average composite score	21.50	21.80	21.70	22.20	22.40
Graduation data					
ISD No. 624 rate	N/A	N/A	99.68	99.66	99.00
Post-graduation					
4-year college/university	64.00	60.00	52.00	60.00	53.00
2-year college	27.00	25.00	25.00	28.00	12.00
Other	8.00	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
82.90 %	78.30 %	82.60 %	83.70 %	60.80 %
77.50	77.20	78.90	80.60	59.60
71.50	76.60	87.40	82.20	68.90
76.10	70.70	76.30	78.70	63.90
67.90	72.10	68.90	78.30	60.80
73.40	73.60	73.60	72.70	64.60
78.10	78.80	76.00	78.80	66.80
83.40	87.50	75.61	84.60	76.60
76.80	85.80	75.56	81.00	77.20
63.40	75.80	65.33	69.10	66.90
64.60	66.00	48.26	61.60	57.10
66.60	69.30	50.17	60.80	60.40
67.70	63.10	59.36	66.00	68.20
45.70	53.50	65.00	51.80	62.10
N/A	49.90	57.50	64.00	69.00
N/A	63.20	51.50	52.00	57.50
N/A	62.20	58.60	56.00	60.60
22.40	23.40	22.90	22.80	23.10
99.00	99.00	99.00	96.80	99.00
59.00	59.00	58.00	58.00	62.00
33.00	33.00	35.00	35.00	27.00
8.00	8.00	7.00	7.00	11.00

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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
2004	7,600	913,329	172	5,201	68.43 %	138,072	15.11 %	64,407	7.05 %
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

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

School Facilities
as of June 30, 2013

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	2012–2013 Enrollment
57.04	53	289,953	1,484	1,119
39.98	58	280,906	1,624	1,232
25.00	48	266,386	1,344	997
25.30	49	126,979	1,372	184
44.00	22	119,955	840	518
20.00	33	104,739	825	589
16.75	25	68,921	625	376
11.00	26	59,928	650	389
10.00	26	61,781	650	226
10.00	23	59,127	575	543
9.00	23	72,469	575	375
10.00	24	55,433	600	–
9.70	17	58,801	425	322
13.00	23	72,223	575	393
12.00	19	46,872	475	147
–	4	7,258	50	25
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, 2013

Type of Coverage	Amount of Coverage
Fire extended coverage/blanket real and personal property	\$343,008,088 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	
2004	95	534	3,835	4,382	8,846	10,275
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	111	579	3,663	3,649	8,002	9,210

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 2004 through 2008	1.250	1.000	0.557	1.115	1.060	1.300
Fiscal 2009 through 2013	1.250	1.000	0.612	1.115	1.060	1.300

Source: Minnesota Department of Education student reporting system

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