

COMPREHENSIVE ANNUAL FINANCIAL REPORT



INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA
FOR THE YEAR ENDED JUNE 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA

4855 Bloom Avenue
White Bear Lake, MN 55110

Prepared by:
Business Office

Assistant Superintendent for Finance and Operations
Wayne Kazmierczak

Controller
Mary Vaske

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INTRODUCTORY SECTION



White Bear Lake Area Public Schools

Independent School District 624

Wayne A. Kazmierczak
Director of Finance & Operations

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

November 1, 2016

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, 2016 is submitted herewith. The audit report was completed on November 1, 2016 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 District is required to undergo an annual Single Audit as required by the U.S. Office of Management and Budget. 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 Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity and Its Services

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

The District, which is located about 15 miles northeast of St. Paul, Minnesota, the state capital, was officially formed in its current structure through legislative action in 1957. The governing body consists of a seven-member Board of Education elected from within the District's boundaries. The District serves about 8,200 students in kindergarten through Grade 12. Geographically, the District's boundaries include portions of Anoka, Ramsey, and Washington counties and serves all or part of the following municipalities: 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 and special education for exceptional children. Nutrition services and transportation are provided as support 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 2015–2016, the District operated 21 buildings. A list of school facilities as of June 30, 2016 is included in the statistical section of this report.

Based on legislative authority, the Board of Education:

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

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

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

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

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

Economic Conditions

The various communities that comprise the District participate in the deep and diverse Twin Cities Metropolitan area economy and enjoy very strong income levels and extremely strong market value per capita [Source: Standard & Poor's (S&P)]. The communities are all committed to careful planning and thoughtful community renewal, range from partially to nearly fully developed, and are diverse and independent. After declining for several years as a result of the Great Recession, the market value of property within the District has increased over the past several years to an estimated current value of \$6.6 billion. Minnesota's state demographer estimated that as of 2016, the District had approximately 49,189 residents.

Current Financial Conditions

The District continues to maintain a healthy General Fund reserve. As of June 30, 2016, the District's unassigned fund balance was \$15.3 million. Adequate fund balances are critical during difficult financial times. For example, in order to mitigate its cash flow problems in recent years, the state of Minnesota twice postponed aid payments to school districts. While the vast majority of Minnesota school districts resorted to borrowing funds to ensure an appropriate level of liquidity, the District's fund balance was sufficient so that it did not need to borrow funds to meet its financial obligations and avoided the costs associated with borrowing.

In May 2015, S&P's Rating Services affirmed the District's AA bond rating in association with the issuance of general obligation alternative facilities bonds. The District's strong credit rating reflects S&P's opinion in the following areas: 1) participation in the deep and diverse Minneapolis and St. Paul metropolitan economy; 2) strong incomes and extremely strong market value per capita; 3) projections of increased enrollment; 4) very strong General Fund reserves; and 5) low overall debt burden as a share of market value and rapid principal amortization.

Long-Term Financial Planning

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

Minnesota's 2013-2016 legislative sessions brought welcome resources to school districts across the state. The long-term prospects for education funding at the state level remain a concern, as K–12 funding increases have typically been around 1.0–1.5 percent annually, which is outpaced by the rate of inflation.

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

Financial Reporting Awards

For the sixteenth 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 Board of Education is proud to have received these awards, which provide evidence to the community, financial institutions, and the general public that the District is committed to sound financial reporting.

Internal Accounting and Budgetary Control

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

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

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

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

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

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

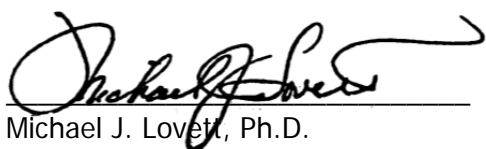
Independent Audit – Minnesota Statutes and the District's adopted policy require an annual audit of the books of accounts, financial records, and transactions of all funds of the District. The audit is done by independent certified public accountants selected by the District's Board of Education. This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

Closing Statement – It is the goal of this CAFR to provide the District's management, outside investors, and interested local citizens with a meaningful financial presentation. We hope that all readers of this report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2016.

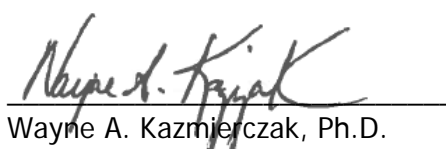
The preparation of this report on a timely basis could not be accomplished without the efforts of Mary Vaske, our District Controller, and the dedicated members of the Business Office who assisted in the closing of the District's financial records and the preparation of this report.

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

Respectfully submitted,

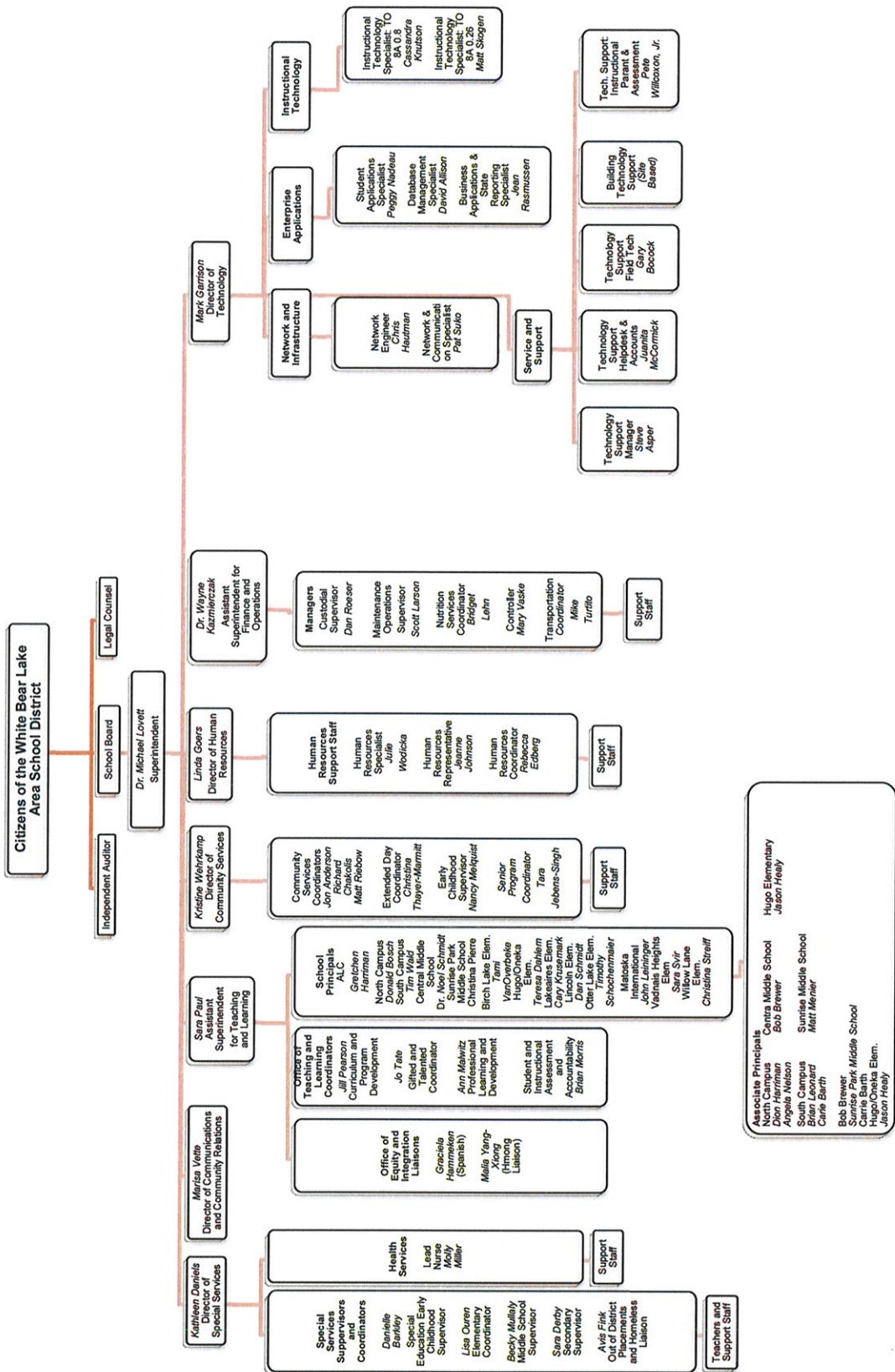
A handwritten signature in black ink, appearing to read "Michael J. Lovett", written over a horizontal line.

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

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

Wayne A. Kazmierczak, Ph.D.
Assistant Superintendent for Finance & Operations

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INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Officials
as of June 30, 2016

BOARD OF EDUCATION

	<u>Term Expires</u>	<u>Position</u>
Janet Newberg	December 31, 2017	Chairperson
George Kimball	December 31, 2017	Vice Chairperson
Kim Chapman	December 31, 2017	Treasurer
Ellen Fahey	December 31, 2019	Clerk
Don Mullin	December 31, 2017	Member
Marge Newmaster	December 31, 2019	Member
Scott Wilson	December 31, 2019	Member

ADMINISTRATION OFFICIALS

Michael J. Lovett, Ph.D.	Superintendent of Schools
Wayne Kazmierczak, Ph.D.	Assistant Superintendent for Finance and Operations
Kathleen Daniels	Director of Special Services
Sara Paul	Assistant Superintendent for Teaching and Learning
Marisa Vette	Director of Communications and Community Relations
Linda Goers	Director of Human Resources
Mark Garrison	Director of Technology and Innovation



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, 2015

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Independent School District No. 624

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

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 accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 624 (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

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

(continued)

Prior Year Comparative Information

We have previously audited the District's 2015 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 2, 2015. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.
Minneapolis, Minnesota
November 1, 2016

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INDEPENDENT SCHOOL DISTRICT NO. 624

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

This section of Independent School District No. 624's (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, 2016. 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.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources were less than its liabilities and deferred inflows of resources at June 30, 2016 by \$27,068,620 (net position). The District's total net position decreased by \$2,366,856 during the fiscal year ended June 30, 2016.
- The General Fund's total fund balance (under the governmental fund presentation) increased \$13,802 from the prior year, compared to a decrease of \$295,344 planned in the budget.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, except for the fiduciary funds. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the financing of severance benefits, self-funded dental benefits, and the self-funded health insurance plan. 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, 2016 and 2015		
	2016	2015
Assets		
Current and other assets	\$ 113,600,102	\$ 126,230,805
Capital assets, net of depreciation	63,097,724	63,885,994
Total assets	\$ 176,697,826	\$ 190,116,799
Deferred outflows of resources		
Pension plan deferments – PERA and TRA	\$ 13,755,708	\$ 10,931,312
Liabilities		
Current and other liabilities	\$ 4,525,943	\$ 8,343,747
Long-term liabilities, including due within one year	169,969,225	166,023,463
Total liabilities	\$ 174,495,168	\$ 174,367,210
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 34,563,552	\$ 34,112,625
Pension plan deferments – PERA and TRA	8,463,434	17,270,040
Total deferred inflows of resources	\$ 43,026,986	\$ 51,382,665
Net position		
Net investment in capital assets	\$ 2,724,245	\$ 4,292,291
Restricted	4,232,013	2,649,603
Unrestricted	(34,024,878)	(31,643,658)
Total net position	\$ (27,068,620)	\$ (24,701,764)

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, other post-employment benefits (OPEB), and pensions. This impacts the unrestricted portion of net position.

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

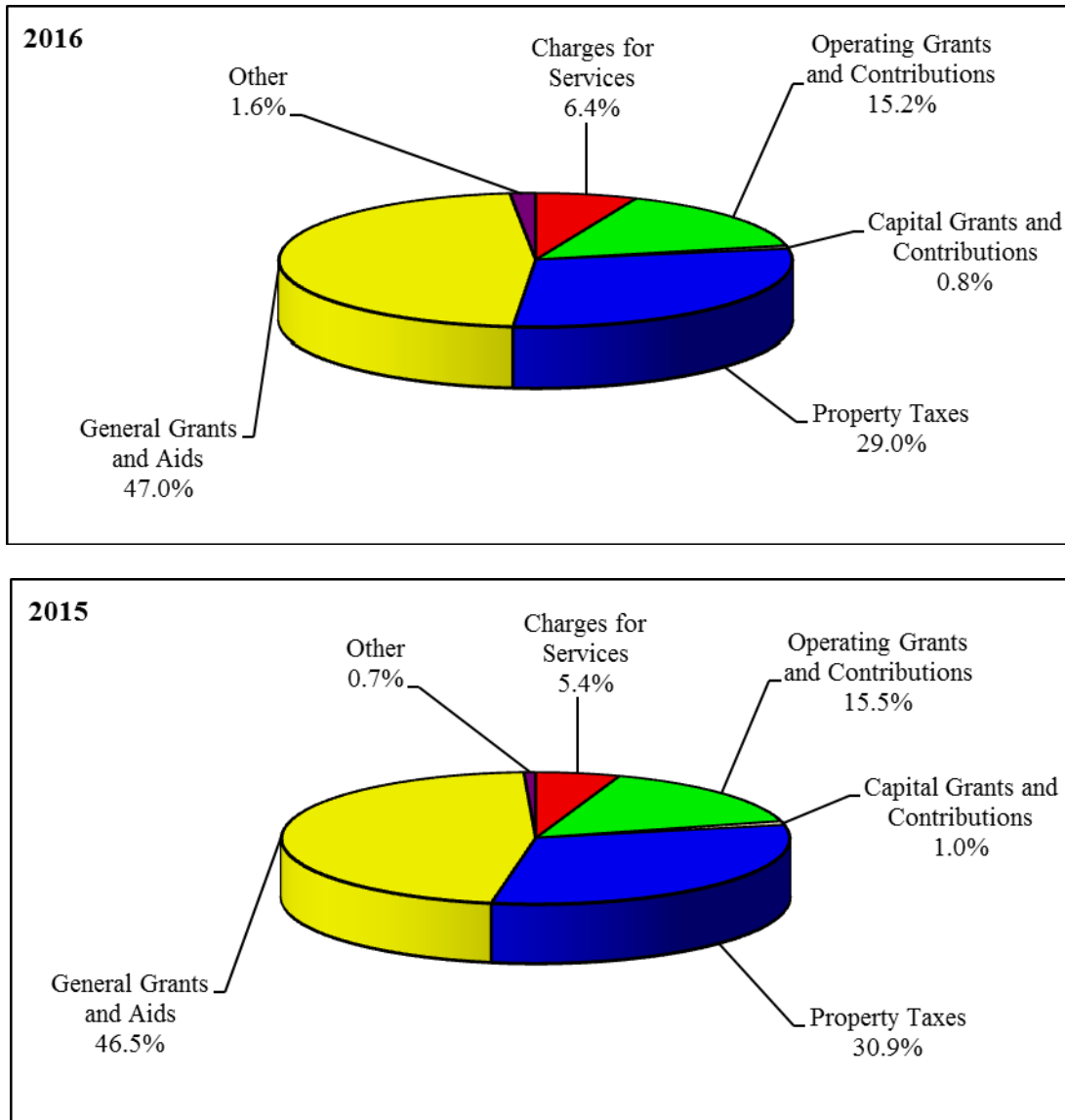
Table 2 Summary Statement of Activities for the Years Ended June 30, 2016 and 2015		
	2016	2015
Revenues		
Program revenues		
Charges for services	\$ 7,819,550	\$ 6,079,925
Operating grants and contributions	18,447,942	17,665,380
Capital grants and contributions	1,030,957	1,079,463
General revenues		
Property taxes	35,239,466	35,149,292
General grants and aids	57,107,216	52,807,290
Other	1,926,721	837,483
Total revenues	121,571,852	113,618,833
Expenses		
Administration	4,643,864	4,380,829
District support services	2,019,904	1,857,194
Elementary and secondary regular instruction	46,747,667	42,172,822
Vocational education instruction	881,627	940,178
Special education instruction	21,078,601	18,775,086
Instructional support services	8,681,086	7,743,691
Pupil support services	10,551,058	8,819,920
Sites and buildings	13,350,160	11,930,720
Fiscal and other fixed cost programs	318,315	181,837
Food service	4,192,500	4,581,519
Community service	5,250,991	4,416,271
Depreciation not allocated to other functions	2,585,565	2,092,437
Interest and fiscal charges on debt	3,637,370	4,164,980
Total expenses	123,938,708	112,057,484
Change in net position	(2,366,856)	1,561,349
Net position – beginning of year	(24,701,764)	(26,263,113)
Net position – end of year	\$ (27,068,620)	\$ (24,701,764)

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.

Total net position decreased by \$2,366,856 mainly due to costs related to OPEB provided by the District.

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

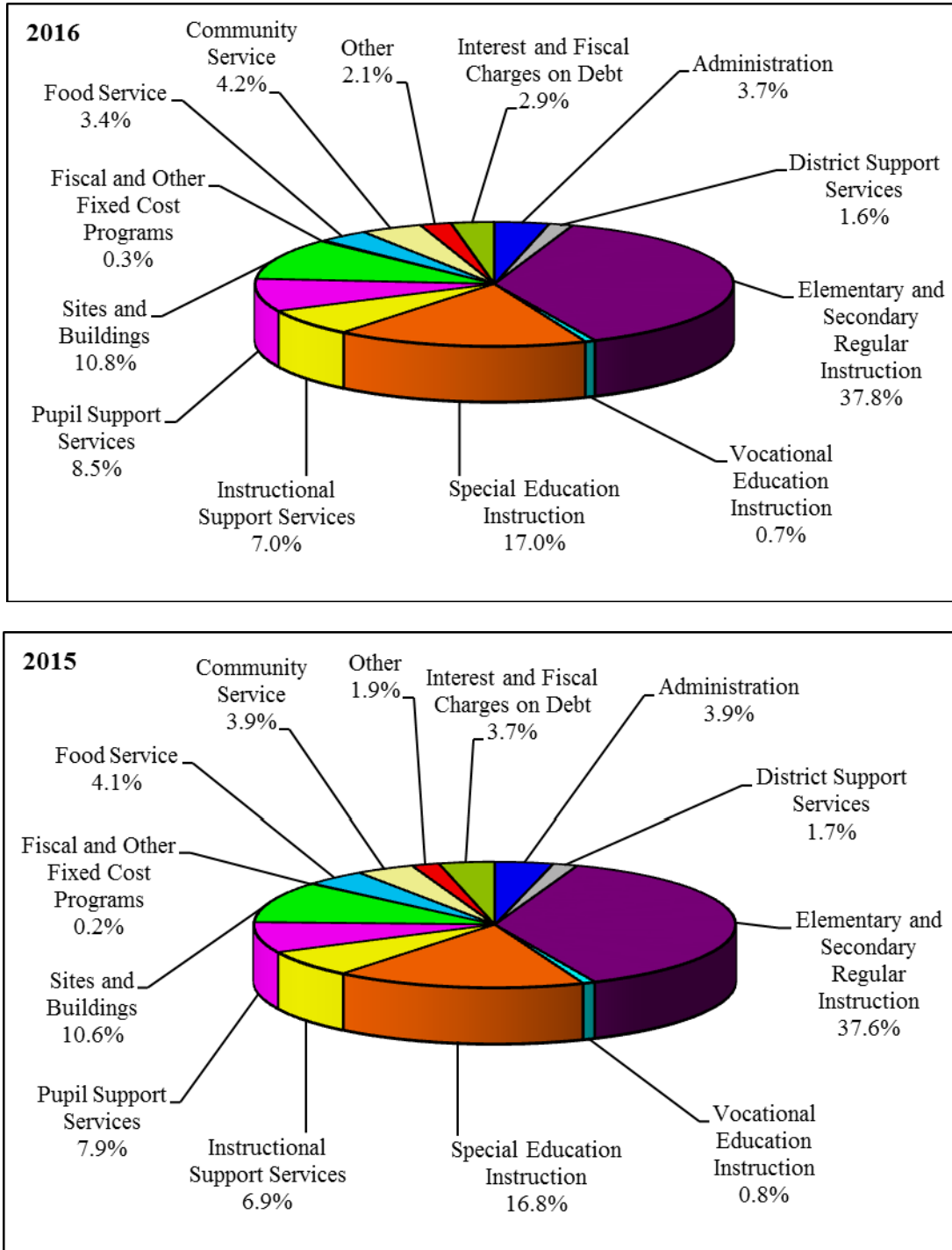
Figure A – Sources of Revenues for Fiscal Years 2016 and 2015



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 2016 and 2015



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, 2016 and 2015			
	2016	2015	Increase (Decrease)
Major funds			
General	\$ 27,505,144	\$ 27,491,342	\$ 13,802
Capital Projects – Building Construction	6,447,156	11,842,008	(5,394,852)
Debt Service	2,210,338	2,079,253	131,085
Nonmajor funds			
Food Service Special Revenue	320,440	233,152	87,288
Community Service Special Revenue	1,470,731	1,377,965	92,766
Total governmental funds	<u>\$ 37,953,809</u>	<u>\$ 43,023,720</u>	<u>\$ (5,069,911)</u>

The decrease in the Capital Projects – Building Construction Fund from the prior year is related to the spend down of bond proceeds in 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>\$ 97,845,172</u>	<u>\$ 100,985,532</u>	<u>\$ 3,140,360</u>	<u>3.2%</u>
Expenditures and other financing uses	<u>\$ 99,753,009</u>	<u>\$ 101,280,876</u>	<u>\$ 1,527,867</u>	<u>1.5%</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					
	2016 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue	\$ 100,677,539	\$ (307,993)	(0.3%)	\$ 6,614,525	7.0%
Expenditures	102,030,583	\$ 824,707	0.8%	\$ 7,328,242	7.7%
Other financing sources (uses)	<u>1,366,846</u>	\$ 1,441,846	28.0%	\$ 1,603,717	(677.0%)
Net change in fund balances	<u>\$ 13,802</u>				

Revenue increased from the prior year mainly due to additional state aid revenue resulting from a positive adjustment in the general education aid formula and special education entitlements. State sources also increased from the pass-through of state pension aid.

Expenditures increased from the prior year due to additional pupil units, causing increased expenditures in elementary and secondary regular instruction and pupil support services. The District also experienced increased costs for special education services.

The amount over budget in other financing sources (uses) is due to a transfer that was made in the current year from the Severance Benefits Internal Service Fund totaling \$1,340,000.

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 \$5,400,000 were utilized in fiscal 2016.

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.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues and other financing sources greater than expenditures, increasing equity by \$87,288, compared to a planned fund balance increase of \$85,604.

The Community Service Special Revenue Fund ended the year with revenues and other financing sources exceeding expenditures, increasing equity by \$92,766, compared to a planned fund balance increase of \$111,098.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis. The District currently maintains three internal service funds. These funds are used to account for the District's self-insured health insurance, self-insured dental insurance, and severance benefits.

The net position balance for all internal service funds as of June 30, 2016 was \$599,388, which represents a \$375,438 decrease from the prior year. This decrease includes income from operations of \$964,562 and a transfer out of \$1,340,000 in the current year as previously mentioned.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

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, 2016 and 2015:

Table 6			
Capital Assets			
	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Land	\$ 915,000	\$ 915,000	\$ –
Land improvements	3,524,628	2,167,758	1,356,870
Buildings	109,332,565	109,114,811	217,754
Equipment	5,988,209	5,341,442	646,767
Pupil transportation vehicles	4,371,997	4,299,964	72,033
Construction in progress	–	236,365	(236,365)
Less accumulated depreciation	<u>(61,034,675)</u>	<u>(58,189,346)</u>	<u>(2,845,329)</u>
Total	<u>\$ 63,097,724</u>	<u>\$ 63,885,994</u>	<u>\$ (788,270)</u>
Depreciation expense	<u>\$ 3,176,737</u>	<u>\$ 2,727,018</u>	<u>\$ 449,719</u>

By the end of 2016, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2016, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page.

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			
	2016	2015	Increase (Decrease)
General obligation bonds payable	\$ 86,195,000	\$ 93,420,000	\$ (7,225,000)
Capital leases payable	10,639,270	11,370,426	(731,156)
Premiums (discounts) on bonds payable	1,958,524	2,330,474	(371,950)
Net pension liability – PERA	13,583,383	13,533,495	49,888
Net pension liability – TRA	54,838,792	43,300,699	11,538,093
Severance benefits payable	1,754,256	2,068,369	(314,113)
Total	<u>\$ 168,969,225</u>	<u>\$ 166,023,463</u>	<u>\$ 2,945,762</u>

The state limits the amount of general obligation debt the District can issue to 15.0 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	\$ 6,573,881,600
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 986,082,240</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. For the 2017 fiscal year, the legislature added \$119, or 2.0 percent, per pupil to the basic general education funding formula. The ongoing demands on limited resources continue to present challenges in funding education for Minnesota schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Net Position
as of June 30, 2016
(With Partial Comparative Information as of June 30, 2015)

	Governmental Activities	
	2016	2015
Assets		
Cash and temporary investments	\$ 51,173,688	\$ 60,345,147
Receivables		
Current taxes	19,575,536	19,765,137
Delinquent taxes	563,681	689,041
Accounts and interest	76,761	84,302
Due from other governmental units	7,732,429	6,207,424
Inventory	77,314	64,307
Prepaid items	125,196	193,270
Negative net other post-employment benefit obligations	34,275,497	38,882,177
Capital assets		
Not depreciated	915,000	1,151,365
Depreciated, net of accumulated depreciation	62,182,724	62,734,629
Total capital assets, net of accumulated depreciation	63,097,724	63,885,994
Total assets	176,697,826	190,116,799
Deferred outflows of resources		
Pension plan deferments – PERA and TRA	13,755,708	10,931,312
Total assets and deferred outflows of resources	\$ 190,453,534	\$ 201,048,111
Liabilities		
Salaries payable	\$ 352,875	\$ 399,768
Accounts and contracts payable	1,619,039	3,191,963
Accrued interest payable	1,585,657	1,670,407
Due to other governmental units	141,660	117,713
Unearned revenue	981,275	1,408,894
Claims incurred but not reported	845,437	1,555,002
Long-term liabilities		
Due within one year	8,465,344	8,163,141
Due in more than one year	160,503,881	157,860,322
Total long-term liabilities	168,969,225	166,023,463
Total liabilities	174,495,168	174,367,210
Deferred inflows of resources		
Property taxes levied for subsequent year	34,563,552	34,112,625
Pension plan deferments – PERA and TRA	8,463,434	17,270,040
Total deferred inflows of resources	43,026,986	51,382,665
Net position		
Net investment in capital assets	2,724,245	4,292,291
Restricted for		
Capital asset acquisition	1,551,288	243,774
Community service	1,485,787	1,392,411
Debt service	786,924	566,108
Food service	320,440	233,152
Other purposes	87,574	214,158
Unrestricted	(34,024,878)	(31,643,658)
Total net position	(27,068,620)	(24,701,764)
Total liabilities, deferred inflows of resources, and net position	\$ 190,453,534	\$ 201,048,111

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Activities
Year Ended June 30, 2016
(With Partial Comparative Information for the Year Ended June 30, 2015)

		2016				2015
					Net (Expense)	Net (Expense)
					Revenue and	Revenue and
					Changes in	Changes in
		Program Revenues			Net Position	Net Position
		Operating	Capital			
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental	Governmental
		Services	Contributions	Contributions	Activities	Activities
Governmental activities						
Administration	\$ 4,643,864	\$ —	\$ —	\$ —	\$ (4,643,864)	\$ (4,380,829)
District support services	2,019,904	—	—	—	(2,019,904)	(1,857,194)
Elementary and secondary regular instruction	46,747,667	1,687,522	951,065	—	(44,109,080)	(40,869,045)
Vocational education instruction	881,627	—	1,210	—	(880,417)	(924,823)
Special education instruction	21,078,601	52,437	12,389,041	—	(8,637,123)	(6,436,457)
Instructional support services	8,681,086	23,665	—	—	(8,657,421)	(7,743,691)
Pupil support services	10,551,058	43,816	2,335,134	—	(8,172,108)	(6,681,204)
Sites and buildings	13,350,160	72,752	—	1,030,957	(12,246,451)	(10,802,169)
Fiscal and other fixed cost programs	318,315	—	—	—	(318,315)	(181,837)
Food service	4,192,500	2,258,254	2,173,773	—	239,527	(373,024)
Community service	5,250,991	3,681,104	597,719	—	(972,168)	(725,026)
Depreciation not allocated to other functions	2,585,565	—	—	—	(2,585,565)	(2,092,437)
Interest and fiscal charges	3,637,370	—	—	—	(3,637,370)	(4,164,980)
Total governmental activities	<u>\$123,938,708</u>	<u>\$ 7,819,550</u>	<u>\$ 18,447,942</u>	<u>\$ 1,030,957</u>	(96,640,259)	(87,232,716)
General revenues						
Taxes						
Property taxes, levied for general purposes					20,142,501	19,366,999
Property taxes, levied for community service					1,043,053	1,080,401
Property taxes, levied for capital projects					3,040,084	4,217,786
Property taxes, levied for debt service					11,013,828	10,484,106
General grants and aids					57,107,216	52,807,290
Other general revenues					1,773,329	704,250
Investment earnings					153,392	133,233
Total general revenues					<u>94,273,403</u>	<u>88,794,065</u>
Change in net position					(2,366,856)	1,561,349
Net position – beginning of year					<u>(24,701,764)</u>	<u>(26,263,113)</u>
Net position – end of year					\$ (27,068,620)	\$ (24,701,764)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Balance Sheet
Governmental Funds
as of June 30, 2016
(With Partial Comparative Information as of June 30, 2015)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 30,436,088	\$ 7,130,933	\$ 7,241,862
Receivables			
Current taxes	13,094,351	–	5,940,208
Delinquent taxes	369,563	–	177,737
Accounts and interest	24,744	–	–
Due from other governmental units	7,585,006	–	109
Inventory	–	–	–
Prepaid items	97,470	8,120	–
	<u>51,607,222</u>	<u>7,139,053</u>	<u>13,359,916</u>
Total assets	\$ 51,607,222	\$ 7,139,053	\$ 13,359,916
Liabilities			
Salaries payable	\$ 277,071	\$ 3,418	\$ –
Accounts and contracts payable	771,153	688,479	–
Due to other governmental units	141,580	–	–
Unearned revenue	–	–	–
Total liabilities	<u>1,189,804</u>	<u>691,897</u>	<u>–</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	336,015	–	162,243
Property taxes levied for subsequent year	22,576,259	–	10,987,335
Total deferred inflows of resources	<u>22,912,274</u>	<u>–</u>	<u>11,149,578</u>
Fund balances			
Nonspendable	97,470	8,120	–
Restricted	1,638,862	6,439,036	2,210,338
Assigned	10,494,185	–	–
Unassigned	15,274,627	–	–
Total fund balances	<u>27,505,144</u>	<u>6,447,156</u>	<u>2,210,338</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,607,222</u>	<u>\$ 7,139,053</u>	<u>\$ 13,359,916</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2016	2015
\$ 2,285,202	\$ 47,094,085	\$ 54,779,200
540,977	19,575,536	19,765,137
16,381	563,681	689,041
14,788	39,532	84,302
147,314	7,732,429	6,207,424
77,314	77,314	64,307
19,606	125,196	193,270
<u>\$ 3,101,582</u>	<u>\$ 75,207,773</u>	<u>\$ 81,782,681</u>
\$ 72,386	\$ 352,875	\$ 399,768
79,487	1,539,119	3,000,191
80	141,660	117,713
143,444	143,444	632,916
<u>295,397</u>	<u>2,177,098</u>	<u>4,150,588</u>
15,056	513,314	495,748
999,958	34,563,552	34,112,625
<u>1,015,014</u>	<u>35,076,866</u>	<u>34,608,373</u>
96,920	202,510	257,577
1,694,251	11,982,487	15,903,608
—	10,494,185	12,917,616
—	15,274,627	13,944,919
<u>1,791,171</u>	<u>37,953,809</u>	<u>43,023,720</u>
<u>\$ 3,101,582</u>	<u>\$ 75,207,773</u>	<u>\$ 81,782,681</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, 2016
(With Partial Comparative Information as of June 30, 2015)

	<u>2016</u>	<u>2015</u>
Total fund balances – governmental funds	\$ 37,953,809	\$ 43,023,720
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	124,132,399	122,075,340
Accumulated depreciation	(61,034,675)	(58,189,346)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds payable	(86,195,000)	(93,420,000)
Capital leases payable	(10,639,270)	(11,370,426)
Premium (discount) on bonds payable	(1,958,524)	(2,330,474)
Net pension liability – PERA	(13,583,383)	(13,533,495)
Net pension liability – TRA	(54,838,792)	(43,300,699)
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.		
	34,275,497	38,882,177
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.		
	599,388	974,826
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(1,585,657)	(1,670,407)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – PERA and TRA pension plans	13,755,708	10,931,312
Deferred inflows – PERA and TRA pension plans	(8,463,434)	(17,270,040)
Deferred inflows – delinquent property taxes	513,314	495,748
Total net position – governmental activities	<u>\$ (27,068,620)</u>	<u>\$ (24,701,764)</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, 2016
(With Partial Comparative Information for the Year Ended June 30, 2015)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 23,170,610	\$ –	\$ 11,008,847
Investment earnings	75,992	19,955	5,298
Other	3,637,559	–	–
State sources	71,248,577	–	1,011
Federal sources	2,544,801	–	–
Total revenue	100,677,539	19,955	11,015,156
Expenditures			
Current			
Administration	4,319,876	–	–
District support services	1,927,834	–	–
Elementary and secondary regular instruction	46,242,132	–	–
Vocational education instruction	880,860	–	–
Special education instruction	19,818,791	–	–
Instructional support services	8,247,943	–	–
Pupil support services	10,489,544	–	–
Sites and buildings	8,619,133	–	–
Fiscal and other fixed cost programs	318,315	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	5,414,807	–
Debt service			
Principal	731,156	–	7,225,000
Interest and fiscal charges	434,999	–	3,659,071
Total expenditures	102,030,583	5,414,807	10,884,071
Excess (deficiency) of revenue over expenditures	(1,353,044)	(5,394,852)	131,085
Other financing sources (uses)			
Sale of bonds	–	–	–
Premium on debt issues	–	–	–
Proceeds from sale of assets	26,846	–	–
Transfers in	1,340,000	–	–
Transfers (out)	–	–	–
Total other financing sources (uses)	1,366,846	–	–
Net change in fund balances	13,802	(5,394,852)	131,085
Fund balances			
Beginning of year	27,491,342	11,842,008	2,079,253
End of year	\$ 27,505,144	\$ 6,447,156	\$ 2,210,338

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2016	2015
\$ 1,042,443	\$ 35,221,900	\$ 35,162,695
2,393	103,638	52,864
5,939,358	9,576,917	6,774,268
841,589	72,091,177	67,092,392
1,950,137	4,494,938	4,459,741
9,775,920	121,488,570	113,541,960
—	4,319,876	4,368,076
—	1,927,834	1,662,845
—	46,242,132	41,958,720
—	880,860	951,749
—	19,818,791	18,802,623
—	8,247,943	7,784,273
—	10,489,544	8,879,865
—	8,619,133	9,129,257
—	318,315	181,837
4,201,804	4,201,804	4,193,228
5,223,576	5,223,576	4,499,492
173,180	5,587,987	3,618,237
—	7,956,156	7,409,918
—	4,094,070	4,449,776
9,598,560	127,928,021	117,889,896
177,360	(6,439,451)	(4,347,936)
—	—	15,270,000
—	—	61,778
2,694	29,540	13,129
—	1,340,000	250,000
—	—	(250,000)
2,694	1,369,540	15,344,907
180,054	(5,069,911)	10,996,971
1,611,117	43,023,720	32,026,749
\$ 1,791,171	\$ 37,953,809	\$ 43,023,720

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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, 2016
(With Partial Comparative Information for the Year Ended June 30, 2015)

	2016	2015
Total net change in fund balances – governmental funds	\$ (5,069,911)	\$ 10,996,971
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	2,402,045	1,095,180
Depreciation expense	(3,176,737)	(2,727,018)
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.	(13,578)	(3,222)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	(375,438)	(426,494)
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.		
General obligations bonds payable	–	(15,270,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	7,225,000	6,910,000
Capital leases payable	731,156	499,918
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.	(4,606,680)	(660,645)
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.	84,750	(82,439)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	371,950	305,457
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability – PERA	(49,888)	2,150,882
Net pension liability – TRA	(11,538,093)	9,223,830
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – PERA and TRA pension plans	2,824,396	6,832,372
Deferred inflows – PERA and TRA pension plans	8,806,606	(17,270,040)
Deferred inflows – delinquent property taxes	17,566	(13,403)
Change in net position – governmental activities	\$ (2,366,856)	\$ 1,561,349

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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources				
Property taxes	\$ 23,772,000	\$ 23,772,000	\$ 23,170,610	\$ (601,390)
Investment earnings	20,000	50,000	75,992	25,992
Other	1,700,000	3,291,845	3,637,559	345,714
State sources	69,340,609	71,173,609	71,248,577	74,968
Federal sources	3,012,563	2,698,078	2,544,801	(153,277)
Total revenue	<u>97,845,172</u>	<u>100,985,532</u>	<u>100,677,539</u>	<u>(307,993)</u>
Expenditures				
Current				
Administration	4,527,124	4,662,662	4,319,876	(342,786)
District support services	1,683,720	1,943,086	1,927,834	(15,252)
Elementary and secondary regular instruction	45,400,110	45,265,340	46,242,132	976,792
Vocational education instruction	875,810	961,374	880,860	(80,514)
Special education instruction	19,724,881	19,856,345	19,818,791	(37,554)
Instructional support services	7,579,327	8,252,473	8,247,943	(4,530)
Pupil support services	8,976,130	9,469,252	10,489,544	1,020,292
Sites and buildings	9,358,127	9,332,624	8,619,133	(713,491)
Fiscal and other fixed cost programs	283,560	293,500	318,315	24,815
Debt service				
Principal	734,130	734,130	731,156	(2,974)
Interest and fiscal charges	435,090	435,090	434,999	(91)
Total expenditures	<u>99,578,009</u>	<u>101,205,876</u>	<u>102,030,583</u>	<u>824,707</u>
Excess (deficiency) of revenue over expenditures	(1,732,837)	(220,344)	(1,353,044)	(1,132,700)
Other financing sources (uses)				
Proceeds from sale of assets	—	—	26,846	26,846
Transfers in	—	—	1,340,000	1,340,000
Transfers (out)	(175,000)	(75,000)	—	75,000
Total other financing sources (uses)	<u>(175,000)</u>	<u>(75,000)</u>	<u>1,366,846</u>	<u>1,441,846</u>
Net change in fund balances	<u>\$ (1,907,837)</u>	<u>\$ (295,344)</u>	<u>13,802</u>	<u>\$ 309,146</u>
Fund balances				
Beginning of year			<u>27,491,342</u>	
End of year			<u>\$ 27,505,144</u>	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Net Position
Internal Service Funds
as of June 30, 2016
(With Partial Comparative Information as of June 30, 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash and temporary investments	\$ 4,079,603	\$ 5,565,947
Receivables		
Accounts and interest	37,229	—
Total assets	<u>4,116,832</u>	<u>5,565,947</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	79,920	191,772
Claims incurred but not reported	845,437	1,555,002
Unearned revenue	837,831	775,978
Severance benefits payable	246,155	206,984
Long-term liabilities		
Severance benefits payable	1,508,101	1,861,385
Total liabilities	<u>3,517,444</u>	<u>4,591,121</u>
Net position		
Unrestricted	<u>\$ 599,388</u>	<u>\$ 974,826</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, 2016
(With Partial Comparative Information for the Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 13,246,927	\$ 6,264,105
Operating expenses		
Severance benefits	24,128	148,363
Health benefit claims	11,352,701	6,622,605
Dental benefit claims	418,737	—
Administrative costs	536,553	—
Total operating expenses	<u>12,332,119</u>	<u>6,770,968</u>
Operating income (loss)	914,808	(506,863)
Nonoperating revenue		
Investment earnings	<u>49,754</u>	<u>80,369</u>
Income before transfers	964,562	(426,494)
Transfers out	<u>(1,340,000)</u>	<u>—</u>
Change in net position	(375,438)	(426,494)
Net position		
Beginning of year	<u>974,826</u>	<u>1,401,320</u>
End of year	<u><u>\$ 599,388</u></u>	<u><u>\$ 974,826</u></u>

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2016
(With Partial Comparative Information for the Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 13,308,780	\$ 7,040,083
Severance and self-insurance claims and payments	<u>(13,467,649)</u>	<u>(5,112,201)</u>
Net cash provided by operating activities	(158,869)	1,927,882
Cash flows from noncapital financing activities		
Transfers out	(1,340,000)	—
Cash flows from investing activities		
Investment income received	<u>12,525</u>	<u>80,369</u>
Net change in cash and cash equivalents	(1,486,344)	2,008,251
Cash and cash equivalents		
Beginning of year	<u>5,565,947</u>	<u>3,557,696</u>
End of year	<u><u>\$ 4,079,603</u></u>	<u><u>\$ 5,565,947</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 914,808	\$ (506,863)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts and contracts payable	(111,852)	191,772
Severance benefits payable	(314,113)	(88,007)
Claims incurred but not reported	(709,565)	1,555,002
Unearned revenue	<u>61,853</u>	<u>775,978</u>
Net cash provided by operating activities	<u><u>\$ (158,869)</u></u>	<u><u>\$ 1,927,882</u></u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Fiduciary Net Position
as of June 30, 2016

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Assets		
Cash and temporary investments	\$ —	\$ 167,025
Investments held by trustee		
U.S. treasury and agency securities	889,707	—
Corporate and other obligations	9,520,726	—
International obligations	717,735	—
Stocks	9,402,119	—
Real estate investment trusts	3,269,601	—
Mutual funds	5,575,408	—
Money market funds	1,064,759	—
Mortgage backed securities	664,770	—
Total assets	<u>31,104,825</u>	<u>167,025</u>
Liabilities		
Accounts and contracts payable	<u>—</u>	<u>756</u>
Net position		
Held in trust for employee benefits and other purposes	<u>\$ 31,104,825</u>	<u>\$ 166,269</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2016

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Additions		
Contributions		
Private donations	\$ —	\$ 345,446
Investment earnings (loss)	(379,494)	163
Total additions	<u>(379,494)</u>	<u>345,609</u>
Deductions		
Benefits	1,937,603	—
Other private-purpose expenses	<u>—</u>	<u>260,096</u>
Total deductions	<u>1,937,603</u>	<u>260,096</u>
Change in net position	(2,317,097)	85,513
Net position		
Beginning of year	<u>33,421,922</u>	<u>80,756</u>
End of year	<u>\$ 31,104,825</u>	<u>\$ 166,269</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Notes to Basic Financial Statements June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 624 (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 financial 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, severance benefits, and net pension liabilities which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

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

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

Internal Service Funds – The internal service funds account 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 funds include financing for both post-employment severance benefits and health insurance benefits offered by the District to its employees as a self-insured plan.

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. Budgeted appropriations lapse at year-end.

Expenditures exceeded budgeted amounts in the General Fund by \$824,707, the Food Service Special Revenue Fund by \$8,714, and the Community Service Special Revenue Fund by \$365,603.

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.

Cash and investments include balances held in segregated accounts that are established for specific purposes. 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 guaranteed investment contracts and certain 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.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of June 30, 2016.

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, 2016 consist of the following:

Minnesota Department of Education	\$ 7,323,612
Minnesota school districts	10,780
U.S. Department of Education	200,598
Other governmental units	<u>197,439</u>
Total	<u>\$ 7,732,429</u>

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the tax shift, as mandated by legislation, recognizes \$1,641,728 of the property tax levy collectible in 2016 as revenue to the District in fiscal year 2015–2016. The remaining portion of the taxes collectible in 2016 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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 acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$5,000 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 and proprietary fund 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 Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the government-wide Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, the difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

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 three items which qualify for reporting in this category.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The third item, deferred inflows of resources related to pensions, is reported in the government-wide Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

N. Compensated Absences

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

O. Severance Benefits

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

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

P. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006. A second direct source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association (DTRFA) in 2015.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Risk Management and Self-Insurance

- 1. General Insurance** – 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 2016.
- 2. Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

The District makes premium payments that include both employer and employee contributions to the Internal Service Fund on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities for the last year are as follows:

	<u>Balance – Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance – End of Year</u>
2016	\$ –	\$ 420,686	\$ 420,686	\$ –

Changes in the balance of health insurance claim liabilities for the last two years were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2015	\$ –	\$ 6,430,833	\$ 4,875,831	\$ 1,555,002
2016	\$ 1,555,002	\$ 11,999,157	\$ 12,708,722	\$ 845,437

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position

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

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

S. Fund Balance Classifications

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

U. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2015, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 1,285,834
Investments	81,149,654
Cash on hand	10,050
Total	<u>\$ 82,445,538</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 51,173,688
Statement of Fiduciary Net Position	
Cash and temporary investments – Scholarship Private-Purpose Trust Fund	167,025
Investments held by trustee – Post-Employment Benefits Trust Fund	
U.S. treasury and agency securities	889,707
Corporate and other obligations	9,520,726
International obligations	717,735
Stocks	9,402,119
Real estate investment trusts	3,269,601
Mutual funds	5,575,408
Money market funds	1,064,759
Mortgage backed securities	664,770
Total	<u>\$ 82,445,538</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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

At year-end, the carrying amount of the District’s deposits was \$1,285,834 while the balance on the bank records was \$1,291,062. At June 30, 2016, 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		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years			Total
	Rating	Agency		No Maturity	Less Than 1	1 to 5	
U.S. government treasury securities	AAA	Moody’s	Level 1	\$ –	\$ –	\$ 205,336	\$ 205,336
U.S. government agency securities	AAA	Moody’s	Level 1	\$ –	\$ –	\$ 684,371	684,371
Mortgage backed securities	AAA	S&P	Level 1	\$ –	\$ –	\$ 664,770	664,770
Corporate obligations	AAA	S&P	Level 1	\$ –	\$ –	\$ 217,152	217,152
Corporate obligations	AA	S&P	Level 1	\$ –	\$ 125,279	\$ 2,341,362	2,466,641
Corporate obligations	A	S&P	Level 1	\$ –	\$ 882,617	\$ 4,116,785	4,999,402
Corporate obligations	BBB	S&P	Level 1	\$ –	\$ 100,099	\$ 1,737,432	1,837,531
Guaranteed investment contract	N/A	N/A	N/A	\$ –	\$ 1,733,756	\$ –	1,733,756
Stocks	N/R	N/R	Level 1	\$ 9,402,119	\$ –	\$ –	9,402,119
Real estate investment trusts	N/R	N/R	Level 1	\$ 3,269,601	\$ –	\$ –	3,269,601
International obligations	N/R	N/R	Level 1	\$ 717,735	\$ –	\$ –	717,735
Negotiable certificates of deposit	N/R	N/R	Level 1	\$ –	\$ 9,221,386	\$ –	9,221,386
Investment pools/mutual funds							
Mutual funds	N/R	N/R	Level 1	\$ 19,607,881	\$ –	\$ –	19,607,881
Fidelity Institutional							
Money Market Fund	AAA	Moody’s	Level 1	\$ 1,014,472	\$ –	\$ –	1,014,472
Wells Fargo Advantage							
Cash Investment Fund	AAA	Moody’s	Level 1	\$ 61,183	\$ –	\$ –	61,183
MNTTrust Investment Shares	AAA	S&P	NAV	\$ –	\$ 8,000,000	\$ –	8,000,000
MSDLAF	AAA	S&P	NAV	\$ 17,046,318	\$ –	\$ –	17,046,318
Total investments							<u>\$ 81,149,654</u>

N/R – Not Rated

NAV – Investments measured at the net asset value

N/A – Not Applicable

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The Minnesota School District Liquid Asset Fund (MSDLAF) and MNTrust Investment Shares (MNTrust) are regulated by Minnesota Statutes and are external investment pools not registered with the Securities Exchange Commission (SEC). The District's investments in MSDLAF and 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.

For the MSDLAF and the MNTrust investments valued at net asset value, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the MNTrust and the MSDLAF Liquid Class, redemption notice period is 14 days for the MSDLAF MAX Class.

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, 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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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, 2016 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 915,000	\$ –	\$ –	\$ –	\$ 915,000
Construction in progress	236,365	1,088,828	–	(1,325,193)	–
Total capital assets, not depreciated	1,151,365	1,088,828	–	(1,325,193)	915,000
Capital assets, depreciated					
Land improvements	2,167,758	31,677	–	1,325,193	3,524,628
Buildings	109,114,811	217,754	–	–	109,332,565
Equipment	5,341,442	652,518	(5,751)	–	5,988,209
Pupil transportation vehicles	4,299,964	411,268	(339,235)	–	4,371,997
Total capital assets, depreciated	120,923,975	1,313,217	(344,986)	1,325,193	123,217,399
Less accumulated depreciation for					
Land improvements	(1,810,290)	(60,790)	–	–	(1,871,080)
Buildings	(49,443,328)	(2,345,964)	–	–	(51,789,292)
Equipment	(4,127,365)	(383,254)	5,751	–	(4,504,868)
Pupil transportation vehicles	(2,808,363)	(386,729)	325,657	–	(2,869,435)
Total accumulated depreciation	(58,189,346)	(3,176,737)	331,408	–	(61,034,675)
Net capital assets, depreciated	62,734,629	(1,863,520)	(13,578)	1,325,193	62,182,724
Total capital assets, net	\$ 63,885,994	\$ (774,692)	\$ (13,578)	\$ –	\$ 63,097,724

Depreciation expense was charged to the following governmental functions:

District support services	\$ 30,599
Elementary and secondary regular instruction	60,592
Vocational education instruction	650
Special education instruction	2,200
Community service	39,728
Food service	457,403
Depreciation not allocated to other functions	2,585,565
Total depreciation expense	\$ 3,176,737

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2008A Taxable OPEB Bonds	10/15/2008	5.00–5.25%	\$ 40,085,000	02/01/2021	\$ 31,930,000
2008B Alternative Facilities Bonds	10/15/2008	3.25–4.75%	\$ 11,970,000	02/01/2022	11,475,000
2011A Refunding Bonds	12/28/2011	3.00%	\$ 8,745,000	02/01/2017	430,000
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	18,240,000
2014A Alternative Facilities Bonds	09/10/2014	2.00–2.15%	\$ 5,900,000	02/01/2025	5,900,000
2015A Alternative Facilities Bonds	06/04/2015	2.00–2.125%	\$ 9,370,000	02/01/2026	9,370,000
Total general obligation bonds payable					<u>\$ 86,195,000</u>

B. Description of Long-Term Liabilities

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

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

C. Capital Leases

The District is obligated under a capital lease for a building addition. The District entered into the lease agreement on September 15, 2005, and financed the lease for \$750,000 due and payable over 11 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 District is also obligated under a capital lease for a building addition. The District entered into the lease agreement on December 18, 2013, and financed the lease for \$3,900,000 due and payable over 15 years. The lease has an interest rate of 3.99 percent. The lease payments on this obligation will be paid by the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

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

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

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits, pension 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
2017	\$ 7,555,000	\$ 3,392,329	\$ 664,189	\$ 406,503
2018	7,915,000	3,041,241	690,181	380,511
2019	8,285,000	2,664,704	717,193	353,498
2020	12,330,000	2,265,616	745,262	325,430
2021	12,905,000	1,690,266	774,430	296,260
2022–2026	37,205,000	2,482,233	4,351,262	1,002,189
2027–2029	—	—	2,696,753	174,092
	<u>\$ 86,195,000</u>	<u>\$ 15,536,389</u>	<u>\$ 10,639,270</u>	<u>\$ 2,938,483</u>

F. Changes in Long-Term Liabilities

	Balance – June 30, 2015	Additions	Retirements	Balance – June 30, 2016	Due Within One Year
General obligation bonds payable	\$ 93,420,000	\$ —	\$ 7,225,000	\$ 86,195,000	\$ 7,555,000
Capital leases payable	11,370,426	—	731,156	10,639,270	664,189
Premiums (discounts) on bonds payable	2,330,474	—	371,950	1,958,524	—
Total bonds and leases payable	107,120,900	—	8,328,106	98,792,794	8,219,189
Net pension liability – PERA	13,533,495	3,324,785	3,274,897	13,583,383	—
Net pension liability – TRA	43,300,699	15,840,148	4,302,055	54,838,792	—
Severance benefits payable	2,068,369	24,128	338,241	1,754,256	246,155
	<u>\$ 166,023,463</u>	<u>\$ 19,189,061</u>	<u>\$ 16,243,299</u>	<u>\$ 168,969,225</u>	<u>\$ 8,465,344</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, 2016, 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	\$ –	\$ –	\$ –	\$ 77,314	\$ 77,314
Prepaid items	97,470	8,120	–	19,606	125,196
Total nonspendable	97,470	8,120	–	96,920	202,510
Restricted					
Capital projects levy	1,171	–	–	–	1,171
Operating capital	1,550,117	–	–	–	1,550,117
Staff development	87,574	–	–	–	87,574
Alternative facilities program	–	6,439,036	–	–	6,439,036
General debt service	–	–	1,388,384	–	1,388,384
OPEB bonds debt service	–	–	821,954	–	821,954
Food service	–	–	–	240,106	240,106
Community education	–	–	–	1,279,597	1,279,597
Community services	–	–	–	10,180	10,180
Early childhood family education	–	–	–	86,386	86,386
School readiness	–	–	–	77,982	77,982
Total restricted	1,638,862	6,439,036	2,210,338	1,694,251	11,982,487
Assigned					
Building carryover	609,966	–	–	–	609,966
Construction and capital improvements	2,000,000	–	–	–	2,000,000
Student activities	360,803	–	–	–	360,803
Subsequent year's budget	5,000,000	–	–	–	5,000,000
Third party billing	23,416	–	–	–	23,416
Strategic priorities implementation	500,000	–	–	–	500,000
Contingency for self-funded insurance	2,000,000	–	–	–	2,000,000
Total assigned	10,494,185	–	–	–	10,494,185
Unassigned					
Unassigned health and safety restricted account deficit	(504,944)	–	–	–	(504,944)
Unassigned	15,779,571	–	–	–	15,779,571
Total unassigned	15,274,627	–	–	–	15,274,627
Total	\$ 27,505,144	\$ 6,447,156	\$ 2,210,338	\$ 1,791,171	\$ 37,953,809

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Unassigned Fund Balance Policy

The Board of Education has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy states that the District will strive to maintain a minimum unassigned General Fund balance of between 12.5 percent and 16.7 percent of the annual budget, which equates to a range of 1.5 to 2 months of operating expenditures. This policy shall also apply to the administration of the Food Service Special Revenue Fund and the Community Service Special Revenue Fund with proper consideration and adjustment to conform with reserve limits established by statute. At June 30, 2016, the unassigned fund balance of the General Fund was 15.5 percent of total fiscal 2016 expenditures, or 8.1 weeks of operating expenditures.

C. Transfer

During the year ended June 30, 2016, the District transferred \$1,340,000 from the Severance Benefits Internal Service Fund to the General Fund related to excess fund balance in the Severance Benefits Internal Service Fund.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Retirement Fund (GERF). 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity and administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the City of St. Paul and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by Minnesota State Colleges and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement (DCR) Plan administered by MnSCU.

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

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

- **PERA** – Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.
- **TRA** – Post-retirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0 percent. After the TRA funded ratio exceeds 90 percent for two consecutive years, the annual post-retirement benefit will increase to 2.5 percent.

The benefit provisions stated in the following 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.

1. GERF Benefits

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 members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

2. TRA Benefits

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.

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

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

Tier I Benefits

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

With these provisions:

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

Tier II Benefits

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. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statutes. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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.

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

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.5 percent of pay, respectively, in fiscal year 2016. In fiscal year 2016, the District was required to contribute 11.78 percent of pay for Basic Plan members and 7.5 percent for the Coordinated Plan. The District's contributions to the GERF for the year ended June 30, 2016 were \$1,217,164. The District's contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year were:

	Year Ended June 30,			
	2015		2016	
	Employee	Employer	Employee	Employer
Basic Plan	11.0%	11.5%	11.0%	11.5%
Coordinated Plan	7.5%	7.5%	7.5%	7.5%

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2016, were \$3,470,600. The District's contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA's Comprehensive Annual Financial Report (CAFR) Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Non-Employer Pension Allocations:

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 340,207,590
Deduct employer contributions not related to future contribution efforts	(704,635)
Deduct TRA's contributions not included in allocation	<u>(435,999)</u>
Total employer contributions	339,066,956
Total non-employer contributions	<u>41,587,410</u>
Total contributions reported in Schedule of Employer and Non-Employer Pension Allocations	<u><u>\$ 380,654,366</u></u>

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

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. The TRA has rounded percentage amounts to the nearest ten thousandths.

D. Merger of Duluth Teachers Retirement Fund Association (DTRFA)

Legislation enacted in 2014 merged the DTRFA with the TRA effective June 30, 2015. The beginning balances of total pension liability and fiduciary net position were adjusted to reflect the merger of the DTRFA.

	June 30, 2014 CAFR	Restated
Total pension liability (a)	\$ 24,901,612,000	\$ 25,299,564,000
Plan fiduciary net position (b)	20,293,684,000	20,519,756,000
Net pension liability (a-b)	<u>\$ 4,607,928,000</u>	<u>\$ 4,779,808,000</u>

E. Pension Costs

1. GERF Pension Costs

At June 30, 2016, the District reported a liability of \$13,583,383 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of the PERA's participating employers. At June 30, 2015, the District's proportion was 0.2621 percent, which was a decrease of 0.026 percent from its proportion measured as of June 30, 2014.

The GERF benefit provision changes during the measurement period included (1) the merger of the former Minneapolis Employees Retirement Fund division into the GERF, effective January 1, 2015, and (2) revisions to Minnesota Statutes to make changes to contribution rates less prescriptive and more flexible.

The discount rate used to calculate liabilities for the June 30, 2015, measurement date was 7.9 percent. The Legislature has since set the discount rate in statute at 8.0 percent. Beginning with the June 30, 2016, measurement date the discount rate used when calculating liabilities based on GASB Statement No. 68 accounting requirements will be increased to 8.0 percent to be consistent with the rate set in statute used for funding purposes.

For the year ended June 30, 2016, the District recognized pension expense of \$1,125,262 for its proportionate share of the GERF's pension expense.

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

At June 30, 2016, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 125,968	\$ 684,832
Changes in actuarial assumptions	845,926	–
Difference between projected and actual investment earnings	–	1,209,172
Changes in proportion	–	1,055,056
District's contributions to the GERF subsequent to the measurement date	1,217,164	–
Total	<u>\$ 2,189,058</u>	<u>\$ 2,949,060</u>

A total of \$1,217,164 reported as deferred outflows of resources related to pensions resulting from district contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2017	\$ (604,229)
2018	\$ (604,229)
2019	\$ (1,090,177)
2020	\$ 321,469

2. TRA Pension Costs

At June 30, 2016, the District reported a liability of \$54,838,792 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 0.8865 percent at the end of the measurement period and 0.9397 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to the TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	\$ 54,838,792
State's proportionate share of the net pension liability associated with the District	\$ 6,726,246

For the year ended June 30, 2016, the District recognized pension expense of \$3,556,085. It also recognized \$1,189,158 as an increase to pension expense for the support provided by direct aid.

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

At June 30, 2016, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,975,436	\$ –
Changes in actuarial assumptions	4,215,644	–
Difference between projected and actual investment earnings	–	4,772,213
Changes in proportion	904,970	742,161
District's contributions to the TRA subsequent to the measurement date	3,470,600	–
Total	<u>\$ 11,566,650</u>	<u>\$ 5,514,374</u>

A total of \$3,470,600 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to the TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2017	\$ (152,381)
2018	\$ (152,381)
2019	\$ (152,381)
2020	\$ 3,038,819

F. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.75% per year	3.00%
Active member payroll growth	3.50% per year	3.50–12.00% based on years of service
Investment rate of return	7.90%	8.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments.

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

Actuarial assumptions used in the June 30, 2015, valuation for the GERP were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for the PERA's other plans, but assumptions are reviewed annually.

The actuarial assumptions used in the June 30, 2015, valuation for the TRA were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB Statement No. 67 valuation.

There was a change in actuarial assumptions that affected the measurement of the total liability for the TRA since the prior measurement date. Post-retirement benefit adjustments are now assumed to be 2.0 percent annually with no increase to 2.5 percent projected. The prior year valuation assumed a 2.5 percent increase commencing July 1, 2034.

The long-term expected rate of return on pension plan investments is 7.90 percent for the GERP and 8.00 percent for the TRA. The Minnesota State Board of Investment, which manages the investments of the PERA and the TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%
Total	100%	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.90 percent for the GERP and 8.00 percent for the TRA. This is a decrease from the discount rate at the prior measurement date of 8.25 percent for the TRA. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the fiscal 2016 contribution rates, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, each of the pension plan's fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

H. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.90%	7.90%	8.90%
District's proportionate share of the GERF net pension liability	\$ 21,357,905	\$ 13,583,383	\$ 7,162,821
TRA discount rate	7.00%	8.00%	9.00%
District's proportionate share of the TRA net pension liability	\$ 83,471,741	\$ 54,838,792	\$ 30,943,770

I. Pension Plan Fiduciary Net Position

Detailed information about the GERF's fiduciary net position is available in a separately issued PERA financial report. 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.

Detailed information about the TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at the TRA website at www.MinnesotaTRA.org; by writing to the TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-2088; or by calling (651) 296-2409 or (800) 657-3669.

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, 2015, the plan had 1,006 active participants and 262 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.

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

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.

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		(1,281,432)
Interest on amortization		37,227
Adjustment to ARC		5,850,885
Annual OPEB cost (expense)		<u>4,606,680</u>
Contributions made		<u>–</u>
Change in net OPEB obligation		4,606,680
Negative net OPEB obligation (asset) – beginning of year		<u>(38,882,177)</u>
Negative net OPEB obligation (asset) – end of year	\$	<u><u>(34,275,497)</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Negative Net OPEB Obligation (Asset)
June 30, 2014	\$ 854,859	\$ –	– %	\$ (39,542,822)
June 30, 2015	\$ 660,645	\$ –	– %	\$ (38,882,177)
June 30, 2016	\$ 4,606,680	\$ –	– %	\$ (34,275,497)

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

D. Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$19,073,738, and the actuarial value of assets was \$33,421,922, resulting in an (overfunded) unfunded actuarial accrued liability (AAL) of (\$14,348,184). This calculates to a funded ratio of 175 percent. The covered payroll (annual payroll of active employees covered by the plan) was \$53,269,803, and the ratio of the (overfunded) AAL to the covered payroll was a negative (26.9) 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 following the notes to basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

In the July 1, 2015 actuarial valuation, the entry age normal level dollar method was used. The actuarial assumptions included: a 4.5 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 2.5 percent rate of inflation; an annual healthcare cost trend rate of 7.25 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after nine years. The (overfunded) AAL is being amortized on a level dollar basis over a closed period. At July 1, 2015, the remaining amortization periods for the amortization layers ranged from 23 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 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 dependent care benefits.

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

Payments of insurance premiums (health and dental) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the District’s Self-Insured Health Benefits Internal Service Fund.

Amounts withheld for medical reimbursement and dependent 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 dependent 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 dependent 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, 2016 is \$3,386,434.

C. Legal Contingencies

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

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

D. Tax Abatement Bonds

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 491,301
2018	495,090
2019	501,874
2020	<u>506,910</u>
	<u>\$ 1,995,175</u>

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REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

Schedule of District's Proportionate Share of Net Pension Liability
Public Employees Retirement Association Pension Benefits Plan
Year Ended June 30, 2016

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2015	6/30/2014	0.2881%	\$ 13,533,495	\$ 15,141,559	89.38%	78.70%
6/30/2016	6/30/2015	0.2621%	\$ 13,583,383	\$ 15,392,229	88.25%	78.20%

Schedule of District Contributions
Public Employees Retirement Association Pension Benefits Plan
Year Ended June 30, 2016

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	6/30/2015	\$ 1,136,075	\$ 1,136,075	\$ —	\$ 15,392,229	7.38%
6/30/2016	6/30/2016	\$ 1,217,164	\$ 1,217,164	\$ —	\$ 16,247,523	7.50%

Note 1: **Changes of Benefit Terms.** (1) The Minneapolis Employees Retirement Fund was merged into the GERF on January 1, 2015. (2) Revisions to Minnesota Statutes to make changes to contribution rates less prescriptive and more flexible.

Note 2: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This information is not available for previous fiscal years.

INDEPENDENT SCHOOL DISTRICT NO. 624

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
Teachers Retirement Association Pension Benefits Plan
Year Ended June 30, 2016

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2015	6/30/2014	0.9397%	\$ 43,300,699	\$ 3,046,126	\$ 46,346,825	\$ 42,893,740	100.95%	81.50%
6/30/2016	6/30/2015	0.8865%	\$ 54,838,792	\$ 6,726,246	\$ 61,565,038	\$ 45,042,877	121.75%	76.80%

Schedule of District Contributions
Teachers Retirement Fund Association
Year Ended June 30, 2016

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	6/30/2015	\$ 3,354,309	\$ 3,354,309	\$ —	\$ 45,042,877	7.45%
6/30/2016	6/30/2016	\$ 3,470,600	\$ 3,470,600	\$ —	\$ 46,555,078	7.45%

Note 1: **Changes of Benefit Terms.** The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

Note 2: **Change of Assumptions.** The annual cost of living adjustment for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent with an increase to 2.50 percent commencing in 2034. The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent. Details, if necessary, can be obtained from the TRA's CAFR.

Note 3: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This information is not available for previous fiscal years.

INDEPENDENT SCHOOL DISTRICT NO. 624

Other Post-Employment Benefits Plan
Schedule of Funding Progress and Schedule of District Contributions
June 30, 2016

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, 2011	\$ 24,621,323	\$ 46,153,625	\$ (21,532,302)	187 %	\$ 46,156,084	(46.7) %
July 1, 2013	\$ 23,194,160	\$ 43,353,213	\$ (20,159,053)	187 %	\$ 48,969,639	(41.2) %
July 1, 2015	\$ 19,073,738	\$ 33,421,922	\$ (14,348,184)	175 %	\$ 53,269,803	(26.9) %

Schedule of District Contributions

Year Ended June 30,	Annual Required Contribution	Employer Contribution	Percentage Contributed	(Negative) Net OPEB Obligation
2011	\$ 1,353,028	\$ 3,344,556	247.2 %	\$ (42,002,137)
2012	\$ —	\$ —	— %	\$ (41,216,996)
2013	\$ —	\$ —	— %	\$ (40,397,681)
2014	\$ —	\$ —	— %	\$ (39,542,822)
2015	\$ —	\$ —	— %	\$ (38,882,177)
2016	\$ —	\$ —	— %	\$ (34,275,497)

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2016

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 295,187	\$ 1,990,015	\$ 2,285,202
Receivables			
Current taxes	—	540,977	540,977
Delinquent taxes	—	16,381	16,381
Accounts and interest	14,653	135	14,788
Due from other governmental units	82,246	65,068	147,314
Inventory	77,314	—	77,314
Prepaid items	3,020	16,586	19,606
Total assets	<u>\$ 472,420</u>	<u>\$ 2,629,162</u>	<u>\$ 3,101,582</u>
Liabilities			
Salaries payable	\$ 8,934	\$ 63,452	\$ 72,386
Accounts and contracts payable	41,161	38,326	79,487
Due to other governmental units	—	80	80
Unearned revenue	101,885	41,559	143,444
Total liabilities	<u>151,980</u>	<u>143,417</u>	<u>295,397</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	—	15,056	15,056
Property taxes levied for subsequent year	—	999,958	999,958
Total deferred inflows of resources	<u>—</u>	<u>1,015,014</u>	<u>1,015,014</u>
Fund balances			
Nonspendable for inventory	77,314	—	77,314
Nonspendable for prepaid items	3,020	16,586	19,606
Restricted	240,106	1,454,145	1,694,251
Unassigned	—	—	—
Total fund balances	<u>320,440</u>	<u>1,470,731</u>	<u>1,791,171</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 472,420</u>	<u>\$ 2,629,162</u>	<u>\$ 3,101,582</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2016

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 1,042,443	\$ 1,042,443
Investment earnings	309	2,084	2,393
Other	2,258,254	3,681,104	5,939,358
State sources	243,870	597,719	841,589
Federal sources	1,929,903	20,234	1,950,137
Total revenue	<u>4,432,336</u>	<u>5,343,584</u>	<u>9,775,920</u>
Expenditures			
Current			
Food service	4,201,804	—	4,201,804
Community service	—	5,223,576	5,223,576
Capital outlay	145,938	27,242	173,180
Total expenditures	<u>4,347,742</u>	<u>5,250,818</u>	<u>9,598,560</u>
Excess of revenue over expenditures	84,594	92,766	177,360
Other financing sources			
Proceeds from sale of assets	<u>2,694</u>	<u>—</u>	<u>2,694</u>
Net change in fund balances	87,288	92,766	180,054
Fund balances			
Beginning of year	<u>233,152</u>	<u>1,377,965</u>	<u>1,611,117</u>
End of year	<u>\$ 320,440</u>	<u>\$ 1,470,731</u>	<u>\$ 1,791,171</u>

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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.

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INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund
Comparative Balance Sheet
as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and temporary investments	\$ 30,436,088	\$ 32,440,239
Receivables		
Current taxes	13,094,351	13,082,755
Delinquent taxes	369,563	455,432
Accounts and interest	24,744	51,836
Due from other governmental units	7,585,006	6,084,277
Prepaid items	<u>97,470</u>	<u>156,537</u>
Total assets	<u><u>\$ 51,607,222</u></u>	<u><u>\$ 52,271,076</u></u>
Liabilities		
Salaries payable	\$ 277,071	\$ 335,657
Accounts and contracts payable	771,153	1,600,923
Due to other governmental units	141,580	100,509
Unearned revenue	<u>—</u>	<u>454,390</u>
Total liabilities	1,189,804	2,491,479
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	336,015	324,040
Property taxes levied for subsequent year	<u>22,576,259</u>	<u>21,964,215</u>
Total deferred inflows of resources	22,912,274	22,288,255
Fund balances (deficits)		
Nonspendable for prepaid items	97,470	156,537
Restricted for staff development	87,574	214,158
Restricted for capital projects levy	1,171	18,019
Restricted for operating capital	1,550,117	225,755
Assigned for building carryover	609,966	436,798
Assigned for construction and capital improvements	2,000,000	1,500,000
Assigned for student activities	360,803	313,713
Assigned for subsequent year's budget	5,000,000	6,000,000
Assigned for third-party billing	23,416	146,003
Assigned for wellness program	—	21,102
Assigned for strategic priorities implementation	500,000	500,000
Assigned for secondary facilities	—	2,000,000
Assigned for contingency for self-funded insurance	2,000,000	2,000,000
Unassigned – health and safety restricted account deficit	(504,944)	(710,865)
Unassigned	<u>15,779,571</u>	<u>14,670,122</u>
Total fund balances	<u><u>27,505,144</u></u>	<u><u>27,491,342</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 51,607,222</u></u>	<u><u>\$ 52,271,076</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016			2015
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 23,772,000	\$ 23,170,610	\$ (601,390)	\$ 23,587,670
Investment earnings	50,000	75,992	25,992	49,506
Other	3,291,845	3,637,559	345,714	1,309,465
State sources	71,173,609	71,248,577	74,968	66,390,402
Federal sources	2,698,078	2,544,801	(153,277)	2,725,971
Total revenue	100,985,532	100,677,539	(307,993)	94,063,014
Expenditures				
Current				
Administration				
Salaries	3,168,159	3,012,814	(155,345)	3,082,025
Employee benefits	1,124,797	1,021,193	(103,604)	1,014,640
Purchased services	265,898	211,705	(54,193)	178,745
Supplies and materials	37,598	15,133	(22,465)	35,654
Other expenditures	66,210	59,031	(7,179)	57,012
Total administration	4,662,662	4,319,876	(342,786)	4,368,076
District support services				
Salaries	882,686	923,550	40,864	821,313
Employee benefits	339,550	331,324	(8,226)	294,012
Purchased services	571,068	513,706	(57,362)	489,417
Supplies and materials	124,952	134,299	9,347	45,423
Other expenditures	24,830	24,955	125	12,680
Total district support services	1,943,086	1,927,834	(15,252)	1,662,845
Elementary and secondary regular instruction				
Salaries	30,429,600	29,975,287	(454,313)	29,354,377
Employee benefits	10,712,931	11,476,043	763,112	10,232,305
Purchased services	1,285,723	1,380,751	95,028	1,172,408
Supplies and materials	2,087,790	2,992,430	904,640	834,607
Capital expenditures	245,761	224,133	(21,628)	188,815
Other expenditures	503,535	193,488	(310,047)	176,208
Total elementary and secondary regular instruction	45,265,340	46,242,132	976,792	41,958,720

(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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016		Over (Under) Budget	2015
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	399,903	421,732	21,829	367,893
Employee benefits	161,925	176,976	15,051	151,726
Purchased services	359,900	247,348	(112,552)	393,557
Supplies and materials	39,646	34,804	(4,842)	38,573
Total vocational education instruction	961,374	880,860	(80,514)	951,749
Special education instruction				
Salaries	13,528,666	13,374,974	(153,692)	12,948,975
Employee benefits	5,601,242	5,619,844	18,602	5,126,142
Purchased services	490,659	712,470	221,811	491,506
Supplies and materials	170,278	91,542	(78,736)	176,980
Capital expenditures	35,000	16,049	(18,951)	28,020
Other expenditures	30,500	3,912	(26,588)	31,000
Total special education instruction	19,856,345	19,818,791	(37,554)	18,802,623
Instructional support services				
Salaries	4,205,542	4,158,098	(47,444)	3,738,896
Employee benefits	1,592,759	1,552,849	(39,910)	1,271,418
Purchased services	378,540	342,621	(35,919)	255,599
Supplies and materials	74,375	88,344	13,969	65,697
Capital expenditures	2,001,257	2,104,807	103,550	2,452,663
Other expenditures	—	1,224	1,224	—
Total instructional support services	8,252,473	8,247,943	(4,530)	7,784,273
Pupil support services				
Salaries	4,294,132	4,246,026	(48,106)	3,771,206
Employee benefits	1,477,490	1,528,212	50,722	1,299,736
Purchased services	2,738,088	3,677,310	939,222	3,126,011
Supplies and materials	551,867	553,836	1,969	438,502
Capital expenditures	310,000	386,470	76,470	—
Other expenditures	97,675	97,690	15	244,410
Total pupil support services	9,469,252	10,489,544	1,020,292	8,879,865

(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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016			2015
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	2,961,230	2,970,988	9,758	2,921,098
Employee benefits	1,199,775	1,081,409	(118,366)	1,101,109
Purchased services	2,900,524	2,509,214	(391,310)	2,881,480
Supplies and materials	903,100	919,265	16,165	941,062
Capital expenditures	1,354,595	1,127,291	(227,304)	1,273,510
Other expenditures	13,400	10,966	(2,434)	10,998
Total sites and buildings	9,332,624	8,619,133	(713,491)	9,129,257
Fiscal and other fixed cost programs				
Purchased services	293,500	318,315	24,815	181,837
Debt service				
Principal	734,130	731,156	(2,974)	499,918
Interest and fiscal charges	435,090	434,999	(91)	483,178
Total debt service	1,169,220	1,166,155	(3,065)	983,096
Total expenditures	101,205,876	102,030,583	824,707	94,702,341
Excess (deficiency) of revenue over expenditures	(220,344)	(1,353,044)	(1,132,700)	(639,327)
Other financing sources (uses)				
Transfers in	—	1,340,000	1,340,000	—
Proceeds from sale of assets	—	26,846	26,846	13,129
Transfers (out)	(75,000)	—	75,000	(250,000)
Total other financing sources (uses)	(75,000)	1,366,846	1,441,846	(236,871)
Net change in fund balances	\$ (295,344)	13,802	\$ 309,146	(876,198)
Fund balances				
Beginning of year		27,491,342		28,367,540
End of year		\$ 27,505,144		\$ 27,491,342

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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.

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INDEPENDENT SCHOOL DISTRICT NO. 624

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and temporary investments	\$ 295,187	\$ 283,747
Receivables		
Accounts and interest	14,653	292
Due from other governmental units	82,246	62,329
Inventory	77,314	64,307
Prepaid items	<u>3,020</u>	<u>14,401</u>
Total assets	<u><u>\$ 472,420</u></u>	<u><u>\$ 425,076</u></u>
Liabilities		
Salaries payable	\$ 8,934	\$ 11,297
Accounts and contracts payable	41,161	49,941
Due to other governmental units	–	17,159
Unearned revenue	<u>101,885</u>	<u>113,527</u>
Total liabilities	151,980	191,924
Fund balances		
Nonspendable for inventory	77,314	64,307
Nonspendable for prepaid items	3,020	14,401
Restricted for food service	<u>240,106</u>	<u>154,444</u>
Total fund balances	<u><u>320,440</u></u>	<u><u>233,152</u></u>
Total liabilities and fund balances	<u><u>\$ 472,420</u></u>	<u><u>\$ 425,076</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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016			2015
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ 100	\$ 309	\$ 209	\$ 65
Other – primarily meal sales	2,548,650	2,258,254	(290,396)	2,270,735
State sources	156,000	243,870	87,870	203,990
Federal sources	1,719,882	1,929,903	210,021	1,733,770
Total revenue	<u>4,424,632</u>	<u>4,432,336</u>	<u>7,704</u>	<u>4,208,560</u>
Expenditures				
Current				
Salaries	1,497,822	1,469,989	(27,833)	1,333,924
Employee benefits	446,825	425,206	(21,619)	378,813
Purchased services	325,361	345,991	20,630	424,737
Supplies and materials	1,940,157	1,950,885	10,728	2,046,457
Other expenditures	7,137	9,733	2,596	9,297
Capital outlay	121,726	145,938	24,212	52,277
Total expenditures	<u>4,339,028</u>	<u>4,347,742</u>	<u>8,714</u>	<u>4,245,505</u>
Excess (deficiency) of revenue over expenditures	85,604	84,594	(1,010)	(36,945)
Other financing sources				
Proceeds from sale of assets	<u>–</u>	<u>2,694</u>	<u>2,694</u>	<u>–</u>
Net change in fund balances	<u>\$ 85,604</u>	<u>87,288</u>	<u>\$ 1,684</u>	<u>(36,945)</u>
Fund balances				
Beginning of year		<u>233,152</u>		<u>270,097</u>
End of year		<u>\$ 320,440</u>		<u>\$ 233,152</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and temporary investments	\$ 1,990,015	\$ 1,901,557
Receivables		
Current taxes	540,977	578,610
Delinquent taxes	16,381	20,337
Accounts and interest	135	32,174
Due from other governmental units	65,068	60,728
Prepaid items	<u>16,586</u>	<u>14,440</u>
Total assets	<u><u>\$ 2,629,162</u></u>	<u><u>\$ 2,607,846</u></u>
Liabilities		
Salaries payable	\$ 63,452	\$ 48,919
Accounts and contracts payable	38,326	50,509
Due to other governmental units	80	45
Unearned revenue	<u>41,559</u>	<u>64,999</u>
Total liabilities	143,417	164,472
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	15,056	14,446
Property taxes levied for subsequent year	<u>999,958</u>	<u>1,050,963</u>
Total deferred inflows of resources	1,015,014	1,065,409
Fund balances (deficit)		
Nonspendable for prepaid items	16,586	14,440
Restricted for community education	1,279,597	1,298,105
Restricted for early childhood family education	86,386	65,042
Restricted for school readiness	77,982	–
Restricted for community services	10,180	14,716
Unassigned – school readiness restricted account deficit	<u>–</u>	<u>(14,338)</u>
Total fund balances	<u><u>1,470,731</u></u>	<u><u>1,377,965</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 2,629,162</u></u>	<u><u>\$ 2,607,846</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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016			2015
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,050,963	\$ 1,042,443	\$ (8,520)	\$ 1,080,555
Investment earnings	–	2,084	2,084	275
Other – primarily tuition and fees	3,340,800	3,681,104	340,304	3,194,068
State sources	529,550	597,719	68,169	497,177
Federal sources	–	20,234	20,234	–
Total revenue	4,921,313	5,343,584	422,271	4,772,075
Expenditures				
Current				
Salaries	2,892,750	3,069,171	176,421	2,689,589
Employee benefits	841,412	888,308	46,896	749,090
Purchased services	803,604	851,559	47,955	759,371
Supplies and materials	314,089	407,220	93,131	295,339
Other expenditures	14,860	7,318	(7,542)	6,103
Capital outlay	18,500	27,242	8,742	16,308
Total expenditures	4,885,215	5,250,818	365,603	4,515,800
Excess of revenue over expenditures	36,098	92,766	56,668	256,275
Other financing sources				
Transfers in	75,000	–	(75,000)	250,000
Net change in fund balances	\$ 111,098	92,766	\$ (18,332)	506,275
Fund balances				
Beginning of year		1,377,965		871,690
End of year		\$ 1,470,731		\$ 1,377,965

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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.

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INDEPENDENT SCHOOL DISTRICT NO. 624

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and temporary investments	\$ 7,130,933	\$ 13,136,829
Prepaid items	<u>8,120</u>	<u>7,892</u>
Total assets	<u><u>\$ 7,139,053</u></u>	<u><u>\$ 13,144,721</u></u>
Liabilities		
Salaries payable	\$ 3,418	\$ 3,895
Accounts and contracts payable	<u>688,479</u>	<u>1,298,818</u>
Total liabilities	<u>691,897</u>	<u>1,302,713</u>
Fund balances		
Nonspendable for prepaid items	8,120	7,892
Restricted for alternative facilities program	<u>6,439,036</u>	<u>11,834,116</u>
Total fund balances	<u><u>6,447,156</u></u>	<u><u>11,842,008</u></u>
Total liabilities and fund balances	<u><u>\$ 7,139,053</u></u>	<u><u>\$ 13,144,721</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenue		
Local sources		
Investment earnings	\$ 19,955	\$ 1,821
Expenditures		
Capital outlay		
Salaries	174,034	161,758
Employee benefits	59,209	56,897
Purchased services	5,102,624	3,063,415
Capital expenditures	<u>78,940</u>	<u>267,582</u>
Total expenditures	<u>5,414,807</u>	<u>3,549,652</u>
Excess (deficiency) of revenue over expenditures	(5,394,852)	(3,547,831)
Other financing sources		
Sale of bonds	<u>–</u>	<u>15,127,724</u>
Net change in fund balances	(5,394,852)	11,579,893
Fund balances		
Beginning of year	<u>11,842,008</u>	<u>262,115</u>
End of year	<u><u>\$ 6,447,156</u></u>	<u><u>\$ 11,842,008</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.

INDEPENDENT SCHOOL DISTRICT NO. 624

Debt Service Fund
Balance Sheet by Account
as of June 30, 2016
(With Comparative Totals as of June 30, 2015)

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2016	2015
Assets				
Cash and temporary investments	\$ 3,594,858	\$ 3,647,004	\$ 7,241,862	\$ 7,016,828
Receivables				
Current taxes	2,604,057	3,336,151	5,940,208	6,103,772
Delinquent taxes	104,461	73,276	177,737	213,272
Due from other governmental units	52	57	109	90
Total assets	<u>\$ 6,303,428</u>	<u>\$ 7,056,488</u>	<u>\$ 13,359,916</u>	<u>\$ 13,333,962</u>
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	\$ 99,231	\$ 63,012	\$ 162,243	\$ 157,262
Property taxes levied for subsequent year	4,815,813	6,171,522	10,987,335	11,097,447
Total deferred inflows of resources	<u>4,915,044</u>	<u>6,234,534</u>	<u>11,149,578</u>	<u>11,254,709</u>
Fund balances				
Restricted for general debt service	1,388,384	–	1,388,384	1,500,009
Restricted for OPEB bonds debt service	–	821,954	821,954	579,244
Total fund balances	<u>1,388,384</u>	<u>821,954</u>	<u>2,210,338</u>	<u>2,079,253</u>
Total deferred inflows of resources and fund balances	<u>\$ 6,303,428</u>	<u>\$ 7,056,488</u>	<u>\$ 13,359,916</u>	<u>\$ 13,333,962</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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

	2016			
		Actual		
		Regular	OPEB	
	Budget	Debt Service	Debt Service	Total
		Account	Account	
Revenue				
Local sources				
Property taxes	\$ 11,095,448	\$ 5,235,890	\$ 5,772,957	\$ 11,008,847
Investment earnings	2,000	3,944	1,354	5,298
State sources	—	437	574	1,011
Total revenue	11,097,448	5,240,271	5,774,885	11,015,156
Expenditures				
Debt service				
Principal	7,225,000	3,520,000	3,705,000	7,225,000
Interest	3,655,921	1,828,746	1,827,175	3,655,921
Fiscal charges and other	5,000	3,150	—	3,150
Total expenditures	10,885,921	5,351,896	5,532,175	10,884,071
Excess (deficiency) of revenue over expenditures	211,527	(111,625)	242,710	131,085
Other financing sources				
Sale of bonds	—	—	—	—
Premium on debt issued	—	—	—	—
Total other financing sources	—	—	—	—
Net change in fund balances	\$ 211,527	(111,625)	242,710	131,085
Fund balances				
Beginning of year		1,500,009	579,244	2,079,253
End of year		\$ 1,388,384	\$ 821,954	\$ 2,210,338

	2015
Over (Under) Budget	Actual
\$ (86,601)	\$ 10,494,470
3,298	1,197
1,011	823
<u>(82,292)</u>	<u>10,496,490</u>
—	6,910,000
—	3,766,312
<u>(1,850)</u>	<u>200,286</u>
<u>(1,850)</u>	<u>10,876,598</u>
(80,442)	(380,108)
—	142,276
<u>—</u>	<u>61,778</u>
<u>—</u>	<u>204,054</u>
<u>\$ (80,442)</u>	(176,054)
	<u>2,255,307</u>
	<u>\$ 2,079,253</u>

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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 both post-employment severance benefits and health insurance benefits offered by the District to its employees as a self-insured plan.

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INDEPENDENT SCHOOL DISTRICT NO. 624

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2016
(With Comparative Totals as of June 30, 2015)

	Severance Benefits	Self-Insured Health Benefits	Self-Insured Dental Benefits	Totals	
				2016	2015
Assets					
Current assets					
Cash and temporary investments	\$ 1,733,756	\$ 2,210,349	\$ 135,498	\$ 4,079,603	\$ 5,565,947
Receivables					
Accounts and interest	37,229	—	—	37,229	—
Total assets	1,770,985	2,210,349	135,498	4,116,832	5,565,947
Liabilities					
Current liabilities					
Severance benefits payable	246,155	—	—	246,155	206,984
Accounts and contracts payable	—	58,580	21,340	79,920	191,772
Claims incurred but not reported	—	845,437	—	845,437	1,555,002
Unearned revenue	—	781,769	56,062	837,831	775,978
Total current liabilities	246,155	1,685,786	77,402	2,009,343	2,729,736
Long-term liabilities					
Severance benefits payable	1,508,101	—	—	1,508,101	1,861,385
Total liabilities	1,754,256	1,685,786	77,402	3,517,444	4,591,121
Net position					
Unrestricted	\$ 16,729	\$ 524,563	\$ 58,096	\$ 599,388	\$ 974,826

INDEPENDENT SCHOOL DISTRICT NO. 624

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2016
(With Partial Comparative Totals for the Year Ended June 30, 2015)

	Severance Benefits	Self-Insured Health Benefits	Self-Insured Dental Benefits	Totals	
				2016	2015
Operating revenue					
Charges for services					
Contributions from governmental funds	\$ —	\$ 12,746,805	\$ 500,122	\$ 13,246,927	\$ 6,264,105
Operating expenses					
Severance benefits	24,128	—	—	24,128	148,363
Health benefit claims	—	11,352,701	—	11,352,701	6,622,605
Dental benefit claims	—	—	418,737	418,737	—
Administrative costs	—	513,264	23,289	536,553	—
Total operating expenses	<u>24,128</u>	<u>11,865,965</u>	<u>442,026</u>	<u>12,332,119</u>	<u>6,770,968</u>
Operating income (loss)	(24,128)	880,840	58,096	914,808	(506,863)
Nonoperating revenue					
Investment earnings	<u>47,842</u>	<u>1,912</u>	<u>—</u>	<u>49,754</u>	<u>80,369</u>
Income before transfers	23,714	882,752	58,096	964,562	(426,494)
Transfers out	<u>(1,340,000)</u>	<u>—</u>	<u>—</u>	<u>(1,340,000)</u>	<u>—</u>
Change in net position	(1,316,286)	882,752	58,096	(375,438)	(426,494)
Net position					
Beginning of year	<u>1,333,015</u>	<u>(358,189)</u>	<u>—</u>	<u>974,826</u>	<u>1,401,320</u>
End of year	<u>\$ 16,729</u>	<u>\$ 524,563</u>	<u>\$ 58,096</u>	<u>\$ 599,388</u>	<u>\$ 974,826</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2016
(With Partial Comparative Totals for the Year Ended June 30, 2015)

	Severance Benefits	Self-Insured Health Benefits	Self-Insured Dental Benefits	Total	
				2016	2015
Cash flows from operating activities					
Received from assessments made to other funds	\$ —	\$ 12,808,658	\$ 500,122	\$ 13,308,780	\$ 7,040,083
Severance and self-insurance claims and payments	(338,241)	(12,708,722)	(420,686)	(13,467,649)	(5,112,201)
Net cash flows from operating activities	(338,241)	99,936	79,436	(158,869)	1,927,882
Cash flows from noncapital financing activities					
Transfers out	(1,340,000)	—	—	(1,340,000)	—
Cash flows from investing activities					
Interest on investments	10,613	1,912	—	12,525	80,369
Net change in cash and cash equivalents	(1,667,628)	101,848	79,436	(1,486,344)	2,008,251
Cash and cash equivalents					
Beginning of year	3,401,384	2,164,563	—	5,565,947	3,557,696
End of year	\$ 1,733,756	\$ 2,266,411	\$ 79,436	\$ 4,079,603	\$ 5,565,947
Reconciliation of operating income (loss) to net cash flows from operating activities					
Operating income (loss)	\$ (24,128)	\$ 880,840	\$ 58,096	\$ 914,808	\$ (506,863)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Changes in assets and liabilities					
Accounts and contracts payable	—	(133,192)	21,340	(111,852)	191,772
Severance benefits payable	(314,113)	—	—	(314,113)	(88,007)
Claims incurred but not reported	—	(709,565)	—	(709,565)	1,555,002
Unearned revenue	—	61,853	—	61,853	775,978
Net cash flows from operating activities	\$ (338,241)	\$ 99,936	\$ 79,436	\$ (158,869)	\$ 1,927,882

STATISTICAL SECTION

III. STATISTICAL SECTION

This part of Independent School District No. 624's (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	98
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	117
These schedules contain information to help the reader assess the District's most significant revenue source, including property tax revenue.	
Debt Capacity	128
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	134
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	136
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 District's CAFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 624

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

				Fiscal Year
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 6,661,357	\$ 7,125,365	\$ 2,990,543	\$ (197,985)
Restricted	3,730,712	4,844,296	4,379,938	4,732,401
Unrestricted	860,926	(4,588,167)	15,851,351	17,652,050
Total governmental activities net position	<u>\$ 11,252,995</u>	<u>\$ 7,381,494</u>	<u>\$ 23,221,832</u>	<u>\$ 22,186,466</u>

Note 1: The District implemented GASB Statement No. 45 in fiscal 2009. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by approximately \$14.9 million.

Note 2: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$64.1 million.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 453,384	\$ 1,630,228	\$ 2,130,306	\$ 5,813,967	\$ 4,292,291	\$ 2,724,245
4,221,609	2,601,876	1,132,318	3,061,846	2,649,603	4,232,013
<u>19,501,829</u>	<u>20,515,031</u>	<u>21,045,132</u>	<u>29,521,587</u>	<u>(31,643,658)</u>	<u>(34,024,878)</u>
<u>\$ 24,176,822</u>	<u>\$ 24,747,135</u>	<u>\$ 24,307,756</u>	<u>\$ 38,397,400</u>	<u>\$(24,701,764)</u>	<u>\$(27,068,620)</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities				
Administration	\$ 3,723,705	\$ 3,226,653	\$ 3,655,539	\$ 3,869,087
District support services	1,373,226	1,455,973	2,284,283	2,720,495
Elementary and secondary regular instruction	34,232,855	41,338,905	37,011,943	35,724,272
Vocational education instruction	1,198,293	1,237,511	1,095,872	1,206,851
Special education instruction	16,393,259	15,841,498	16,898,282	18,204,071
Instructional support services	4,161,958	3,895,519	4,232,013	4,130,759
Pupil support services	6,012,661	6,178,368	6,577,236	7,077,329
Sites and buildings	8,964,347	12,020,290	15,417,599	14,733,080
Fiscal and other fixed cost programs	185	287,360	317,223	323,309
Food service	3,529,484	3,755,561	3,893,101	3,998,768
Community service	4,204,000	4,533,655	4,851,414	4,681,407
Depreciation not included in other functions	1,415,371	2,281,475	2,315,905	2,256,769
Interest and fiscal charges on debt	2,664,455	2,600,676	3,815,164	5,324,820
Total governmental activities expenses	87,873,799	98,653,444	102,365,574	104,251,017
Program revenues				
Governmental activities				
Charges for services				
Food service	2,518,458	2,506,300	2,526,722	2,501,718
Community service	2,730,995	2,871,348	2,898,030	2,839,310
All other	879,009	1,290,723	986,912	890,699
Operating grants and contributions	11,686,913	11,437,738	12,381,894	14,759,126
Capital grants and contributions	—	568,600	960,279	337,507
Total governmental activities program revenues	17,815,375	18,674,709	19,753,837	21,328,360
Net (expense) revenue	(70,058,424)	(79,978,735)	(82,611,737)	(82,922,657)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	10,027,931	9,759,457	17,021,057	15,078,382
Property taxes, levied for capital projects	3,092,622	3,369,672	3,166,276	2,862,033
Property taxes, levied for community service	1,008,607	1,026,606	857,799	726,887
Property taxes, levied for debt service	6,658,641	6,958,917	6,823,354	10,051,500
Unrestricted grants and contributions	53,962,102	52,717,417	53,053,991	52,269,656
Other general revenues	195,926	1,220,713	1,559,344	455,802
Investment earnings	2,056,400	1,054,452	1,008,590	443,031
Total general revenues and other changes in net position	77,002,229	76,107,234	83,490,411	81,887,291
Change in net position	\$ 6,943,805	\$ (3,871,501)	\$ 878,674	\$ (1,035,366)

2011	2012	2013	2014	2015	2016
\$ 3,991,594	\$ 4,029,515	\$ 4,089,720	\$ 4,437,389	\$ 4,380,829	\$ 4,643,864
2,747,634	2,243,148	2,365,545	1,788,239	1,857,194	2,019,904
37,532,300	38,815,035	39,527,587	42,224,883	42,172,822	46,747,667
906,963	923,529	816,566	827,110	940,178	881,627
18,000,216	17,311,207	18,619,906	18,836,586	18,775,086	21,078,601
4,130,540	4,857,506	4,475,571	6,108,809	7,743,691	8,681,086
7,098,605	7,538,799	7,975,301	7,805,215	8,819,920	10,551,058
12,389,819	12,188,020	13,991,384	9,853,039	11,930,720	13,350,160
396,113	336,468	366,519	383,556	181,837	318,315
4,118,542	4,007,239	3,939,335	4,141,595	4,581,519	4,192,500
4,854,351	5,294,255	5,294,575	4,446,087	4,416,271	5,250,991
2,223,641	2,200,859	2,077,872	2,083,157	2,092,437	2,585,565
4,548,253	4,297,853	4,380,407	3,596,704	4,164,980	3,637,370
102,938,571	104,043,433	107,920,288	106,532,369	112,057,484	123,938,708
2,361,396	2,371,288	2,342,824	2,389,877	2,270,735	2,258,254
3,033,168	3,535,129	3,649,837	3,124,923	3,194,068	3,681,104
774,062	733,792	799,849	704,208	615,122	1,880,192
13,598,280	12,739,695	13,773,555	14,830,987	17,665,380	18,447,942
318,720	383,367	512,391	624,834	1,079,463	1,030,957
20,085,626	19,763,271	21,078,456	21,674,829	24,824,768	27,298,449
(82,852,945)	(84,280,162)	(86,841,832)	(84,857,540)	(87,232,716)	(96,640,259)
24,295,624	17,775,348	18,659,789	19,064,752	19,366,999	20,142,501
3,870,514	2,920,342	1,111,426	2,672,002	4,217,786	3,040,084
1,208,043	796,039	2,765,087	1,074,426	1,080,401	1,043,053
10,142,769	10,432,599	11,578,651	11,540,345	10,484,106	11,013,828
44,580,093	51,474,590	51,989,567	53,164,405	52,807,290	57,107,216
493,314	372,001	130,330	898,484	704,250	1,773,329
252,944	129,556	167,603	126,850	133,233	153,392
84,843,301	83,900,475	86,402,453	88,541,264	88,794,065	94,273,403
\$ 1,990,356	\$ (379,687)	\$ (439,379)	\$ 3,683,724	\$ 1,561,349	\$ (2,366,856)

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Local sources				
Taxes	\$ 20,693,863	\$ 21,108,207	\$ 27,739,145	\$ 28,793,384
Investment earnings	1,941,934	935,800	904,642	338,787
Other	7,483,450	7,889,084	7,981,803	6,687,518
State sources	61,009,375	61,026,716	62,243,574	56,950,518
Federal sources	3,480,578	3,697,039	4,152,590	10,415,771
Total revenues	<u>94,609,200</u>	<u>94,656,846</u>	<u>103,021,754</u>	<u>103,185,978</u>
Expenditures				
Current				
Administration	3,723,705	3,226,653	6,581,893	3,961,733
District support services	1,373,226	1,455,973	6,756,813	2,859,464
Elementary and secondary				
regular instruction	35,027,130	37,013,269	63,272,104	36,292,516
Vocational education instruction	1,198,293	1,237,511	1,095,872	1,206,851
Special education instruction	16,395,955	15,848,126	19,143,021	18,293,722
Instructional support services	4,422,830	4,100,888	4,524,313	4,446,241
Pupil support services	6,012,661	6,141,130	6,725,822	7,077,329
Sites and buildings	8,315,877	7,625,209	10,983,768	8,904,920
Fiscal and other fixed cost programs	185	287,360	317,223	323,309
Food service	3,694,337	3,859,568	5,204,769	3,963,573
Community service	4,232,322	4,514,967	4,915,475	4,674,940
Capital outlay	13,154,382	5,906,549	7,861,994	5,950,148
Debt service				
Principal	5,006,013	4,312,990	4,810,674	5,393,762
Interest and fiscal charges	2,611,157	2,825,728	2,786,535	5,777,779
Total expenditures	<u>105,168,073</u>	<u>98,355,921</u>	<u>144,980,276</u>	<u>109,126,287</u>
Excess of revenues over (under) expenditures	(10,558,873)	(3,699,075)	(41,958,522)	(5,940,309)
Other financing sources (uses)				
Debt issued	16,500,000	—	52,055,000	—
Premium on bonds issued	306,064	—	213,852	—
Payments to refunded bond escrow agent	—	—	—	—
Capital lease issued	—	—	—	—
Sales of capital assets	—	—	1,500	900
Transfers in	388,000	388,000	388,000	388,000
Transfers out	(388,000)	(388,000)	(388,000)	(388,000)
Total other financing sources (uses)	<u>16,806,064</u>	<u>—</u>	<u>52,270,352</u>	<u>900</u>
Net change in fund balances	<u>\$ 6,247,191</u>	<u>\$ (3,699,075)</u>	<u>\$ 10,311,830</u>	<u>\$ (5,939,409)</u>
Debt service as a percentage of noncapital expenditures	<u>8.3%</u>	<u>7.4%</u>	<u>5.3%</u>	<u>10.3%</u>

2011	2012	2013	2014	2015	2016
\$ 39,311,179	\$ 31,960,613	\$ 33,880,314	\$ 25,198,444	\$ 35,162,695	\$ 35,221,900
139,727	16,764	54,066	23,377	52,864	103,638
6,535,743	6,928,698	7,190,760	7,116,605	6,774,268	9,576,917
51,925,403	59,575,217	61,640,043	73,689,305	67,092,392	72,091,177
6,571,690	5,105,947	4,367,550	4,507,931	4,459,741	4,494,938
104,483,742	103,587,239	107,132,733	110,535,662	113,541,960	121,488,570
4,114,888	3,958,852	4,015,982	4,360,452	4,368,076	4,319,876
2,994,223	2,078,268	2,193,489	1,642,913	1,662,845	1,927,834
38,006,664	38,650,289	39,629,298	41,901,372	41,958,720	46,242,132
906,963	923,529	816,566	827,110	951,749	880,860
18,282,576	17,125,287	18,408,949	18,603,528	18,802,623	19,818,791
4,384,509	4,913,086	4,478,937	5,682,729	7,784,273	8,247,943
7,098,605	7,538,799	7,975,301	7,805,215	8,879,865	10,489,544
9,212,513	9,049,142	13,539,510	16,559,644	9,129,257	8,619,133
396,113	336,468	366,519	383,556	181,837	318,315
4,081,257	3,975,684	3,987,832	4,129,395	4,193,228	4,201,804
4,822,387	5,272,053	5,426,854	4,418,517	4,499,492	5,223,576
3,449,120	3,288,376	4,487,482	2,120,214	3,618,237	5,587,987
6,152,276	6,721,237	7,304,839	7,413,817	7,409,918	7,956,156
4,798,391	4,709,258	4,978,113	4,170,299	4,449,776	4,094,070
108,700,485	108,540,328	117,609,671	120,018,761	117,889,896	127,928,021
(4,216,743)	(4,953,089)	(10,476,938)	(9,483,099)	(4,347,936)	(6,439,451)
—	41,765,000	—	—	15,270,000	—
—	3,280,108	—	—	61,778	—
—	(9,070,000)	(26,190,000)	—	—	—
—	—	3,900,000	8,000,000	—	—
7,699	4,095	9,850	630	13,129	29,540
388,000	388,000	388,000	388,000	250,000	1,340,000
(388,000)	(388,000)	(388,000)	(388,000)	(250,000)	—
7,699	35,979,203	(22,280,150)	8,000,630	15,344,907	1,369,540
\$ (4,209,044)	\$ 31,026,114	\$ (32,757,088)	\$ (1,482,469)	\$ 10,996,971	\$ (5,069,911)
10.2%	10.6%	10.9%	10.4%	10.2%	9.6%

INDEPENDENT SCHOOL DISTRICT NO. 624

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

				Fiscal Year
	2007	2008	2009	2010
General Fund				
Reserved	\$ 4,591,209	\$ 5,109,317	\$ 2,815,375	\$ —
Unreserved	8,403,496	9,395,348	17,106,342	—
Nonspendable	—	—	—	479,163
Restricted	—	—	—	3,120,086
Assigned	—	—	—	6,474,495
Unassigned	—	—	—	10,551,796
Total General Fund	<u>\$ 12,994,705</u>	<u>\$ 14,504,665</u>	<u>\$ 19,921,717</u>	<u>\$ 20,625,540</u>
All other governmental funds				
Reserved	\$ 7,836,835	\$ 3,156,924	\$ 11,024,081	\$ —
Unreserved, reported in				
Special revenue funds	607,060	490,628	386,681	—
Capital Projects – Building				
Construction Fund	4,677,225	3,874,764	577,881	—
Debt Service Fund	1,304,145	1,693,914	2,122,365	—
Nonspendable	—	—	—	163,252
Restricted				
Special revenue funds	—	—	—	1,035,688
Capital Projects – Building				
Construction Fund	—	—	—	4,555,170
Debt service funds	—	—	—	1,713,666
Unassigned	—	—	—	—
Total all other governmental funds	<u>\$ 14,425,265</u>	<u>\$ 9,216,230</u>	<u>\$ 14,111,008</u>	<u>\$ 7,467,776</u>

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

2011	2012	2013	2014	2015	2016
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
586,628	219,984	1,255,743	188,940	156,537	97,470
3,148,469	2,106,435	1,022,955	1,063,801	457,932	1,638,862
7,818,797	6,697,066	8,955,687	15,588,049	12,917,616	10,494,185
8,882,644	11,115,223	7,295,063	11,526,750	13,959,257	15,274,627
<u>\$ 20,436,538</u>	<u>\$ 20,138,708</u>	<u>\$ 18,529,448</u>	<u>\$ 28,367,540</u>	<u>\$ 27,491,342</u>	<u>\$ 27,505,144</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
175,913	108,758	100,371	81,257	101,040	105,040
619,346	469,850	484,528	1,118,414	1,532,307	1,694,251
1,149,370	6,629,267	2,271,497	255,422	11,834,116	6,439,036
1,503,105	28,513,803	1,717,454	2,255,307	2,079,253	2,210,338
—	—	—	(51,191)	(14,338)	—
<u>\$ 3,447,734</u>	<u>\$ 35,721,678</u>	<u>\$ 4,573,850</u>	<u>\$ 3,659,209</u>	<u>\$ 15,532,378</u>	<u>\$ 10,448,665</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
2007	\$ 13,069,286 17%	\$ 60,238,005 77%	\$ 2,360,414 3%	\$ 2,330,619 3%	\$ 77,998,324 100%
2008	13,142,533 17%	60,240,504 77%	2,531,168 3%	3,126,622 3%	79,040,827 100%
2009	20,074,307 23%	61,363,884 71%	2,899,536 3%	2,721,867 3%	87,059,594 100%
2010	18,025,185 21%	56,003,016 66%	8,973,137 11%	1,662,418 2%	84,663,756 100%
2011	28,052,711 33%	51,365,163 60%	5,112,324 6%	1,269,303 1%	85,799,501 100%
2012	20,720,513 25%	58,534,326 70%	3,624,916 4%	1,036,788 1%	83,916,543 100%
2013	21,280,073 25%	61,146,075 71%	2,798,778 3%	1,219,431 1%	86,444,357 100%
2014	12,956,296 14%	72,599,880 81%	2,844,272 3%	1,621,936 2%	90,022,384 100%
2015	23,587,670 25%	66,390,402 71%	2,725,971 3%	1,358,971 1%	94,063,014 100%
2016	23,170,610 23%	71,248,577 70%	2,544,801 3%	3,713,551 4%	100,677,539 100%

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

INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund Expenditures by Program
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2007	\$ 3,723,705 5%	\$ 1,373,226 2%	\$ 35,027,130 45%	\$ 1,198,293 2%	\$ 16,395,955 21%
2008	3,226,652 4%	1,455,973 2%	37,013,268 48%	1,237,512 2%	15,848,126 21%
2009	6,581,893 5%	6,756,813 6%	63,272,104 53%	1,095,872 1%	19,143,021 16%
2010	3,961,733 5%	2,859,464 4%	36,292,516 43%	1,206,851 1%	18,293,722 22%
2011	4,114,888 5%	2,994,223 4%	38,006,664 44%	906,963 1%	18,282,576 21%
2012	3,958,852 5%	2,078,268 2%	38,650,289 45%	923,529 1%	17,125,287 20%
2013	4,015,982 4%	2,193,489 2%	39,629,298 43%	816,566 1%	18,408,949 20%
2014	4,360,452 4%	1,642,913 2%	41,901,372 43%	827,110 1%	18,603,528 19%
2015	4,368,076 5%	1,662,845 2%	41,958,720 44%	951,749 1%	18,802,623 20%
2016	4,319,876 4%	1,927,834 2%	46,242,132 46%	880,860 1%	19,818,791 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>
\$ 4,422,830 6%	\$ 6,012,661 8%	\$ 8,315,877 11%	\$ 206,981 —	\$ 76,676,658 100%
4,100,888 5%	6,141,131 8%	7,625,209 10%	494,108 —	77,142,867 100%
4,524,313 4%	6,725,822 6%	10,983,768 9%	523,971 —	119,607,577 100%
4,446,241 5%	7,077,329 8%	8,904,920 11%	530,057 1%	83,572,833 100%
4,384,509 5%	7,098,605 8%	9,212,513 11%	602,861 1%	85,603,802 100%
4,913,086 6%	7,538,799 9%	9,049,142 11%	543,216 1%	84,780,468 100%
4,478,937 5%	7,975,301 9%	13,539,510 15%	517,435 1%	91,575,467 100%
5,682,729 6%	7,805,215 8%	16,559,644 16%	819,879 1%	98,202,843 100%
7,784,273 8%	8,879,865 9%	9,129,257 10%	1,164,933 1%	94,702,341 100%
8,247,943 8%	10,489,544 10%	8,619,133 8%	1,484,470 1%	102,030,583 100%

INDEPENDENT SCHOOL DISTRICT NO. 624

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

				Fiscal Year
	2007	2008	2009	2010
Revenues				
General Fund	\$ 77,998,324	\$ 79,040,827	\$ 87,059,594	\$ 84,663,756
Special revenue funds				
Food Service	3,762,902	3,797,396	3,881,554	4,056,179
Community Service	4,050,703	4,401,215	4,349,644	3,891,955
Capital Projects – Building				
Construction Fund	1,793,278	95,669	591,202	17,994
Debt Service Fund	7,003,993	7,321,739	7,139,760	10,556,094
Total revenues	<u>\$ 94,609,200</u>	<u>\$ 94,656,846</u>	<u>\$ 103,021,754</u>	<u>\$ 103,185,978</u>
Expenditures				
General Fund	\$ 76,676,658	\$ 77,142,867	\$ 119,607,577	\$ 83,572,833
Special revenue funds				
Food Service	3,694,337	3,859,568	5,204,769	3,973,659
Community Service	4,264,446	4,531,929	4,961,650	4,710,360
Capital Projects – Building				
Construction Fund	13,176,445	5,889,587	7,815,819	5,904,642
Debt Service Fund	7,356,187	6,931,970	7,390,461	10,964,793
Total expenditures	<u>\$ 105,168,073</u>	<u>\$ 98,355,921</u>	<u>\$ 144,980,276</u>	<u>\$ 109,126,287</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 85,799,501	\$ 83,916,543	\$ 86,444,357	\$ 90,022,384	\$ 94,063,014	\$ 100,677,539
3,947,224	3,995,104	4,060,843	4,204,291	4,208,560	4,432,336
4,195,256	4,702,090	5,097,513	4,621,755	4,772,075	5,343,584
8,403	469	4,333	1,586	1,821	19,955
<u>10,533,358</u>	<u>10,973,033</u>	<u>11,525,687</u>	<u>11,685,646</u>	<u>10,496,490</u>	<u>11,015,156</u>
<u>\$ 104,483,742</u>	<u>\$ 103,587,239</u>	<u>\$ 107,132,733</u>	<u>\$ 110,535,662</u>	<u>\$ 113,541,960</u>	<u>\$ 121,488,570</u>
\$ 85,603,802	\$ 84,780,468	\$ 91,575,467	\$ 98,202,842	\$ 94,702,341	\$ 102,030,583
4,099,270	4,008,114	4,098,121	4,205,461	4,245,505	4,347,742
4,844,186	5,293,731	5,443,742	4,445,004	4,515,800	5,250,818
3,409,308	3,234,268	4,360,305	2,017,661	3,549,652	5,414,807
<u>10,743,919</u>	<u>11,223,747</u>	<u>12,132,036</u>	<u>11,147,793</u>	<u>10,876,598</u>	<u>10,884,071</u>
<u>\$ 108,700,485</u>	<u>\$ 108,540,328</u>	<u>\$ 117,609,671</u>	<u>\$ 120,018,761</u>	<u>\$ 117,889,896</u>	<u>\$ 127,928,021</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Cash and Investments by Fund
Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
General Fund	\$ 11,814,401	\$ 17,653,772	\$ 22,712,790	\$ 14,809,214
Special revenue funds				
Food Service	481,841	428,768	309,713	377,969
Community Service	1,550,935	2,039,087	1,528,045	1,098,013
Capital Projects – Building Construction Fund	12,752,017	7,178,261	11,799,124	5,227,176
Debt Service Fund	4,379,659	5,895,578	6,653,403	5,833,763
Internal service funds	3,252,169	3,370,821	3,474,769	3,579,012
Post-Employment Benefits Trust Fund	–	–	40,035,431	40,982,795
Scholarship Private-Purpose Trust Fund	–	–	–	–
	<u>\$ 34,231,022</u>	<u>\$ 36,566,287</u>	<u>\$ 86,513,275</u>	<u>\$ 71,907,942</u>

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 4,481,478	\$ 1,729,290	\$ 14,927,823	\$ 25,331,076	\$ 32,440,239	\$ 30,436,088
327,298	345,224	346,449	315,489	283,747	295,187
396,471	231,772	363,895	1,389,406	1,901,557	1,990,015
1,819,236	7,435,706	2,647,272	278,236	13,136,829	7,130,933
5,985,243	33,486,384	7,009,142	6,863,009	7,016,828	7,241,862
3,692,229	3,805,021	3,864,013	3,557,696	5,565,947	4,079,603
46,153,625	42,146,512	42,335,624	47,000,965	33,422,551	31,104,825
34,876	33,145	30,617	40,658	80,964	167,025
<u>\$ 62,890,456</u>	<u>\$ 89,213,054</u>	<u>\$ 71,524,835</u>	<u>\$ 84,776,535</u>	<u>\$ 93,848,662</u>	<u>\$ 82,445,538</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Expenditures per Student
Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Expenditures per student				
General Fund				
District-level administration	299	270	1,287	503
School-level administration	363	358	395	417
Regular instruction	3,903	4,213	7,439	4,264
Career and technical instruction	138	145	128	143
Special education	1,889	1,861	2,286	2,176
Student activities/athletics	102	101	112	103
Instructional support services	433	403	446	435
Pupil support services	226	226	269	303
Operations, maintenance, and other	720	770	1,154	874
Student transportation	424	453	474	479
Capital	531	371	338	416
Total General Fund expenditures per student	9,028	9,171	14,328	10,113
Food Service Special Revenue Fund	428	456	624	481

N/A – Not Available

Source: Minnesota Department of Education

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
527	369	383	344	343	N/A
402	442	476	490	489	N/A
4,456	4,528	4,730	4,826	4,921	N/A
108	113	101	101	116	N/A
2,195	2,089	2,264	2,261	2,281	N/A
129	156	138	157	152	N/A
442	471	410	491	548	N/A
280	312	339	483	473	N/A
923	860	920	935	911	N/A
498	540	594	604	606	N/A
410	527	474	350	663	N/A
<u>10,370</u>	<u>10,407</u>	<u>10,829</u>	<u>11,042</u>	<u>11,503</u>	<u>N/A</u>
<u>497</u>	<u>492</u>	<u>506</u>	<u>515</u>	<u>516</u>	<u>N/A</u>

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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		
2007	\$ 13,069,286	\$ 1,003,564	\$ 6,621,013	\$ 20,693,863	
2008	13,142,533	1,023,117	6,942,557	21,108,207	
2009	20,074,308	858,572	6,806,266	27,739,146	
2010	18,025,185	731,821	10,036,378	28,793,384	
2011	28,052,711	1,200,155	10,058,313	39,311,179	
2012	20,720,513	797,823	10,442,277	31,960,613	
2013	21,280,073	1,104,680	11,495,561	33,880,314	
2014	12,956,296	559,095	11,683,053	25,198,444	
2015	23,587,670	1,080,555	10,494,470	35,162,695	
2016	23,170,610	1,042,443	11,008,847	35,221,900	

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

INDEPENDENT SCHOOL DISTRICT NO. 624

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
2007	\$ 498,617	\$ 948,628	\$ 78,790,254	\$ (6,857,104)	\$ 5,973,731
2008	517,859	911,084	83,938,051	(7,582,337)	6,960,271
2009	506,941	910,389	84,190,451	(8,339,899)	8,201,481
2010	391,116	850,711	81,192,584	(8,644,482)	8,631,800
2011	360,106	927,025	76,341,618	(8,670,402)	8,539,233
2012	392,973	995,107	69,319,294	(8,175,134)	7,388,803
2013	395,373	1,062,162	64,295,867	(7,513,017)	7,115,720
2014	401,085	1,065,271	65,266,991	(7,389,456)	6,898,176
2015	404,636	1,089,830	70,778,051	(7,525,888)	6,924,807
2016	414,264	1,186,977	72,619,763	(7,523,002)	7,099,529

Note: The District has presented estimated market value, which is the best information available to represent estimated actual value of property.

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>
\$ (4,153,079)	\$ 75,201,047	0.16887	\$ 6,883,120,255	1.09 %
(4,303,661)	80,441,267	0.15422	7,268,550,075	1.11
(4,442,515)	81,026,848	0.19396	7,227,447,125	1.12
(4,414,231)	78,007,498	0.21772	6,910,433,800	1.13
(4,173,498)	73,324,082	0.22521	6,497,742,000	1.13
(3,467,832)	66,453,211	0.26102	6,236,751,100	1.07
(3,060,855)	62,295,250	0.28622	5,820,147,200	1.07
(3,005,643)	63,236,424	0.28562	5,914,824,800	1.07
(2,570,977)	69,100,459	0.26659	6,418,024,100	1.08
(1,418,213)	72,379,318	0.26236	6,573,881,600	1.10

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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

	Year Collectible	General Fund (2)	Community Service Special Revenue Fund	Debt Service Fund	Total All Funds
Levies					
	2007	\$ 13,149,773	\$ 1,101,418	\$ 7,347,978	\$ 21,599,169
	2008	20,707,725	901,005	7,218,143	28,826,873
	2009	18,380,639	762,499	10,541,211	29,684,349
	2010	19,883,063	839,601	10,736,261	31,458,925
	2011	21,679,347	849,309	11,195,932	33,724,588
	2012	21,716,706	971,539	11,687,568	34,375,813
	2013	22,158,396	1,083,251	11,664,086	34,905,733
	2014	24,489,875	1,089,836	10,575,794	36,155,505
	2015	23,793,193	1,050,963	11,097,447	35,941,603
	2016	24,217,987	999,958	10,987,335	36,205,280
Tax rates					
	2007	0.05702	0.01458	0.09727	0.16887
	2008	0.05411	0.01111	0.08900	0.15422
	2009	0.05150	0.00961	0.13285	0.19396
	2010	0.06751	0.01089	0.13932	0.21772
	2011	0.06029	0.01163	0.15329	0.22521
	2012	0.06757	0.01485	0.17859	0.26101
	2013	0.07956	0.01756	0.18910	0.28622
	2014	0.10119	0.01723	0.16720	0.28562
	2015	0.09204	0.01510	0.15946	0.26660
	2016	0.09700	0.01379	0.15156	0.26236
Market value for rates					
	2007	0.00116	—	—	0.00116
	2008	0.00213	—	—	0.00213
	2009	0.00174	—	—	0.00174
	2010	0.00191	—	—	0.00191
	2011	0.00242	—	—	0.00242
	2012	0.00248	—	—	0.00248
	2013	0.00264	—	—	0.00264
	2014	0.00273	—	—	0.00274
	2015	0.00240	—	—	0.00240
	2016	0.00235	—	—	0.00235

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

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

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 624

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

For Taxes Collectible	ISD No. 624		Counties			Special Taxing Districts		
	Total Direct Tax Rate (2)	Market Value Rate	Ramsey County	Washington County	Anoka County	Ramsey County	Washington County	Anoka County
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	26.102	0.248	61.316	31.939	41.146	9.240	5.247	6.691
2013	28.622	0.264	65.240	34.225	44.411	9.954	3.164	6.940
2014	28.562	0.273	63.735	32.811	43.239	9.825	4.640	5.768
2015	26.659	0.240	58.922	30.186	38.123	9.179	4.183	5.327
2016	26.236	0.235	58.885	30.564	38.894	9.052	4.568	5.728

(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
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	116.846	120.673	100.034	124.746	117.081
21.496	25.246	36.512	46.774	29.051	125.576	129.326	102.787	133.131	127.011
21.102	24.014	36.417	46.683	29.269	123.497	126.409	102.703	131.664	124.525
20.368	22.031	36.318	43.770	26.904	115.368	117.031	97.585	121.904	114.119
19.690	22.875	36.323	46.019	26.820	114.098	117.283	97.926	121.228	117.113

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INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity
Xcel Energy	\$ 574,364	1	0.79 %	\$ 238,800	3	0.32 %
HB Fuller	406,845	2	0.56	—	—	—
White Bear Woods Apartments	366,575	3	0.51	196,875	9	0.26
Walmart	327,594	4	0.45	—	—	—
Vadnais Square, LLC	262,342	5	0.36	—	—	—
Trane Company	246,482	6	0.34	221,670	7	0.29
Specialty Manufacturing, Inc.	241,134	7	0.33	—	—	—
Sam's Retail	218,364	8	0.30	—	—	—
Wilson Tool International, Inc.	211,040	9	0.29	184,794	10	0.25
MSP Vadnais, LLC	209,250	10	0.29	—	—	—
Spearman Real Estate	—	—	—	254,536	1	0.34
Schwing America, Inc.	—	—	—	245,130	2	0.33
K-Mart Corporation	—	—	—	231,250	4	0.31
Thermoform Plastics, Inc.	—	—	—	223,984	5	0.30
Chorus Corporation	—	—	—	222,964	6	0.30
White Bear Shopping Center	—	—	—	199,750	8	0.27
Total	<u>\$ 3,063,990</u>		<u>4.23 %</u>	<u>\$ 2,219,753</u>		<u>2.95 %</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
2007	\$ 19,184,423	\$ 1,875,452	\$ 539,294	\$ 21,599,169	\$ 21,276,974	98.5 %
2008	26,330,128	1,981,101	515,644	28,826,873	28,316,344	98.2
2009	25,960,895	2,994,280	729,174	29,684,349	29,230,585	98.5
2010	27,558,835	3,161,569	738,521	31,458,925	30,769,646	97.8
2011	29,468,908	3,480,987	774,693	33,724,588	33,239,387	98.6
2012	30,927,409	3,447,088	1,316	34,375,813	33,926,689	98.7
2013	31,178,677	3,724,356	2,700	34,905,733	34,553,389	99.0
2014	32,257,126	3,897,020	1,359	36,155,505	35,747,852	98.9
2015	31,979,108	3,962,495	—	35,941,603	35,662,183	99.2
2016	32,555,594	3,649,686	—	36,205,280	16,629,744	45.9

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 and have been included in collections. Legislative changes, beginning with taxes collectible in 2012, significantly reduced or eliminated the amount of tax credits paid through state aids.
- (2) Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report

Received in Subsequent Years		Total to Date		Uncollected Taxes Receivable as of June 30, 2016							
		Amount	Percentage of Levy	Delinquent (2)		Current					
				Amount	Percent	Amount	Percent				
\$	322,195	\$ 21,599,169	100.0 %	\$	—	— %	\$	—	— %		
	510,529	28,826,873	100.0		—	—		—	—		
	455,372	29,685,957	100.0		—	—		—	—		
	643,208	31,412,854	99.9		46,071	0.1		—	—		
	458,340	33,697,727	99.9		26,861	0.1		—	—		
	403,906	34,330,595	99.9		45,218	0.1		—	—		
	271,324	34,824,713	99.8		81,020	0.2		—	—		
	322,562	36,070,414	99.8		85,091	0.2		—	—		
	—	35,662,183	99.2		279,420	0.8		—	—		
	—	16,629,744	45.9		—	—		19,575,536	54.1		
					<u>\$ 563,681</u>			<u>\$ 19,575,536</u>			

INDEPENDENT SCHOOL DISTRICT NO. 624

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

Fiscal Year	Outstanding Bonded Debt	Premium (Discount) on Debt	Balance on Hand Value	Net Debt	Net Tax Capacity	Percent of Net Debt to Net Tax Capacity Value
2007	\$ 67,360,000	\$ 1,060,153	\$ 1,304,145	\$ 67,116,008	\$ 75,201,047	89.25 %
2008	63,195,000	904,739	1,693,914	62,405,825	80,441,267	77.58
2009	110,595,000	951,291	2,122,365	109,423,926	81,026,848	135.05
2010	105,365,000	780,030	1,713,666	104,431,364	78,007,498	133.87
2011	99,385,000	637,332	1,503,105	98,519,227	73,324,082	134.36
2012	125,540,000	3,519,477	28,513,803	100,545,674	66,453,211	151.30
2013	92,180,000	3,049,526	1,717,454	93,512,072	62,295,250	150.11
2014	85,060,000	2,635,931	2,255,307	85,440,624	63,236,424	135.11
2015	93,420,000	2,330,474	2,079,253	93,671,221	69,100,459	135.56
2016	86,195,000	1,958,524	2,210,338	85,943,186	72,379,318	118.74

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

Percent of Total Debt to Net Tax Capacity Value	Market Value	Percent of Net Debt to Market Value	Estimated Population	Net Debt per Capita	Total Debt per Capita	Percent of Net Debt to Personal Income
89.57 %	\$6,883,120,255	0.98 %	66,103	\$ 1,015	\$ 1,019	2.00 %
78.56	7,268,550,075	0.86	66,192	943	955	1.97
136.49	7,227,447,125	1.51	66,192	1,653	1,671	3.69
135.07	6,910,433,800	1.51	66,200	1,578	1,592	3.46
135.54	6,497,742,000	1.52	47,533	2,073	2,091	4.17
188.91	6,236,751,100	1.61	48,144	2,088	2,608	4.12
147.97	5,820,147,200	1.61	48,332	1,935	1,907	3.71
134.51	5,914,824,800	1.44	48,449	1,764	1,756	3.29
135.19	6,418,024,100	1.46	48,645	1,926	1,920	3.47
119.09	6,573,881,600	1.31	49,189	1,747	1,752	3.11

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>
2007	\$ 5,006,013	\$ 2,611,157	\$ 7,617,170	\$ 76,676,658	9.93 %
2008	4,312,990	2,825,728	7,138,718	77,142,867	9.25
2009	4,810,674	2,786,535	7,597,209	119,607,577	6.35
2010	5,393,762	5,777,779	11,171,541	83,572,833	13.37
2011	6,152,276	4,798,391	10,950,667	85,603,802	12.79
2012	6,721,237	4,709,258	11,430,495	84,780,468	13.48
2013	7,304,839	4,978,113	12,282,952	91,575,467	13.41
2014	7,413,817	4,170,299	11,584,116	98,202,842	11.80
2015	7,409,918	4,449,776	11,859,694	94,702,341	12.52
2016	7,956,156	4,094,070	12,050,227	102,030,583	11.81

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Debt
as of June 30, 2016

	<u>General Obligation Debt</u>	<u>2016 Tax Capacity Value</u>	<u>Percent of Debt Applicable (1)</u>	<u>Amount of Debt Applicable</u>
Taxing unit				
Overlapping debt				
Counties				
Ramsey	\$ 4,651,396	\$ 503,155,640	14.39 %	\$ 669,107
Washington	164,020,000	297,533,000	4.87	7,980,060
Cities				
White Bear Lake	3,405,000	24,704,927	34.13	1,162,214
White Bear Township	4,090,473	13,289,542	18.36	751,050
Hugo	8,795,000	14,603,836	20.18	1,774,550
Special districts				
Metropolitan Council	<u>1,560,347,000</u>	<u>3,634,111,000</u>	1.99	<u>31,076,886</u>
Total overlapping debt	1,745,308,869	4,487,397,945		43,413,867
Direct debt				
ISD No. 624	<u>96,834,270</u>	<u>72,379,318</u>	100.00	<u>96,834,270</u>
Total direct and overlapping debt	<u>\$ 1,842,143,139</u>	<u>\$ 4,559,777,263</u>		<u>\$ 140,248,137</u>

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

Source: Washington and Ramsey counties, and Metropolitan Council

INDEPENDENT SCHOOL DISTRICT NO. 624

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Debt limit	\$ 1,032,468,038	\$ 1,090,282,511	\$ 1,084,117,069	\$ 1,036,565,070
Total net debt applicable to limit	66,055,855	61,501,086	108,472,635	103,651,334
Legal debt margin	\$ 966,412,183	\$ 1,028,781,425	\$ 975,644,434	\$ 932,913,736
Total net debt applicable to the limit as a percentage of debt limit	6.40%	5.64%	10.01%	10.00%

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

2011	2012	2013	2014	2015	2016
\$ 974,661,300	\$ 935,512,665	\$ 873,022,080	\$ 887,223,720	\$ 962,703,615	\$ 986,082,240
97,881,895	97,109,281	90,462,546	82,804,693	91,340,747	83,984,662
<u>\$ 876,779,405</u>	<u>\$ 838,403,384</u>	<u>\$ 782,559,534</u>	<u>\$ 804,419,027</u>	<u>\$ 871,362,868</u>	<u>\$ 902,097,578</u>
10.04%	10.38%	10.36%	9.33%	9.49%	8.52%

Legal Debt Margin Calculation for Fiscal Year 2016

Market value	\$ 6,573,881,600
Debt limit (15% of market value)	986,082,240
Debt applicable to limit	
General obligation bonds	86,195,000
Less amount set aside for repayment of general obligation debt	<u>(2,210,338)</u>
Total net debt applicable to limit	<u>83,984,662</u>
Legal debt margin	<u>\$ 902,097,578</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)
2007	66,103	\$ 3,356,512,031	\$ 50,777	33.7	8,425	3.8 %
2008	66,192	3,168,015,312	47,861	33.7	8,232	5.4
2009	66,192	2,964,236,621	44,782	33.7	8,121	6.8
2010	66,200	3,022,427,200	45,656	33.7	8,020	7.1
2011	47,553	2,362,956,123	49,691	37.4	8,231	7.5
2012	48,144	2,439,398,707	50,669	37.4	8,005	6.4
2013	48,332	2,523,752,044	52,217	37.4	8,035	5.3
2014	48,449	2,596,381,910	53,590	37.4	8,056	4.7
2015	48,645	2,697,851,700	55,460	41.2	8,043	3.8
2016	49,189	2,760,634,247	56,123	41.4	8,117	3.7

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

Data sources:

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

INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Employers
Current Year and Nine Years Ago

Employer	2016		2007	
	Employees	Rank	Employees	Rank
ISD No. 624	1,206	1	1,070	2
Century College	1,106	2	—	—
Taymark	600	3	290	5
IC Systems	564	4	—	—
Walmart	410	5	—	—
Wilson Tools	402	6	700	3
Heraeus Medical Components	400	7	—	—
Buerkle Company	250	8	—	—
Schwing America, Inc.	237	9	535	4
Schwieters Companies, Inc.	227	10	228	7
White Bear Area Auto Dealers	—	—	1,100	1
Thermoform Plastics, Inc.	—	—	256	6
White Bear Care Center	—	—	225	8
Water Gremlin Co.	—	—	215	9
Trane Company	—	—	207	10
	<u>5,402</u>		<u>4,826</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			
	2007	2008	2009	2010
Board of Education (1)	7	7	7	7
Cabinet/Administrators/Principals (2)	36	35	36	38
Non-affiliated (3)	1	3	3	14
Teachers (4)	526	528	544	575
Support services (5)	144	153	149	120
Paraprofessionals (6)	148	145	149	151
Custodians (7)	64	64	65	68
Nutritional services (8)	67	73	76	72
Extended day (9)	38	30	39	39
Bus drivers (10)	39	39	38	40
Total	1,070	1,077	1,106	1,124

- (1) Board of Education consists of seven elected officials.
- (2) Cabinet/Administrators/Principals include the Cabinet, the White Bear Lake Principal's Association, and the White Bear Lake Administrator's Association.
- (3) Non-affiliated includes positions that are not affiliated with any other listed group and are directed by individual compensation plans.
- (4) Teachers include members of the White Bear Lake Teacher's Association.
- (5) Support services include members of the Service Employees International Union (SEIU) Local 284 and the Confidential Employee Group.
- (6) Paraprofessionals include members of the SEIU Local 284.
- (7) Custodians include members of the International Union of Operating Engineers (IUOE) Local 70.
- (8) Nutritional services include members of the White Bear Lake Nutrition Services Association.
- (9) Extended day includes members of the White Bear Lake Extended Day Program Association.
- (10) Bus drivers include members of the IUOE Local 70.

Source: ISD No. 624

2011	2012	2013	2014	2015	2016
7	7	7	7	7	7
37	37	36	35	35	33
16	19	29	25	42	62
559	580	599	602	604	620
126	110	101	103	103	101
148	152	153	158	158	163
67	67	63	65	65	67
72	75	75	73	71	71
44	43	47	48	31	34
43	43	40	38	40	48
1,119	1,133	1,150	1,154	1,156	1,206

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
2007	\$ 33,380	\$ 71,740	\$ 52,560	248	374
2008	34,081	72,505	53,293	176	388
2009	35,000	75,000	55,000	199	408
2010	35,000	76,035	55,518	198	395
2011	35,000	79,285	57,143	174	414
2012	36,850	80,925	58,888	167	413
2013	37,219	82,409	59,814	185	414
2014	38,391	84,628	61,510	199	392
2015	39,275	86,740	63,008	189	408
2016	40,350	88,615	64,483	184	457

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
2007	19.35	15.94	15.44	13.32
2008	19.99	16.45	15.23	13.53
2009	19.00	16.00	14.80	13.00
2010	18.00	15.00	14.80	13.00
2011	18.00	15.00	14.20	13.00
2012	18.00	14.00	14.20	14.00
2013	17.00	14.00	14.00	13.00
2014	17.00	14.00	13.60	13.00
2015	16.00	14.00	13.40	13.00
2016	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			
	2007	2008	2009	2010
Standardized Tests				
MCA Reading (1) (2)				
Grade 3	81.30 %	83.70 %	82.90 %	78.30 %
Grade 4	74.10	69.70	77.50	77.20
Grade 5	73.20	79.60	71.50	76.60
Grade 6	70.30	75.90	76.10	70.70
Grade 7	66.20	73.70	67.90	72.10
Grade 8	68.10	70.40	73.40	73.60
Grade 10	65.30	74.70	78.10	78.80
MCA Math (1)				
Grade 3	81.80	82.30	83.40	87.50
Grade 4	74.30	71.30	76.80	85.80
Grade 5	66.40	72.80	63.40	75.80
Grade 6	62.70	66.70	64.60	66.00
Grade 7	68.00	67.60	66.60	69.30
Grade 8	68.00	61.80	67.70	63.10
Grade 11	40.90	40.20	45.70	53.50
MCA Science (1)				
Grade 5	N/A	N/A	N/A	49.90
Grade 7	N/A	N/A	N/A	63.20
Grade 11	N/A	N/A	N/A	62.20
ACT				
Average composite score	22.20	22.40	22.40	23.40
Graduation data				
ISD No. 624 rate	99.66	99.00	99.00	99.00
Post-graduation				
4-year college/university	60.00	53.00	59.00	59.00
2-year college	28.00	12.00	33.00	33.00
Other	12.00	35.00	8.00	8.00

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

2011	2012	2013	2014	2015	2016
82.60 %	83.70 %	60.80 %	66.00 %	63.90 %	64.00 %
78.90	80.60	59.60	60.00	63.20	62.60
87.40	82.20	68.90	73.60	69.60	77.10
76.30	78.70	63.90	64.60	68.40	66.10
68.90	78.30	60.80	59.90	61.90	58.00
73.60	72.70	64.60	66.90	57.30	62.80
76.00	78.80	66.80	59.70	68.30	62.70
75.61	84.60	76.60	80.40	78.10	79.70
75.56	81.00	77.20	74.40	79.80	75.40
65.33	69.10	66.90	62.60	61.30	70.90
48.26	61.60	57.10	61.80	54.70	52.90
50.17	60.80	60.40	58.00	59.20	54.60
59.36	66.00	68.20	70.40	64.20	68.30
65.00	51.80	62.10	68.00	56.70	60.50
57.50	64.00	69.00	63.80	63.50	70.20
51.50	52.00	57.50	58.10	52.50	53.60
58.60	56.00	60.60	56.20	65.40	63.50
22.90	22.80	23.10	23.40	21.50	21.80
88.30	90.40	91.40	90.60	89.30	89.70
58.00	58.00	62.00	60.00	66.00	66.00
35.00	35.00	27.00	25.00	23.00	23.00
7.00	7.00	11.00	15.00	11.00	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
2007	7,439	907,612	172	5,160	69.36 %	198,865	21.91 %	65,654	7.23 %
2008	7,142	896,193	172	4,962	69.48	211,771	23.63	65,334	7.29
2009	7,145	928,595	172	5,052	70.71	205,731	22.16	80,742	8.70
2010	7,712	947,242	172	5,611	72.76	231,578	24.45	86,284	9.11
2011	7,011	905,516	172	5,023	71.64	237,912	26.27	93,224	10.30
2012	7,586	877,690	172	5,103	67.27	250,903	28.59	75,928	8.65
2013	7,382	831,414	172	4,834	65.48	246,535	29.65	80,519	9.68
2014	7,558	850,649	172	4,815	63.71	255,488	30.03	83,593	9.83
2015	7,563	864,918	172	5,029	66.49	257,473	29.77	85,632	9.90
2016	7,683	859,192	172	4,995	65.01	245,745	28.60	85,592	9.96

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

School Facilities
as of June 30, 2016

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	2015–2016 Enrollment
57.04	53	289,953	1,484	1,105
39.98	58	280,906	1,624	1,158
25.00	48	266,386	1,344	999
25.30	49	126,979	1,372	809
44.00	22	119,955	840	571
20.00	33	104,739	825	590
16.75	25	69,256	625	397
11.00	26	59,928	650	412
10.00	26	61,781	650	274
10.00	23	71,485	575	558
9.00	23	86,969	575	380
10.00	24	55,433	600	–
9.70	17	58,801	425	344
13.00	23	86,723	575	367
12.00	19	46,872	475	119
–	4	7,258	50	34
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, 2016

Type of Coverage	Amount of Coverage
Fire extended coverage/blanket real and personal property	\$500,000,000 on a replacement cost basis
Comprehensive general liability	\$2,000,000 personal injury liability and \$1,000,000 property damage
Boiler and machinery liability	\$200,000 blanket
Automobile	\$2,000,000 liability \$2,000,000 uninsured motorist
Workers' compensation	Statutory liability \$500,000 per employee
Employee benefits liability	\$2,000,000 each occurrence
Employee dishonesty blanket bond	\$1,000,000 on all employees
School Board legal liability and law enforcement activities (includes school leaders errors and omissions)	\$2,000,000 each occurrence \$4,000,000 aggregate
Cyber liability	\$10,000,000 aggregate
Pollution liability	\$10,000,000 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	
2007	104	519	3,685	4,248	8,556	9,965
2008	99	536	3,588	4,157	8,380	9,750
2009	110	596	3,575	3,983	8,264	9,562
2010	114	504	3,630	3,925	8,173	9,498
2011	115	534	3,633	3,864	8,146	9,441
2012	115	560	3,639	3,747	8,061	9,305
2013	118	580	3,662	3,668	8,028	9,242
2014	120	626	3,735	3,615	8,096	9,288
2015	166	589	3,756	3,625	8,136	8,861
2016	165	578	3,820	3,626	8,189	8,914

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

Note 2: Beginning in fiscal 2015, changes in ADM weightings as noted below reduced the calculated pupil units.

Note 3: ADM is weighted as follows in computing pupil units:

	<u>Pre-Kindergarten</u>	<u>Handicapped Kindergarten</u>	<u>Half-Day Kindergarten</u>	<u>Full-Day Kindergarten</u>	<u>Elementary 1-3</u>	<u>Elementary 4-6</u>	<u>Secondary</u>
Fiscal 2007	1.250	1.000	0.557	0.557	1.115	1.060	1.300
Fiscal 2008 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 and 2016	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

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