

COMPREHENSIVE ANNUAL FINANCIAL REPORT



INDEPENDENT SCHOOL DISTRICT NO. 624

WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED JUNE 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA

4855 Bloom Avenue
White Bear Lake, MN 55110

Prepared by:
Business Office

Director of Finance and Operations
Wayne Kazmierczak

Controller
Mary Vaske

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Table of Contents

	Page
 SECTION I – INTRODUCTORY SECTION	
Letter of Transmittal	i–v
Organizational Chart	vii
Principal Officials	viii
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association	ix
Certificate of Excellence in Financial Reporting – Association of School Business Officials	x
 SECTION II – FINANCIAL SECTION	
 INDEPENDENT AUDITOR’S REPORT	 1–3
 MANAGEMENT’S DISCUSSION AND ANALYSIS	 5–15
 BASIC FINANCIAL STATEMENTS	 17
Government-Wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Governmental Funds	
Balance Sheet	20–21
Reconciliation of the Balance Sheet to the Statement of Net Position	23
Statement of Revenue, Expenditures, and Changes in Fund Balances	24–25
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	27
Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	29
Proprietary Funds	
Internal Service Funds	
Statement of Net Position	30
Statement of Revenue, Expenses, and Changes in Fund Net Position	31
Statement of Cash Flows	33
Fiduciary Funds	
Statement of Fiduciary Net Position	34
Statement of Changes in Fiduciary Net Position	34
Notes to Basic Financial Statements	35–62

Table of Contents (continued)

	Page
REQUIRED SUPPLEMENTARY INFORMATION	63
Defined Benefit Pension Plans – GERP/TRA Retirement Funds	
Schedule of District’s and Non-Employer Proportionate Share of Net Pension Liability	64
Schedule of District Contributions	65
Other Post-Employment Benefits Plan	
Schedule of Funding Progress	66
Schedule of Employer Contributions	66
SUPPLEMENTAL INFORMATION	67
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	68
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	69
General Fund	
Comparative Balance Sheet	72
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	73–75
Special Revenue Funds	
Food Service Special Revenue Fund	
Comparative Balance Sheet	78
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	79
Community Service Special Revenue Fund	
Comparative Balance Sheet	80
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual	81
Capital Projects – Building Construction Fund	
Comparative Balance Sheet	84
Schedule of Revenue, Expenditures, and Changes in Fund Balances	85
Debt Service Fund	
Balance Sheet by Account	87
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account – Budget and Actual	88–89
Internal Service Funds	
Combining Statement of Net Position	92
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position	93
Combining Statement of Cash Flows	94

Table of Contents (continued)

	Page
SECTION III – STATISTICAL SECTION	95
Net Position by Component	96–97
Changes in Net Position	98–99
Changes in Fund Balances of Governmental Funds	100–101
Fund Balances of Governmental Funds	102–103
General Fund Revenue by Source	105
General Fund Expenditures by Program	106–107
Summary of Revenues and Expenditures	108–109
Cash and Investments by Fund	110–111
Expenditures per Student	112–113
Governmental Funds Tax Revenues by Source and Levy Type	115
Tax Capacities and Market Values	116–117
School Tax Levies, Tax Rates, and Market Value Rates by Fund	119
Direct and Overlapping Property Tax Rates	120–121
Principal Property Taxpayers	123
Property Tax Levies and Receivables	124–125
Ratio of Net Debt to Net Tax Capacity and Market Value and Net Debt per Capita and Legal Debt Margin	126–127
Ratio of Annual Debt Expenditures to General Fund Expenditures	128
Direct and Overlapping Debt	129
Legal Debt Margin Information	130–131
Demographic and Economic Statistics	132
Principal Employers	133
Employees by Classification	134–135
Teacher Data	136
Student to Staff Ratios	137
Operating Indicators by Function – Standardized Testing and Graduation Rates	138–139
Food Service – School Lunch Program	141
School Facilities	142–143
Insurance Coverage	144
Student Enrollment	145

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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 2, 2015

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, 2015 is submitted herewith. The audit report was completed on November 2, 2015 and the report was subsequently issued. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial status have been incorporated within this report.

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

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

The Reporting Entity and Its Services

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

The District, which is located about 15 miles northeast of St. Paul, Minnesota, the state capital, was officially formed in its current structure through legislative action in 1957. The governing body consists of a seven-member Board of Education elected from within the District's boundaries. The District serves about 8,100 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 2014–2015, the District operated 21 buildings. A list of school facilities at June 30, 2015 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 \$6.4 billion. The District has approximately 61,200 residents according to 2010 U.S. Census data.

Current Financial Conditions

The District continues to maintain a healthy General Fund reserve. As of June 30, 2015, the District's unassigned fund balance was \$14.0 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.

Financial Future of the District

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

Minnesota's 2013–2015 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 fifteenth consecutive year, the District has received both the Government Finance Officers Association of the United States and Canada and the Association of School Business Officials International awards for excellence in financial reporting. The District is the only school district in the state of Minnesota to have achieved this. The Board of Education is proud to have received these awards, which provide evidence to the community, financial institutions, and the general public that the District is committed to sound financial reporting.

Internal Accounting and Budgetary Control

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

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

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

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

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

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

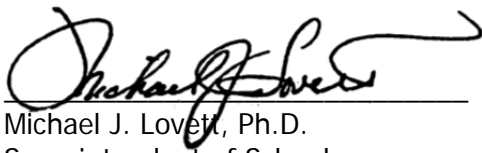
Independent Audit – Minnesota Statutes and the District's adopted policy require an annual audit of the books of accounts, financial records, and transactions of all funds of the District. The audit is done by independent certified public accountants selected by the District's Board of Education. This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

Closing Statement – It is the goal of this CAFR to provide the District's management, outside investors, and interested local citizens with a meaningful financial presentation. We hope that all readers of this report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2015.

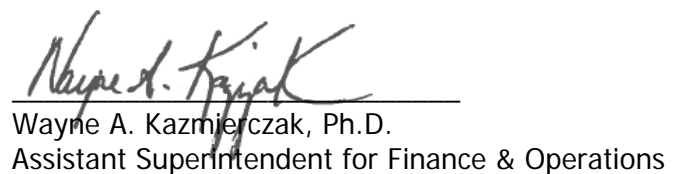
The preparation of this report on a timely basis could not be accomplished without the efforts of Mary Vaske, our District Controller, and the dedicated members of the Business Office who assisted in the closing of the District's financial records and the preparation of this report.

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

Respectfully submitted,

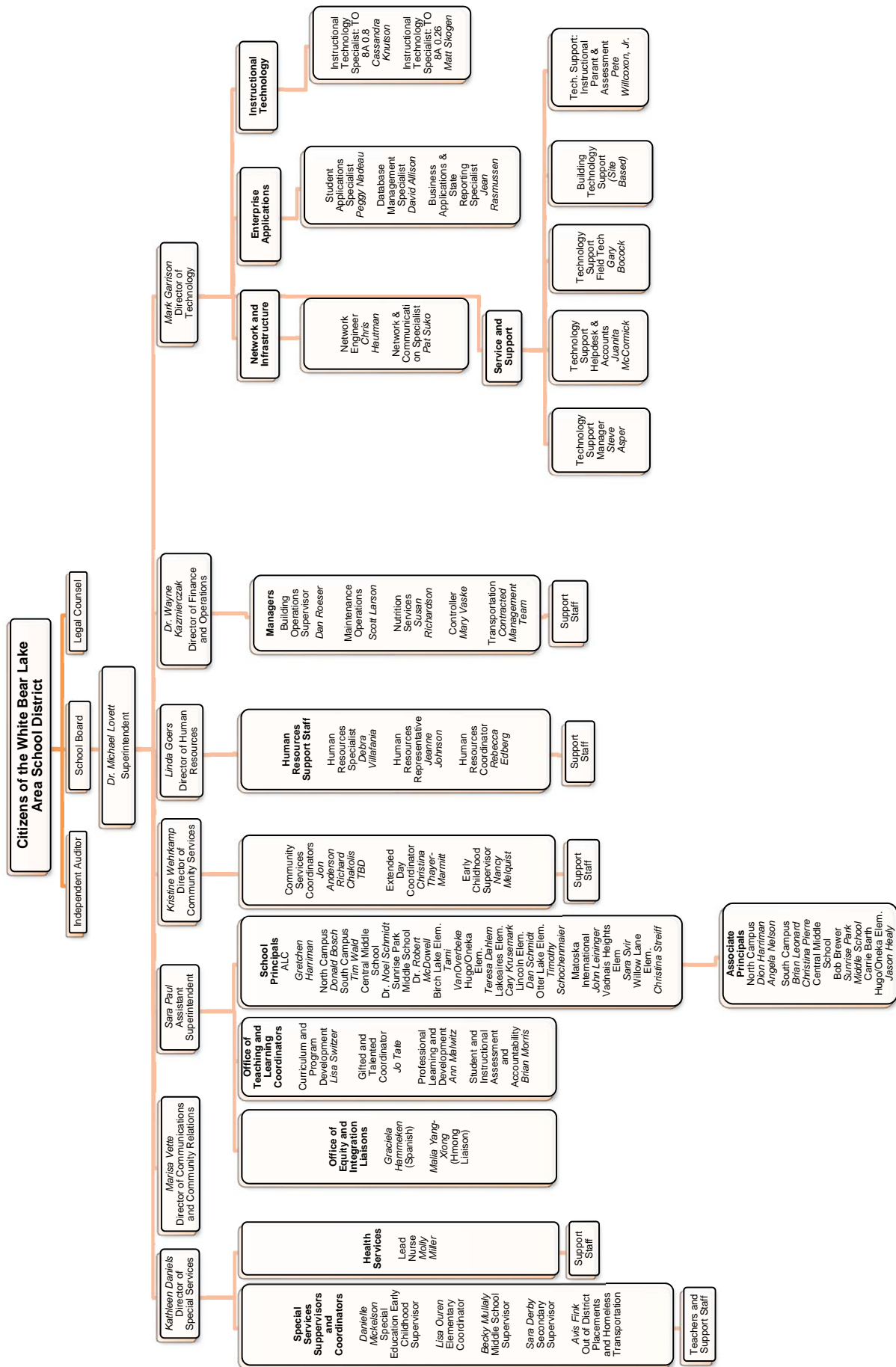


Michael J. Lovett, Ph.D.
Superintendent of Schools



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, 2015

BOARD OF EDUCATION

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

ADMINISTRATION OFFICIALS

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

SCHOOL ADMINISTRATORS

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



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

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, 2014*

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



Mark C. Pepera, MBA, RSBO, SFO
President

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 624, White Bear Lake Area Schools (the District) as of and for the year ended June 30, 2015, 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, 2015, 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.

EMPHASIS OF MATTER

As described in Note 1 of the notes to basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, during the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 2014 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 10, 2014. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2014 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 2, 2015 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, Radasewich & Co., P.A.

Minneapolis, Minnesota
November 2, 2015

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INDEPENDENT SCHOOL DISTRICT NO. 624

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

This section of Independent School District No. 624, White Bear Lake Area Schools' (the District) comprehensive annual financial report (CAFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. 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 exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$24,701,764 (net position). The District's total net position increased by \$1,561,349 during the fiscal year ended June 30, 2015, exclusive of the change in accounting principle reported in the current year as discussed below.
- The District recorded a change in accounting principle in the current year for reporting the District's participation in the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) pension plans. This change reduced beginning net position in the government-wide statements by \$64,109,966.
- The General Fund's total fund balance (under the governmental fund presentation) decreased \$876,198 from the prior year, compared to a \$2,356,165 decrease 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, 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 post-employment severance benefits and 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, 2015 and 2014		
	2015	2014
Assets		
Current and other assets	\$ 126,230,805	\$ 117,197,639
Capital assets, net of depreciation	63,885,994	66,071,601
Total assets	<u>\$ 190,116,799</u>	<u>\$ 183,269,240</u>
Deferred outflows of resources		
Pension plan deferments – PERA and TRA	<u>\$ 10,931,312</u>	<u>\$ –</u>
Liabilities		
Current and other liabilities	\$ 8,343,747	\$ 8,901,276
Long-term liabilities, including due within one year	166,023,463	101,722,651
Total liabilities	<u>\$ 174,367,210</u>	<u>\$ 110,623,927</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 34,112,625	\$ 34,247,913
Pension plan deferments – PERA and TRA	17,270,040	–
Total deferred inflows of resources	<u>51,382,665</u>	<u>34,247,913</u>
Net position		
Net investment in capital assets	\$ 4,292,291	\$ 5,813,967
Restricted	2,649,603	3,061,846
Unrestricted	(31,643,658)	29,521,587
Total net position	<u>\$ (24,701,764)</u>	<u>\$ 38,397,400</u>

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

Total net position decreased by \$63,099,164, which reflects an increase of \$1,561,349 from current year operating results, while the change in accounting principle mentioned earlier reduced unrestricted net position by \$64,109,966. This change in accounting principle for pensions significantly increased deferred outflows of resources, long-term liabilities, and deferred inflows of resources, as presented in the table above. The District also had a change in accounting principle for the change in the capitalization policy for capital assets, which decreased net position by \$550,547.

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

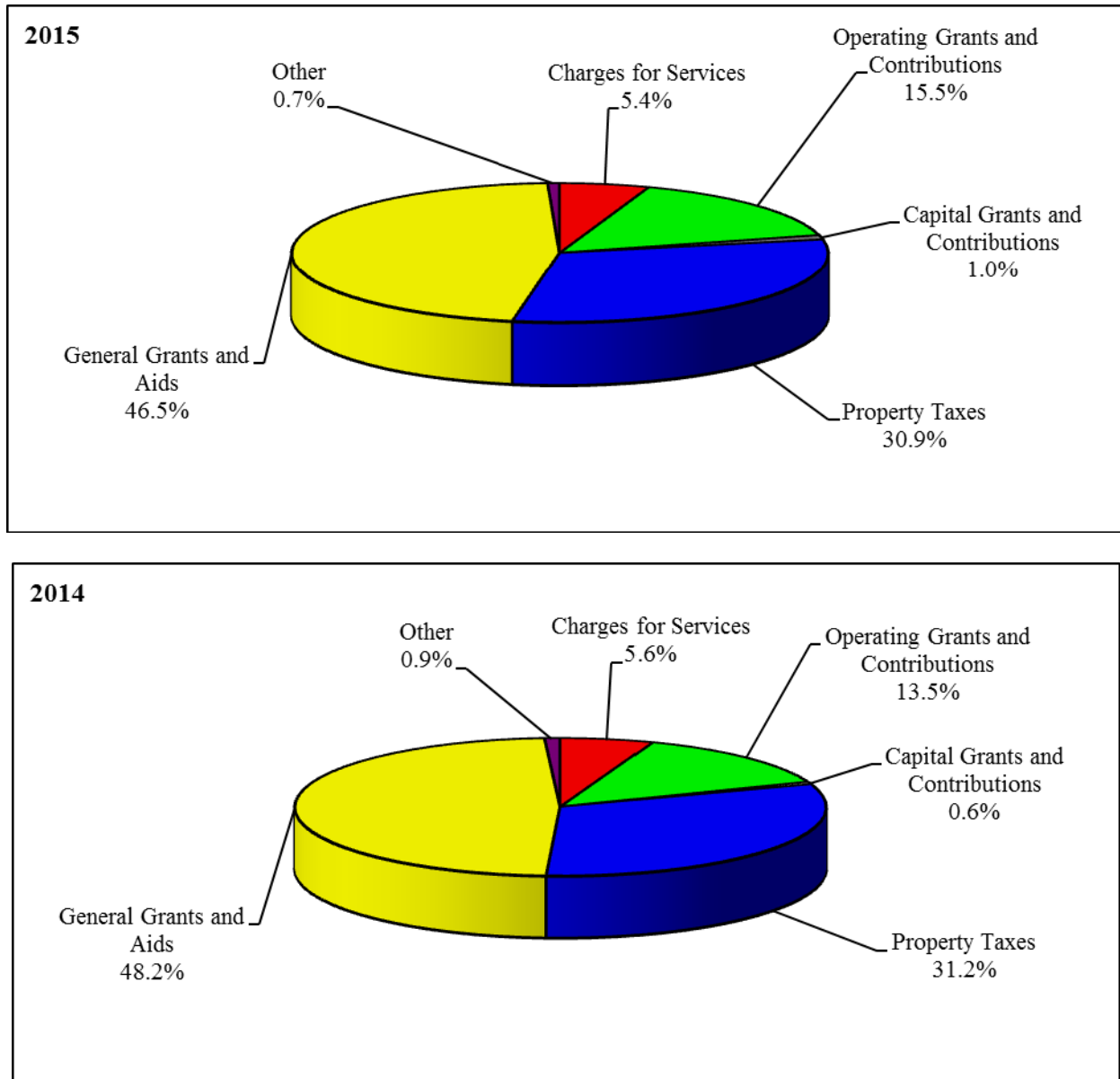
Table 2 Summary Statement of Activities for the Years Ended June 30, 2015 and 2014		
	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues		
Charges for services	\$ 6,079,925	\$ 6,219,008
Operating grants and contributions	17,665,380	14,830,987
Capital grants and contributions	1,079,463	624,834
General revenues		
Property taxes	35,149,292	34,351,525
General grants and aids	52,807,290	53,164,405
Other	837,483	1,025,334
Total revenues	<u>113,618,833</u>	<u>110,216,093</u>
Expenses		
Administration	4,380,829	4,437,389
District support services	1,857,194	1,788,239
Elementary and secondary regular instruction	42,172,822	42,224,883
Vocational education instruction	940,178	827,110
Special education instruction	18,775,086	18,836,586
Instructional support services	7,743,691	6,108,809
Pupil support services	8,819,920	7,805,215
Sites and buildings	11,930,720	9,853,039
Fiscal and other fixed cost programs	181,837	383,556
Food service	4,581,519	4,141,595
Community service	4,416,271	4,446,087
Depreciation not allocated to other functions	2,092,437	2,083,157
Interest and fiscal charges on debt	4,164,980	3,596,704
Total expenses	<u>112,057,484</u>	<u>106,532,369</u>
Change in net position	1,561,349	3,683,724
Net position – beginning of year, as previously reported	38,397,400	34,713,676
Change in accounting principle – pension plans	(64,109,966)	–
Change in accounting principle – capital assets	(550,547)	–
Net position – beginning of year, as restated	<u>(26,263,113)</u>	<u>34,713,676</u>
Net position – end of year	<u><u>\$ (24,701,764)</u></u>	<u><u>\$ 38,397,400</u></u>

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

The overall decrease in the change in net position from fiscal 2014 to fiscal 2015 is due primarily to the changes in accounting principles related to pension plans and capital assets.

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

Figure A – Sources of Revenues for Fiscal Years 2015 and 2014

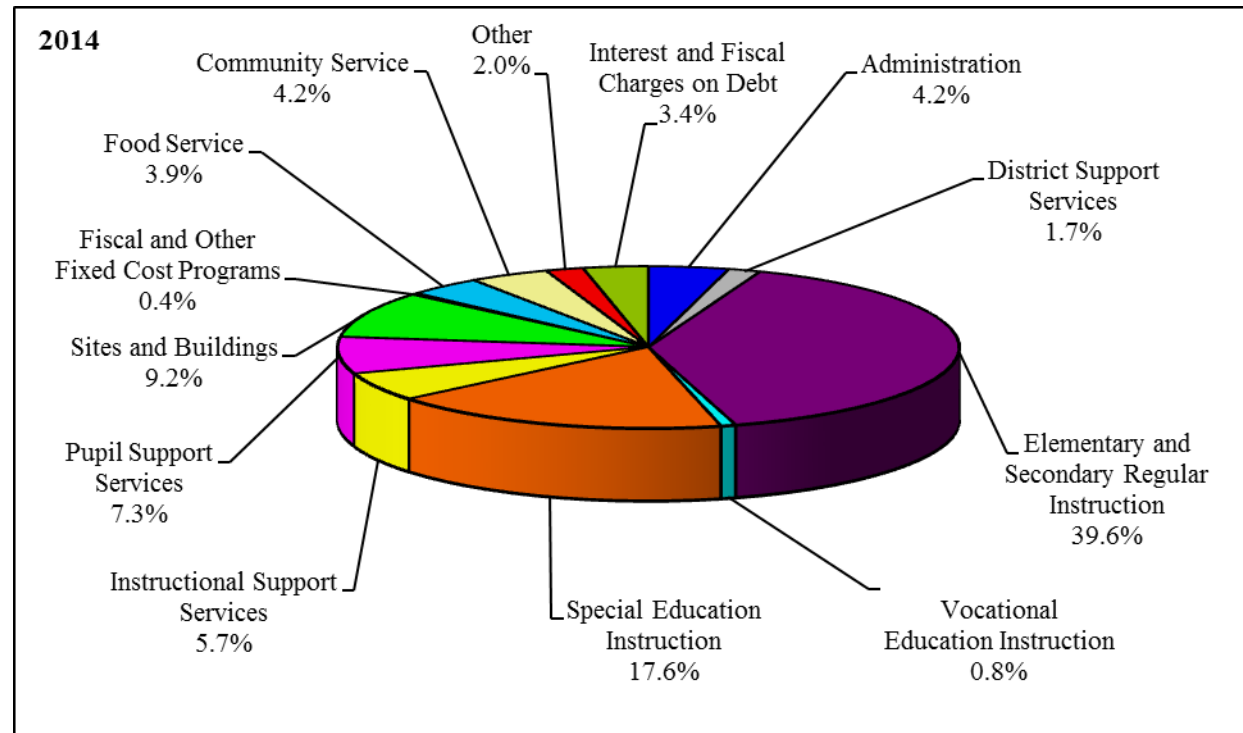
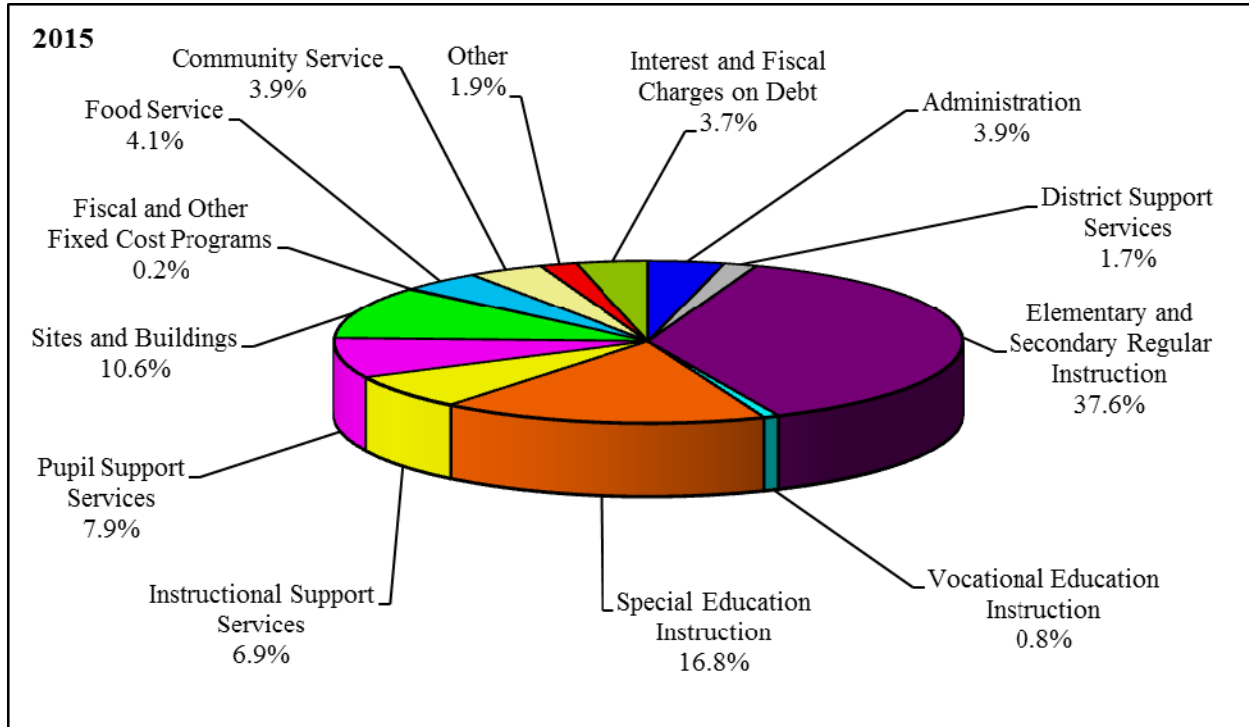


The largest share of the District's revenue is received from the state, including the aid formula and most of the operating grants. This significant reliance on the state for funding has placed tremendous pressure on local school districts as a result of limited funding due to the state's financial position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

The proportionate share of district revenue from these two sources may change significantly between fiscal years, due to the "tax shift." The tax shift is an accounting tool used on occasion to balance the state budget, whereby districts recognize cash collections for the subsequent year's property tax levy as current year revenue, and the state adjusts aid payments to districts by an equal amount.

Figure B – Expenses for Fiscal Years 2015 and 2014



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, 2015 and 2014			
	2015	2014	Increase (Decrease)
Major funds			
General	\$ 27,491,342	\$ 28,367,540	\$ (876,198)
Capital Projects – Building Construction	11,842,008	262,115	11,579,893
Debt Service	2,079,253	2,255,307	(176,054)
Nonmajor funds			
Food Service Special Revenue	233,152	270,097	(36,945)
Community Service Special Revenue	1,377,965	871,690	506,275
Total governmental funds	<u>\$ 43,023,720</u>	<u>\$ 32,026,749</u>	<u>\$ 10,996,971</u>

The increase in the Capital Projects – Building Construction Fund from the prior year is related to the issuance of general obligation bonds in fiscal 2015.

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>\$ 99,429,157</u>	<u>\$ 100,796,973</u>	<u>\$ 1,367,816</u>	<u>1.4%</u>
Expenditures and other financing uses	<u>\$ 99,720,860</u>	<u>\$ 103,153,138</u>	<u>\$ 3,432,278</u>	<u>3.4%</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					
	2015 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue	\$ 94,063,014	\$ (1,333,959)	(1.3%)	\$ 4,040,630	4.5%
Expenditures	94,702,341	\$ (8,200,797)	(8.0%)	\$ (3,500,501)	(3.6%)
Other financing sources (uses)	<u>(236,871)</u>	\$ (5,386,871)	(104.6%)	\$ (7,849,501)	(103.1%)
Net change in fund balances	<u>\$ (876,198)</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. Revenue was under budget mainly in state sources.

Expenditures decreased from the prior year mainly due to the issuance of a capital lease of \$8,000,000 in the prior year. Expenditures were over budget primarily in capital expenditures as a result of timing as to when projects were completed.

The decrease in the General Fund and the amount under budget in other financing sources (uses) is due to the issuance of a capital lease for \$8,000,000 to finance building additions in the prior year and the budgeted \$6,600,000 issuance in the current year that did not occur.

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 \$3,500,000 were utilized in fiscal 2015.

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 lower than expenditures, decreasing equity by \$36,945, compared to a planned fund balance decrease of \$51,880.

The Community Service Special Revenue Fund ended the year with revenues and other financing sources exceeding expenditures, increasing equity by \$506,275, compared to a planned fund balance increase of \$35,137.

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 two internal service funds. These funds are used to account for the District's self-insured health insurance and severance benefits.

The net position balance for all internal service funds as of June 30, 2015 was \$974,826, which represents a \$426,494 decrease from the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2015 and 2014:

Table 6			
Capital Assets			
	2015	2014	Increase (Decrease)
Land	\$ 915,000	\$ 915,000	\$ –
Land improvements	2,167,758	2,319,471	(151,713)
Buildings	109,114,811	100,439,020	8,675,791
Equipment	5,341,442	7,867,071	(2,525,629)
Pupil transportation vehicles	4,299,964	4,299,964	–
Construction in progress	236,365	8,264,570	(8,028,205)
Less accumulated depreciation	(58,189,346)	(58,033,495)	(155,851)
Total	<u>\$ 63,885,994</u>	<u>\$ 66,071,601</u>	<u>\$ (2,185,607)</u>
Depreciation expense	<u>\$ 2,727,018</u>	<u>\$ 2,732,745</u>	<u>\$ (5,727)</u>

By the end of 2015, 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 2015, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page.

The District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. Beginning in fiscal year 2015, the District started using this \$5,000 capitalization threshold. Prior to fiscal 2015, the District used a \$2,000 capitalization threshold.

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			
	2015	2014	Increase (Decrease)
General obligation bonds payable	\$ 93,420,000	\$ 85,060,000	\$ 8,360,000
Capital leases payable	11,370,426	11,870,344	(499,918)
Premiums (discounts) on bonds payable	2,330,474	2,635,931	(305,457)
Net pension liability – PERA*	13,533,495	–	13,533,495
Net pension liability – TRA*	43,300,699	–	43,300,699
Severance benefits payable	2,068,369	2,156,376	(88,007)
Total	<u>\$ 166,023,463</u>	<u>\$ 101,722,651</u>	<u>\$ 64,300,812</u>
*Reflects current year change in accounting principle; prior year balances were not restated.			

As previously discussed, the District recorded a change in accounting principle in the current year for reporting the District's participation in the PERA and TRA pension plans. Information needed to restate previous periods was not readily available; therefore, prior period amounts were not restated.

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

Table 8 Limitations on Debt	
District's market value	\$ 6,418,024,100
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 962,703,615</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. In the 2015 fiscal year, several funding and pupil weighting changes went into effect, which included an equivalent increase of \$105, or 2.0 percent, for the basic general education formula funding. The Legislature has added \$117, or 2.0 percent, per pupil to the formula for fiscal year 2016 and an additional \$119, or 2.0 percent, per pupil to the formula for fiscal year 2017. 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, 2015
(With Partial Comparative Information as of June 30, 2014)

	Governmental Activities	
	2015	2014
Assets		
Cash and temporary investments	\$ 60,345,147	\$ 30,266,590
Receivables		
Current taxes	19,765,137	20,235,695
Delinquent taxes	689,041	651,528
Accounts and interest	84,302	70,255
Due from Post-Employment Benefits Trust Fund	—	11,814,598
Due from other governmental units	6,207,424	6,877,632
Inventory	64,307	56,170
Prepaid items	193,270	214,027
Negative net other post-employment benefit obligations	38,882,177	39,542,822
Restricted assets – temporarily restricted		
Cash and investments for capital lease	—	7,468,322
Capital assets		
Not depreciated	1,151,365	9,179,570
Depreciated, net of accumulated depreciation	62,734,629	56,892,031
Total capital assets, net of accumulated depreciation	<u>63,885,994</u>	<u>66,071,601</u>
Total assets	190,116,799	183,269,240
Deferred outflows of resources		
Pension plan deferments – PERA and TRA	10,931,312	—
Total assets and deferred outflows of resources	<u>\$ 201,048,111</u>	<u>\$ 183,269,240</u>
Liabilities		
Salaries payable	\$ 399,768	\$ 183,271
Accounts and contracts payable	3,191,963	2,651,995
Accrued interest payable	1,670,407	1,587,968
Due to other governmental units	117,713	240,318
Unearned revenue	1,408,894	4,237,724
Claims incurred but not reported	1,555,002	—
Long-term liabilities		
Due within one year	8,163,141	7,613,305
Due in more than one year	157,860,322	94,109,346
Total long-term liabilities	<u>166,023,463</u>	<u>101,722,651</u>
Total liabilities	174,367,210	110,623,927
Deferred inflows of resources		
Property taxes levied for subsequent year	34,112,625	34,247,913
Pension plan deferments – PERA and TRA	17,270,040	—
Total deferred inflows of resources	<u>51,382,665</u>	<u>34,247,913</u>
Net position (deficit)		
Net investment in capital assets	4,292,291	5,813,967
Restricted for		
Capital asset acquisition	243,774	797,254
Community service	1,392,411	886,290
Debt service	566,108	834,965
Food service	233,152	270,097
Other purposes	214,158	273,240
Unrestricted	(31,643,658)	29,521,587
Total net position (deficit)	<u>(24,701,764)</u>	<u>38,397,400</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 201,048,111</u>	<u>\$ 183,269,240</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Activities
Year Ended June 30, 2015
(With Partial Comparative Information for the Year Ended June 30, 2014)

Functions/Programs	Expenses	2015			2014
					Net (Expense)
					Revenue and
		Program Revenues			Changes in
		Charges for	Operating	Capital	Governmental
		Services	Grants and	Grants and	Activities
			Contributions	Contributions	Activities
Governmental activities					
Administration	\$ 4,380,829	\$ —	\$ —	\$ —	\$ (4,380,829)
District support services	1,857,194	—	—	—	(1,857,194)
Elementary and secondary regular instruction	42,172,822	318,008	985,769	—	(40,869,045)
Vocational education instruction	940,178	—	15,355	—	(924,823)
Special education instruction	18,775,086	171,329	12,167,300	—	(6,436,457)
Instructional support services	7,743,691	—	—	—	(7,743,691)
Pupil support services	8,819,920	76,697	2,062,019	—	(6,681,204)
Sites and buildings	11,930,720	49,088	—	1,079,463	(10,802,169)
Fiscal and other fixed cost programs	181,837	—	—	—	(181,837)
Food service	4,581,519	2,270,735	1,937,760	—	(373,024)
Community service	4,416,271	3,194,068	497,177	—	(725,026)
Depreciation not allocated to other functions	2,092,437	—	—	—	(2,092,437)
Interest and fiscal charges	4,164,980	—	—	—	(4,164,980)
Total governmental activities	<u>\$112,057,484</u>	<u>\$ 6,079,925</u>	<u>\$17,665,380</u>	<u>\$ 1,079,463</u>	(87,232,716)
General revenues					
Taxes					
Property taxes, levied for general purposes					19,366,999
Property taxes, levied for community service					1,080,401
Property taxes, levied for capital projects					4,217,786
Property taxes, levied for debt service					10,484,106
General grants and aids					52,807,290
Other general revenues					704,250
Investment earnings					133,233
Total general revenues					<u>88,794,065</u>
Change in net position					1,561,349
Net position – beginning, as previously reported					38,397,400
Change in accounting principle – pension plans					(64,109,966)
Change in accounting principle – capital assets					(550,547)
Net position – beginning, as restated					<u>(26,263,113)</u>
Net position – end of year					<u>\$ (24,701,764)</u>
					<u>\$38,397,400</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Balance Sheet
Governmental Funds
as of June 30, 2015
(With Partial Comparative Information as of June 30, 2014)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	\$ 32,440,239	\$ 13,136,829	\$ 7,016,828
Cash and investments held by trustee	–	–	–
Receivables			
Current taxes	13,082,755	–	6,103,772
Delinquent taxes	455,432	–	213,272
Accounts and interest	51,836	–	–
Due from Post-Employment Benefits Trust Fund	–	–	–
Due from other governmental units	6,084,277	–	90
Inventory	–	–	–
Prepaid items	156,537	7,892	–
	<u>52,271,076</u>	<u>13,144,721</u>	<u>13,333,962</u>
Total assets	<u>\$ 52,271,076</u>	<u>\$ 13,144,721</u>	<u>\$ 13,333,962</u>
Liabilities			
Salaries payable	\$ 335,657	\$ 3,895	\$ –
Accounts and contracts payable	1,600,923	1,298,818	–
Due to other governmental units	100,509	–	–
Unearned revenue	454,390	–	–
Total liabilities	<u>2,491,479</u>	<u>1,302,713</u>	<u>–</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	324,040	–	157,262
Property taxes levied for subsequent year	21,964,215	–	11,097,447
Total deferred inflows of resources	<u>22,288,255</u>	<u>–</u>	<u>11,254,709</u>
Fund balances (deficits)			
Nonspendable	156,537	7,892	–
Restricted	457,932	11,834,116	2,079,253
Assigned	12,917,616	–	–
Unassigned	13,959,257	–	–
Total fund balances	<u>27,491,342</u>	<u>11,842,008</u>	<u>2,079,253</u>
	<u>\$ 52,271,076</u>	<u>\$ 13,144,721</u>	<u>\$ 13,333,962</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 52,271,076</u>	<u>\$ 13,144,721</u>	<u>\$ 13,333,962</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2015	2014
\$ 2,185,304	\$ 54,779,200	\$ 26,708,894
—	—	7,468,322
578,610	19,765,137	20,235,695
20,337	689,041	651,528
32,466	84,302	70,255
—	—	11,814,598
123,057	6,207,424	6,877,632
64,307	64,307	56,170
28,841	193,270	214,027
<u>\$ 3,032,922</u>	<u>\$ 81,782,681</u>	<u>\$ 74,097,121</u>
\$ 60,216	\$ 399,768	\$ 183,271
100,450	3,000,191	2,651,995
17,204	117,713	240,318
178,526	632,916	4,237,724
<u>356,396</u>	<u>4,150,588</u>	<u>7,313,308</u>
14,446	495,748	509,151
1,050,963	34,112,625	34,247,913
<u>1,065,409</u>	<u>34,608,373</u>	<u>34,757,064</u>
93,148	257,577	270,197
1,532,307	15,903,608	4,692,944
—	12,917,616	15,588,049
(14,338)	13,944,919	11,475,559
<u>1,611,117</u>	<u>43,023,720</u>	<u>32,026,749</u>
<u>\$ 3,032,922</u>	<u>\$ 81,782,681</u>	<u>\$ 74,097,121</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, 2015
(With Partial Comparative Information as of June 30, 2014)

	2015	2014
Total fund balances – governmental funds	\$ 43,023,720	\$ 32,026,749
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	122,075,340	124,105,096
Accumulated depreciation	(58,189,346)	(58,033,495)
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	(93,420,000)	(85,060,000)
Capital leases payable	(11,370,426)	(11,870,344)
Premium (discount) on bonds payable	(2,330,474)	(2,635,931)
Net pension liability – PERA	(13,533,495)	–
Net pension liability – TRA	(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.		
	38,882,177	39,542,822
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.		
	974,826	1,401,320
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(1,670,407)	(1,587,968)
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	10,931,312	–
Deferred inflows – PERA and TRA pension plans	(17,270,040)	–
Deferred inflows – delinquent property taxes	495,748	509,151
Total net position – governmental activities	<u>\$ (24,701,764)</u>	<u>\$ 38,397,400</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, 2015
(With Partial Comparative Information for the Year Ended June 30, 2014)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 23,587,670	\$ –	\$ 10,494,470
Investment earnings	49,506	1,821	1,197
Other	1,309,465	–	–
State sources	66,390,402	–	823
Federal sources	2,725,971	–	–
Total revenue	94,063,014	1,821	10,496,490
Expenditures			
Current			
Administration	4,368,076	–	–
District support services	1,662,845	–	–
Elementary and secondary regular instruction	41,958,720	–	–
Vocational education instruction	951,749	–	–
Special education instruction	18,802,623	–	–
Instructional support services	7,784,273	–	–
Pupil support services	8,879,865	–	–
Sites and buildings	9,129,257	–	–
Fiscal and other fixed cost programs	181,837	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	3,549,652	–
Debt service			
Principal	499,918	–	6,910,000
Interest and fiscal charges	483,178	–	3,966,598
Total expenditures	94,702,341	3,549,652	10,876,598
Excess (deficiency) of revenue over expenditures	(639,327)	(3,547,831)	(380,108)
Other financing sources (uses)			
Sale of bonds	–	15,127,724	142,276
Premium on debt issues	–	–	61,778
Capital lease issued	–	–	–
Proceeds from sale of assets	13,129	–	–
Transfers in	–	–	–
Transfers (out)	(250,000)	–	–
Total other financing sources (uses)	(236,871)	15,127,724	204,054
Net change in fund balances	(876,198)	11,579,893	(176,054)
Fund balances			
Beginning of year	28,367,540	262,115	2,255,307
End of year	\$ 27,491,342	\$ 11,842,008	\$ 2,079,253

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2015	2014
\$ 1,080,555	\$ 35,162,695	\$ 25,198,444
340	52,864	23,377
5,464,803	6,774,268	7,116,605
701,167	67,092,392	73,689,305
1,733,770	4,459,741	4,507,931
8,980,635	113,541,960	110,535,662
—	4,368,076	4,360,452
—	1,662,845	1,642,913
—	41,958,720	41,901,372
—	951,749	827,110
—	18,802,623	18,603,528
—	7,784,273	5,682,729
—	8,879,865	7,805,215
—	9,129,257	16,559,644
—	181,837	383,556
4,193,228	4,193,228	4,129,395
4,499,492	4,499,492	4,418,517
68,585	3,618,237	2,120,214
—	7,409,918	7,413,817
—	4,449,776	4,170,299
8,761,305	117,889,896	120,018,761
219,330	(4,347,936)	(9,483,099)
—	15,270,000	—
—	61,778	—
—	—	8,000,000
—	13,129	630
250,000	250,000	388,000
—	(250,000)	(388,000)
250,000	15,344,907	8,000,630
469,330	10,996,971	(1,482,469)
1,141,787	32,026,749	33,509,218
\$ 1,611,117	\$ 43,023,720	\$ 32,026,749

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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, 2015

(With Partial Comparative Information for the Year Ended June 30, 2014)

	2015	2014
Total net change in fund balances – governmental funds	\$ 10,996,971	\$ (1,482,469)
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	1,095,180	9,118,099
Depreciation expense	(2,727,018)	(2,732,745)
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.		
	(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.		
	(426,494)	71,958
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.		
	(15,270,000)	(8,000,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	6,910,000	7,120,000
Capital leases payable	499,918	293,817
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.		
	(660,645)	(854,859)
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.		
	(82,439)	160,000
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.		
	305,457	413,595
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	2,150,882	–
Net pension liability – TRA	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	6,832,372	–
Deferred inflows – PERA and TRA pension plans	(17,270,040)	–
Deferred inflows – delinquent property taxes	(13,403)	(423,672)
Change in net position – governmental activities	<u>\$ 1,561,349</u>	<u>\$ 3,683,724</u>

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources				
Property taxes	\$ 23,545,473	\$ 23,645,473	\$ 23,587,670	\$ (57,803)
Investment earnings	15,000	15,000	49,506	34,506
Other	896,700	1,521,612	1,309,465	(212,147)
State sources	65,721,984	67,392,820	66,390,402	(1,002,418)
Federal sources	2,650,000	2,822,068	2,725,971	(96,097)
Total revenue	<u>92,829,157</u>	<u>95,396,973</u>	<u>94,063,014</u>	<u>(1,333,959)</u>
Expenditures				
Current				
Administration	4,427,675	4,418,932	4,368,076	(50,856)
District support services	1,756,309	1,648,481	1,662,845	14,364
Elementary and secondary regular instruction	40,892,017	44,061,696	41,958,720	(2,102,976)
Vocational education instruction	913,134	932,552	951,749	19,197
Special education instruction	18,869,388	18,709,682	18,802,623	92,941
Instructional support services	6,972,086	7,587,334	7,784,273	196,939
Pupil support services	9,217,980	9,214,380	8,879,865	(334,515)
Sites and buildings	14,922,952	15,068,688	9,129,257	(5,939,431)
Fiscal and other fixed cost programs	278,000	278,000	181,837	(96,163)
Debt service				
Principal	608,562	499,918	499,918	–
Interest and fiscal charges	474,757	483,475	483,178	(297)
Total expenditures	<u>99,332,860</u>	<u>102,903,138</u>	<u>94,702,341</u>	<u>(8,200,797)</u>
Excess (deficiency) of revenue over expenditures	(6,503,703)	(7,506,165)	(639,327)	6,866,838
Other financing sources (uses)				
Proceeds from sale of assets	–	–	13,129	13,129
Capital lease issued	6,600,000	5,400,000	–	(5,400,000)
Transfers (out)	(388,000)	(250,000)	(250,000)	–
Total other financing sources (uses)	<u>6,212,000</u>	<u>5,150,000</u>	<u>(236,871)</u>	<u>(5,386,871)</u>
Net change in fund balances	<u>\$ (291,703)</u>	<u>\$ (2,356,165)</u>	<u>(876,198)</u>	<u>\$ 1,479,967</u>
Fund balances				
Beginning of year			<u>28,367,540</u>	
End of year			<u>\$ 27,491,342</u>	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Net Position
Internal Service Funds
as of June 30, 2015
(With Partial Comparative Information as of June 30, 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current assets		
Cash and temporary investments	\$ 5,565,947	\$ 3,557,696
Liabilities		
Current liabilities		
Accounts and contracts payable	191,772	—
Claims incurred but not reported	1,555,002	—
Unearned revenue	775,978	—
Severance benefits payable	206,984	203,387
Long-term liabilities		
Severance benefits payable	1,861,385	1,952,989
Total liabilities	<u>4,591,121</u>	<u>2,156,376</u>
Net position		
Unrestricted	<u>\$ 974,826</u>	<u>\$ 1,401,320</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, 2015
(With Partial Comparative Information for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 6,264,105	\$ —
Operating expenses		
Severance benefits	148,363	31,515
Self-insured benefits	<u>6,622,605</u>	<u>—</u>
Total operating expenses	<u>6,770,968</u>	<u>31,515</u>
Operating income (loss)	(506,863)	(31,515)
Nonoperating revenue		
Investment earnings	<u>80,369</u>	<u>103,473</u>
Change in net position	(426,494)	71,958
Net position		
Beginning of year	<u>1,401,320</u>	<u>1,329,362</u>
End of year	<u>\$ 974,826</u>	<u>\$ 1,401,320</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, 2015
(With Partial Comparative Information for the Year Ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 7,040,083	\$ —
Severance, other post-employment benefits, and self-insurance claims and payments	<u>(5,112,201)</u>	<u>(409,790)</u>
Net cash provided by operating activities	1,927,882	(409,790)
Cash flows from investing activities		
Investment income received	<u>80,369</u>	<u>103,473</u>
Net change in cash and cash equivalents	2,008,251	(306,317)
Cash and cash equivalents		
Beginning of year	<u>3,557,696</u>	<u>3,864,013</u>
End of year	<u><u>\$ 5,565,947</u></u>	<u><u>\$ 3,557,696</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (506,863)	\$ (31,515)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts and contracts payable	191,772	—
Claims incurred but not reported	1,555,002	—
Unearned revenue	775,978	—
Severance benefits payable	<u>(88,007)</u>	<u>(378,275)</u>
Net cash provided by operating activities	<u><u>\$ 1,927,882</u></u>	<u><u>\$ (409,790)</u></u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Fiduciary Net Position
as of June 30, 2015

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Assets		
Cash and temporary investments	\$ —	\$ 80,964
Accounts receivable	—	450
Investments held by trustee, at fair value		
U.S. treasury and agency securities	1,274,990	—
Corporate and other obligations	10,286,470	—
International obligations	1,357,375	—
Stocks	9,150,290	—
Real estate investment trusts	3,375,180	—
Mutual funds	6,422,519	—
Money market funds	877,113	—
Mortgage backed securities	678,614	—
Total assets	<u>33,422,551</u>	<u>81,414</u>
Liabilities		
Accounts and contracts payable	<u>629</u>	<u>658</u>
Net position		
Held in trust for employee benefits and other purposes	<u>\$ 33,421,922</u>	<u>\$ 80,756</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2015

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund
Additions		
Contributions		
Private donations	\$ —	\$ 129,456
Investment earnings	<u>461,315</u>	<u>7</u>
Total additions	<u>461,315</u>	<u>129,463</u>
Deductions		
Benefits	2,225,760	—
Other private-purpose expenses	<u>—</u>	<u>89,865</u>
Total deductions	<u>2,225,760</u>	<u>89,865</u>
Change in net position	(1,764,445)	39,598
Net position		
Beginning of year	<u>35,186,367</u>	<u>41,158</u>
End of year	<u>\$ 33,421,922</u>	<u>\$ 80,756</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Notes to Basic Financial Statements June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

B. Reporting Entity

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

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

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

C. Government-Wide Financial Statement Presentation

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. The proprietary fund (Internal Service Fund) is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District’s governmental activities, the financial statement of the proprietary fund (Internal Service Fund) is consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust, private-purpose trust, and agency. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide 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 and severance benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust and private-purpose trust. 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.

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 Food Service Special Revenue Fund and the Debt Service Fund by \$21,933 and \$246,185, respectively.

F. Cash and Temporary Investments

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

Due from governmental units at June 30, 2015 consist of the following:

Minnesota Department of Education	\$ 5,819,862
Minnesota school districts	14,231
U.S. Department of Education	144,211
Other governmental units	<u>229,120</u>
Total	<u>\$ 6,207,424</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 \$1,828,978 of the property tax levy collectible in 2015 as revenue to the District in fiscal year 2014–2015. The remaining portion of the taxes collectible in 2015 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 fair market 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 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.

O. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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 2015.
2. **Self-Insurance** – The District has established an Internal Service Fund to account for and finance its self-insured risk of loss for employee health insurance plans. Under this plan, the District provides coverage to participating employees and their dependants for certain health 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 Internal Service Fund's claim liabilities for the current year were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2015	\$ –	\$ 6,430,833	\$ 4,875,831	\$ 1,555,002

Q. 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."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance Classifications

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

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

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

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

S. Use of Estimates

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

T. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2014, 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 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Change in Accounting Principle

During the year ended June 30, 2015, the District updated the capitalization threshold for capital assets. The change was to increase the capitalization threshold to \$5,000 for financial statement reporting purposes. The net cumulative effect of the change in accounting principle has been recorded as a restatement of beginning net position in the government-wide Statement of Activities.

During the year ended June 30, 2015, the District also implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. GASB Statement No. 68 included major changes in how employers account for pension benefit expenses and liabilities. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), an employer is required to recognize a liability for its share of the net pension liability provided through the pension plan. An employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources for its share related to pensions. This standard required retroactive implementation, which resulted in the restatement of net position as of June 30, 2014. The net position of governmental activities in the government-wide financial statements as of June 30, 2014 was decreased by \$64,109,966. This change reflects the District's proportionate share of the net pension liabilities (\$68,208,906 decrease in net position) and related deferred outflows of resources (\$4,098,940 increase in net position) for the PERA and TRA pension plans, which are now reported by employers under current guidance. Certain amounts necessary to fully restate fiscal year 2014 financial information are not determinable; therefore, prior year comparative amounts have not been restated.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 10,685,548
Investments	83,153,064
Cash on hand	10,050
Total	<u>\$ 93,848,662</u>

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

Statement of Net Position	
Cash and temporary investments	\$ 60,345,147
Statement of Fiduciary Net Position	
Cash and temporary investments – Scholarship Private-Purpose Trust Fund	80,964
Investments held by trustee – Post-Employment Benefits Trust Fund	
U.S. treasury and agency securities	1,274,990
Corporate and other obligations	10,286,469
International obligations	1,357,375
Stocks	9,150,290
Real estate investment trusts	3,375,180
Mutual funds	6,422,519
Money market funds	877,114
Mortgage backed securities	678,614
Total	<u>\$ 93,848,662</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

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

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

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

At year-end, the carrying amount of the District’s deposits was \$10,685,548 while the balance on the bank records was \$10,690,784. At June 30, 2015, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

C. Investments

The District had the following investments at year-end:

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years				Total
	Rating	Agency	No Maturity	Less Than 1	1 to 5	6 to 10	
U.S. government treasury securities	AAA	Moody’s	\$ –	\$ –	\$ 302,835	\$ –	\$ 302,835
U.S. government agency securities	AAA	Moody’s	–	–	972,155	–	972,155
Mortgage backed securities	AAA	S&P	–	–	678,614	–	678,614
Corporate obligations	AAA	S&P	–	–	422,486	–	422,486
Corporate obligations	AA	S&P	–	–	780,817	–	780,817
Corporate obligations	A	S&P	–	–	7,770,616	–	7,770,616
Corporate obligations	BBB	S&P	–	–	954,495	–	954,495
Corporate obligations	BBB	Fitch	–	–	358,056	–	358,056
Guaranteed investment contract	AA	S&P	–	3,401,384	–	–	3,401,384
Stocks	N/R	N/R	9,150,290	–	–	–	9,150,290
Real estate investment trusts	N/R	N/R	3,375,180	–	–	–	3,375,180
International obligations	N/R	N/R	1,357,375	–	–	–	1,357,375
Negotiable certificates of deposit	N/R	N/R	–	24,975,931	1,981,400	–	26,957,331
Investment pools/mutual funds							
Mutual funds	N/R	N/R	6,422,519	–	–	–	6,422,519
Fidelity Institutional Money Market Fund	AAA	Moody’s	916,872	–	–	–	916,872
Wells Fargo Advantage Cash Investment Fund	AAA	Moody’s	75,613	–	–	–	75,613
MNTrust Investment Shares	AAA	S&P	19,256,426	–	–	–	19,256,426
Total investments							<u>\$ 83,153,064</u>

N/R – Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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, 2015 is as follows:

	Balance – Beginning of Year	Change in Accounting Principle*	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated						
Land	\$ 915,000	\$ –	\$ –	\$ –	\$ –	\$ 915,000
Construction in progress	8,264,570	–	236,365	–	(8,264,570)	236,365
Total capital assets, not depreciated	9,179,570	–	236,365	–	(8,264,570)	1,151,365
Capital assets, depreciated						
Land improvements	2,319,471	(157,630)	5,917	–	–	2,167,758
Buildings	100,439,020	(62,058)	473,279	–	8,264,570	109,114,811
Equipment	7,867,071	(2,796,711)	379,619	(108,537)	–	5,341,442
Pupil transportation vehicles	4,299,964	–	–	–	–	4,299,964
Total capital assets, depreciated	114,925,526	(3,016,399)	858,815	(108,537)	8,264,570	120,923,975
Less accumulated depreciation for						
Land improvements	(1,911,014)	123,849	(23,125)	–	–	(1,810,290)
Buildings	(47,512,412)	31,035	(1,961,951)	–	–	(49,443,328)
Equipment	(6,211,640)	2,310,968	(332,008)	105,315	–	(4,127,365)
Pupil transportation vehicles	(2,398,429)	–	(409,934)	–	–	(2,808,363)
Total accumulated depreciation	(58,033,495)	2,465,852	(2,727,018)	105,315	–	(58,189,346)
Net capital assets, depreciated	56,892,031	(550,547)	(1,868,203)	(3,222)	8,264,570	62,734,629
Total capital assets, net	\$ 66,071,601	\$ (550,547)	\$ (1,631,838)	\$ (3,222)	\$ –	\$ 63,885,994

*Adjustment is part of the change in accounting principle referenced earlier in the notes.

Depreciation expense was charged to the following governmental functions:

Administration	\$ 1,851
District support services	104,290
Elementary and secondary regular instruction	34,636
Vocational education instruction	650
Special education instruction	15,124
Community service	25,365
Instructional support services	21,800
Food service	430,865
Depreciation not allocated to other functions	2,092,437
Total depreciation expense	\$ 2,727,018

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	\$ 35,635,000
2008B Alternative Facilities Bonds	10/15/2008	3.25–4.75%	\$ 11,970,000	02/01/2022	11,645,000
2011A Refunding Bonds	12/28/2011	3.00%	\$ 8,745,000	02/01/2017	850,000
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	21,170,000
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>\$ 93,420,000</u>

B. Description of Long-Term Liabilities

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

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

C. Capital Leases

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

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

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 is reported in land, equipment, buildings, and construction in progress, respectively, on the Statement of Net Position. The expense resulting from the amortization of these assets recorded under capital leases is included within depreciation on an annual basis.

D. Other Long-Term Liabilities

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

E. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$ 7,225,000	\$ 3,655,921	\$ 731,157	\$ 434,619
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
2021–2025	43,925,000	4,041,068	4,187,363	1,166,088
2026–2029	6,185,000	131,431	3,635,081	306,453
	<u>\$ 93,420,000</u>	<u>\$ 19,192,310</u>	<u>\$ 11,370,426</u>	<u>\$ 3,373,102</u>

F. Changes in Long-Term Liabilities

	Balance – June 30, 2014	Change in Accounting Principle*	Additions	Retirements	Balance – June 30, 2015	Due Within One Year
General obligation bonds payable	\$ 85,060,000	\$ –	\$ 15,270,000	\$ 6,910,000	\$ 93,420,000	\$ 7,225,000
Capital leases payable	11,870,344	–	–	499,918	11,370,426	731,157
Premiums (discounts) on bonds payable	2,635,931	–	61,778	367,235	2,330,474	–
Total bonds and leases payable	99,566,275	–	15,331,778	7,777,153	107,120,900	7,956,157
Net pension liability – PERA	–	15,684,377	999,776	3,150,658	13,533,495	–
Net pension liability – TRA	–	52,524,529	2,553,564	11,777,394	43,300,699	–
Severance benefits payable	2,156,376	–	148,363	236,370	2,068,369	206,984
	<u>\$ 101,722,651</u>	<u>\$ 68,208,906</u>	<u>\$ 19,033,481</u>	<u>\$ 22,941,575</u>	<u>\$ 166,023,463</u>	<u>\$ 8,163,141</u>

*Adjustment is part of the change in accounting principle referenced earlier in the notes

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, 2015, 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	\$ –	\$ –	\$ –	\$ 64,307	\$ 64,307
Prepaid items	156,537	7,892	–	28,841	193,270
Total nonspendable	156,537	7,892	–	93,148	257,577
Restricted					
Capital projects levy	18,019	–	–	–	18,019
Operating capital	225,755	–	–	–	225,755
Staff development	214,158	–	–	–	214,158
Alternative facilities program	–	11,834,116	–	–	11,834,116
General debt service	–	–	1,500,009	–	1,500,009
OPEB bonds debt service	–	–	579,244	–	579,244
Food service	–	–	–	154,444	154,444
Community education	–	–	–	1,298,105	1,298,105
Early childhood family education	–	–	–	65,042	65,042
Community services	–	–	–	14,716	14,716
Total restricted	457,932	11,834,116	2,079,253	1,532,307	15,903,608
Assigned					
Building carryover	436,798	–	–	–	436,798
Construction and capital improvements	1,500,000	–	–	–	1,500,000
Student activities	313,713	–	–	–	313,713
Subsequent year's budget	6,000,000	–	–	–	6,000,000
Third party billing	146,003	–	–	–	146,003
Wellness Program	21,102	–	–	–	21,102
Strategic priorities implementation	500,000	–	–	–	500,000
Secondary facilities	2,000,000	–	–	–	2,000,000
Contingency for self-funded insurance	2,000,000	–	–	–	2,000,000
Total assigned	12,917,616	–	–	–	12,917,616
Unassigned					
Unassigned school readiness restricted account deficit	–	–	–	(14,338)	(14,338)
Unassigned health and safety restricted account deficit	(710,865)	–	–	–	(710,865)
Unassigned	14,670,122	–	–	–	14,670,122
Total unassigned	13,959,257	–	–	(14,338)	13,944,919
Total	\$ 27,491,342	\$ 11,842,008	\$ 2,079,253	\$ 1,611,117	\$ 43,023,720

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 Operating Fund and the Community Education Fund with proper consideration and adjustment to conform with reserve limits established by statute. At June 30, 2015, the unassigned fund balance of the General Fund was 15.5 percent of total fiscal 2015 expenditures, or 8.1 weeks of operating expenditures.

C. Deficit Fund Balance

At June 30, 2015, the Self-Insured Health Benefits Internal Service Fund had a deficit fund balance of \$358,189.

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 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 cities of Duluth and 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 the 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 Plan (DCR) 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. GERS 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:

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.

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

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, respectively, of their annual covered salary in calendar year 2014. Coordinated Plan members contributed 6.5 percent of pay in 2015. In calendar year 2014, the District was required to contribute 11.78 percent of pay for Basic Plan members and 7.25 percent for Coordinated Plan members. In 2015, employer rates increased to 7.5 percent in the Coordinated Plan. The District's contributions to the GERF for the plan's fiscal year ended June 30, 2015, were \$1,136,075. The District's contributions were equal to the required contributions for each year as set by state statutes.

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,			
	2014		2015	
	Employee	Employer	Employee	Employer
Basic Plan	10.5%	11.0%	11.0%	11.5%
Coordinated Plan	7.0%	7.0%	7.5%	7.5%

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2015, were \$3,354,309. The District's contributions were equal to the required contributions for each year as set by state statutes.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2015, the District reported a liability of \$13,533,495 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2013, through June 30, 2014, relative to the total employer contributions received from all of the PERA's participating employers. At June 30, 2014, the District's proportion was 0.2881 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$999,776 for its proportionate share of the GERF's pension expense.

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

At June 30, 2015, 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	\$ 207,697	\$ –
Changes in actuarial assumptions	1,394,761	–
Difference between projected and actual investment earnings	–	3,656,738
District's contributions to the GERF subsequent to the measurement date	<u>1,136,075</u>	<u>–</u>
Total	<u>\$ 2,738,533</u>	<u>\$ 3,656,738</u>

A total of \$1,136,075 reported as deferred outflows of resources related to pensions resulting from school 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2016	\$ (380,032)
2017	\$ (380,032)
2018	\$ (380,032)
2019	\$ (914,184)

1. TRA Pension Costs

At June 30, 2015, the District reported a liability of \$43,300,699 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2014, 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 0.9397 percent at the end of the measurement period and 0.9156 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	\$ 43,300,699
State's proportionate share of the net pension liability associated with the District	\$ 3,046,126

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

A change in benefit provisions that affected the measurement of the total pension liability since the prior measurement date was an increase of the contribution rates for both the member and employer.

For the year ended June 30, 2015, the District recognized pension expense of \$2,553,564. It also recognized \$132,881 as pension expense for the support provided by direct aid.

At June 30, 2015, 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 economic experience	\$ 3,694,722	\$ –
Difference between projected and actual investment earnings	–	13,613,302
Changes in proportion and differences between contributions made and the District's proportionate share of contributions	1,143,748	–
District's contributions to the TRA subsequent to the measurement date	<u>3,354,309</u>	<u>–</u>
Total	<u>\$ 8,192,779</u>	<u>\$ 13,613,302</u>

A total of \$3,354,309 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to the TRA will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2016	\$ (2,393,206)
2017	\$ (2,393,206)
2018	\$ (2,393,206)
2019	\$ (2,393,206)
2020	\$ 797,994

E. Actuarial Assumptions

The total pension liability in the June 30, 2014, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.75% per year	3.0%
Active member payroll growth	3.50% per year	3.75% based on years of service
Investment rate of return	7.90%	8.25%

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

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.

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of actuarial experience studies. The actuarial assumptions used in the June 30, 2014, valuation 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.

The following changes in actuarial assumptions for the GERS occurred in 2014: as of July 1, 2013, the post-retirement benefit increase rate was assumed to increase from 1.0 percent to 2.5 percent on January 1, 2046. As of July 1, 2014, the post-retirement benefit increase rate was assumed to increase from 1.0 percent to 2.5 percent on January 1, 2031.

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 increase from 2.0 percent annually to 2.5 percent annually once the legally specified criteria are met. This is estimated to occur July 1, 2034.

The long-term expected rate of return on pension plan investments is 7.9 percent for the GERS and 8.25 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%	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent for the GERS and 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 rates specified in the statute. 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)

G. 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:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF discount rate	6.90%	7.90%	8.90%
District's proportionate share of the GERF net pension liability	\$ 21,816,540	\$ 13,533,495	\$ 6,718,498
TRA discount rate	7.25%	8.25%	9.25%
District's proportionate share of the TRA net pension liability	\$ 71,561,228	\$ 43,300,699	\$ 19,741,189

H. 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, 2013, the plan had 915 active participants and 320 retired participants. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

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

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		(1,581,713)
Adjustment to ARC		2,242,358
Annual OPEB cost (expense)		<u>660,645</u>
Contributions made		–
Change in net OPEB obligation		<u>660,645</u>
Negative net OPEB obligation (asset) – beginning of year		<u>(39,542,822)</u>
Negative net OPEB obligation (asset) – end of year	\$	<u><u>(38,882,177)</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, 2013	\$ 819,316	\$ –	– %	\$ (40,397,681)
June 30, 2014	\$ 854,859	\$ –	– %	\$ (39,542,822)
June 30, 2015	\$ 660,645	\$ –	– %	\$ (38,882,177)

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

D. Funded Status and Funding Progress

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

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, 2013 actuarial valuation, the entry age normal level dollar method was used. The actuarial assumptions included: a 4.0 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 2.5 percent rate of inflation; an annual healthcare cost trend rate of 7.75 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after 11 years. The (over funded) AAL is being amortized on a level dollar basis over a closed period. At July 1, 2013, the remaining weighted average amortization period for the various amortization layers was 26 years.

F. OPEB Trust Fund

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

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

NOTE 8 – FLEXIBLE BENEFIT PLAN

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

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

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

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

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

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Funding

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

B. Construction Contracts

The District has awarded contracts for various construction and remodeling projects. The District’s commitment for uncompleted work on these contracts at June 30, 2015 is approximately \$4,995,855.

C. Legal Contingencies

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

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

D. Tax Abatement Bonds

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

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

Year Ended June 30,	Amount
2016	\$ 487,014
2017	491,301
2018	495,090
2019	501,874
2020	506,910
	<u>\$ 2,482,189</u>

NOTE 10 – INTERFUND BALANCES AND TRANSFER

During the year ended June 30, 2015, the District transferred \$250,000 from the General Fund to the Community Service Special Revenue Fund to support the operations of that fund.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

Defined Benefit Pensions Plans
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
GERF/TRA Retirement Funds
June 30, 2015

Public Employees Retirement Association

	<u>2014</u>
District's proportion of the net pension liability (asset)	<u>0.2881%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 13,533,495</u>
District's covered-employee payroll	<u>\$ 15,141,559</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>89.38%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78.70%</u>

Teachers Retirement Association

District's proportion of the net pension liability (asset)	<u>0.9397%</u>
District's proportionate share of the net pension liability (asset) (a)	\$ 43,300,699
District's proportionate share of the state of Minnesota's proportionate share of the net pension liability (b)	<u>3,046,126</u>
Proportionate share of the net pension liability and the District's share of the state of Minnesota's share of the net pension liability (a + b)	<u>\$ 46,346,825</u>
District's covered-employee payroll	<u>\$ 42,893,740</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>100.95%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81.50%</u>

Note: 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

Defined Benefit Pensions Plans
Schedule of District Contributions
GERF/TRA Retirement Funds
June 30, 2015

Public Employees Retirement Association

	<u>2015</u>
Statutorily required contribution	\$ 1,136,075
Contributions in relation to the statutorily required contributions	<u>1,136,075</u>
Contribution deficiency (excess)	<u>\$ —</u>
District's covered-employee payroll	<u>\$ 15,141,559</u>
Contributions as a percentage of covered-employee payroll	<u>7.50%</u>

Teachers Retirement Association

Statutorily required contribution	\$ 3,354,309
Contributions in relation to the statutorily required contributions	<u>3,354,309</u>
Contribution deficiency (excess)	<u>\$ —</u>
District's covered-employee payroll	<u>\$ 42,893,740</u>
Contributions as a percentage of covered-employee payroll	<u>7.82%</u>

Note: The District implemented GASB Statement No. 68 in fiscal 2015. 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 Employer Contributions
June 30, 2015

Schedule of Funding Progress

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

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Employer Contribution	Percentage Contributed	(Negative) Net OPEB Obligation
2010	\$ 1,438,073	\$ 3,401,369	236.5 %	\$ (40,881,279)
2011	\$ 1,353,028	\$ 3,344,556	247.2 %	\$ (42,002,137)
2012	\$ —	\$ —	— %	\$ (41,216,996)
2013	\$ —	\$ —	— %	\$ (40,397,681)
2014	\$ —	\$ —	— %	\$ (39,542,822)
2015	\$ —	\$ —	— %	\$ (38,882,177)

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

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

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2015

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	\$ 283,747	\$ 1,901,557	\$ 2,185,304
Receivables			
Current taxes	–	578,610	578,610
Delinquent taxes	–	20,337	20,337
Accounts and interest	292	32,174	32,466
Due from other governmental units	62,329	60,728	123,057
Inventory	64,307	–	64,307
Prepaid items	14,401	14,440	28,841
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 425,076</u>	<u>\$ 2,607,846</u>	<u>\$ 3,032,922</u>
Liabilities			
Salaries payable	\$ 11,297	\$ 48,919	\$ 60,216
Accounts and contracts payable	49,941	50,509	100,450
Due to other governmental units	17,159	45	17,204
Unearned revenue	113,527	64,999	178,526
Total liabilities	<u>191,924</u>	<u>164,472</u>	<u>356,396</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	–	14,446	14,446
Property taxes levied for subsequent year	–	1,050,963	1,050,963
Total deferred inflows of resources	<u>–</u>	<u>1,065,409</u>	<u>1,065,409</u>
Fund balances (deficit)			
Nonspendable for inventory	64,307	–	64,307
Nonspendable for prepaid items	14,401	14,440	28,841
Restricted	154,444	1,377,863	1,532,307
Unassigned	–	(14,338)	(14,338)
Total fund balances	<u>233,152</u>	<u>1,377,965</u>	<u>1,611,117</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 425,076</u>	<u>\$ 2,607,846</u>	<u>\$ 3,032,922</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2015

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	\$ —	\$ 1,080,555	\$ 1,080,555
Investment earnings	65	275	340
Other	2,270,735	3,194,068	5,464,803
State sources	203,990	497,177	701,167
Federal sources	1,733,770	—	1,733,770
Total revenue	<u>4,208,560</u>	<u>4,772,075</u>	<u>8,980,635</u>
Expenditures			
Current			
Food service	4,193,228	—	4,193,228
Community service	—	4,499,492	4,499,492
Capital outlay	52,277	16,308	68,585
Total expenditures	<u>4,245,505</u>	<u>4,515,800</u>	<u>8,761,305</u>
Excess (deficiency) of revenue over expenditures	(36,945)	256,275	219,330
Other financing sources			
Transfers in	<u>—</u>	<u>250,000</u>	<u>250,000</u>
Net change in fund balances	(36,945)	506,275	469,330
Fund balances			
Beginning of year	<u>270,097</u>	<u>871,690</u>	<u>1,141,787</u>
End of year	<u>\$ 233,152</u>	<u>\$ 1,377,965</u>	<u>\$ 1,611,117</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, 2015 and 2014

	2015	2014
Assets		
Cash and temporary investments	\$ 32,440,239	\$ 17,862,754
Cash and investments held by trustee	–	7,468,322
Receivables		
Current taxes	13,082,755	13,705,795
Delinquent taxes	455,432	416,215
Accounts and interest	51,836	51,879
Due from Post-Employment Benefits Trust Fund	–	11,814,598
Due from other governmental units	6,084,277	6,796,066
Prepaid items	156,537	188,940
Total assets	<u>\$ 52,271,076</u>	<u>\$ 58,304,569</u>
Liabilities		
Salaries payable	\$ 335,657	\$ 129,261
Accounts and contracts payable	1,600,923	2,587,808
Due to other governmental units	100,509	187,095
Unearned revenue	454,390	4,123,657
Total liabilities	<u>2,491,479</u>	<u>7,027,821</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	324,040	326,925
Property taxes levied for subsequent year	21,964,215	22,582,283
Total deferred inflows of resources	<u>22,288,255</u>	<u>22,909,208</u>
Fund balances (deficits)		
Nonspendable for prepaid items	156,537	188,940
Restricted for capital projects levy	18,019	343,294
Restricted for operating capital	225,755	447,267
Restricted for staff development	214,158	273,240
Assigned for Alternative Learning Center	–	69,570
Assigned for building carryover	436,798	475,213
Assigned for construction and capital improvements	1,500,000	2,114,763
Assigned for scholarships	–	41,158
Assigned for student activities	313,713	283,180
Assigned for subsequent year's budget	6,000,000	6,000,000
Assigned for curriculum development	–	145,087
Assigned for third-party billing	146,003	169,976
Assigned for wellness program	21,102	39,102
Assigned for strategic priorities implementation	500,000	750,000
Assigned for secondary facilities	2,000,000	3,500,000
Assigned for contingency for self-funded insurance	2,000,000	2,000,000
Unassigned – health and safety restricted account deficit	(710,865)	(1,361,534)
Unassigned	14,670,122	12,888,284
Total fund balances	<u>27,491,342</u>	<u>28,367,540</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 52,271,076</u>	<u>\$ 58,304,569</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015			2014
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 23,645,473	\$ 23,587,670	\$ (57,803)	\$ 12,956,296
Investment earnings	15,000	49,506	34,506	20,131
Other	1,521,612	1,309,465	(212,147)	1,601,805
State sources	67,392,820	66,390,402	(1,002,418)	72,599,880
Federal sources	2,822,068	2,725,971	(96,097)	2,844,272
Total revenue	95,396,973	94,063,014	(1,333,959)	90,022,384
Expenditures				
Current				
Administration				
Salaries	3,062,313	3,082,025	19,712	3,098,410
Employee benefits	1,074,979	1,014,640	(60,339)	1,001,674
Purchased services	181,130	178,745	(2,385)	175,651
Supplies and materials	34,010	35,654	1,644	28,676
Other expenditures	66,500	57,012	(9,488)	56,041
Total administration	4,418,932	4,368,076	(50,856)	4,360,452
District support services				
Salaries	806,263	821,313	15,050	795,562
Employee benefits	317,451	294,012	(23,439)	289,785
Purchased services	426,560	489,417	62,857	466,211
Supplies and materials	67,677	45,423	(22,254)	59,936
Capital expenditures	1,030	—	(1,030)	5,250
Other expenditures	29,500	12,680	(16,820)	26,169
Total district support services	1,648,481	1,662,845	14,364	1,642,913
Elementary and secondary regular instruction				
Salaries	29,949,387	29,354,377	(595,010)	28,505,825
Employee benefits	10,343,874	10,232,305	(111,569)	9,880,518
Purchased services	1,639,854	1,172,408	(467,446)	2,235,811
Supplies and materials	1,372,819	834,607	(538,212)	1,087,560
Capital expenditures	392,672	188,815	(203,857)	171,693
Other expenditures	363,090	176,208	(186,882)	19,965
Total elementary and secondary regular instruction	44,061,696	41,958,720	(2,102,976)	41,901,372

(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, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		2014	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	360,260	367,893	7,633	326,692
Employee benefits	152,740	151,726	(1,014)	136,542
Purchased services	392,300	393,557	1,257	340,954
Supplies and materials	27,252	38,573	11,321	22,922
Total vocational education instruction	932,552	951,749	19,197	827,110
Special education instruction				
Salaries	12,775,825	12,948,975	173,150	12,518,354
Employee benefits	5,005,979	5,126,142	120,163	5,156,238
Purchased services	632,000	491,506	(140,494)	641,929
Supplies and materials	213,378	176,980	(36,398)	203,240
Capital expenditures	75,000	28,020	(46,980)	81,677
Other expenditures	7,500	31,000	23,500	2,090
Total special education instruction	18,709,682	18,802,623	92,941	18,603,528
Instructional support services				
Salaries	3,753,884	3,738,896	(14,988)	3,381,605
Employee benefits	1,332,701	1,271,418	(61,283)	1,126,055
Purchased services	298,827	255,599	(43,228)	246,372
Supplies and materials	86,368	65,697	(20,671)	64,922
Capital expenditures	2,114,554	2,452,663	338,109	863,585
Other expenditures	1,000	—	(1,000)	190
Total instructional support services	7,587,334	7,784,273	196,939	5,682,729
Pupil support services				
Salaries	3,915,609	3,771,206	(144,403)	3,241,157
Employee benefits	1,364,086	1,299,736	(64,350)	1,146,492
Purchased services	2,871,540	3,126,011	254,471	2,747,879
Supplies and materials	807,735	438,502	(369,233)	669,284
Capital expenditures	10,000	—	(10,000)	403
Other expenditures	245,410	244,410	(1,000)	—
Total pupil support services	9,214,380	8,879,865	(334,515)	7,805,215

(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, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015		2014	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	3,011,228	2,921,098	(90,130)	2,941,905
Employee benefits	1,134,784	1,101,109	(33,675)	1,078,001
Purchased services	2,968,602	2,881,480	(87,122)	2,955,188
Supplies and materials	832,180	941,062	108,882	824,198
Capital expenditures	7,119,394	1,273,510	(5,845,884)	8,758,167
Other expenditures	2,500	10,998	8,498	2,185
Total sites and buildings	15,068,688	9,129,257	(5,939,431)	16,559,644
Fiscal and other fixed cost programs				
Purchased services	278,000	181,837	(96,163)	383,556
Debt service				
Principal	499,918	499,918	—	293,817
Interest and fiscal charges	483,475	483,178	(297)	142,506
Total debt service	983,393	983,096	(297)	436,323
Total expenditures	102,903,138	94,702,341	(8,200,797)	98,202,842
Excess (deficiency) of revenue over expenditures	(7,506,165)	(639,327)	6,866,838	(8,180,458)
Other financing sources (uses)				
Capital lease issued	5,400,000	—	(5,400,000)	8,000,000
Proceeds from sale of assets	—	13,129	13,129	630
Transfers (out)	(250,000)	(250,000)	—	(388,000)
Total other financing sources (uses)	5,150,000	(236,871)	(5,386,871)	7,612,630
Net change in fund balances	\$ (2,356,165)	(876,198)	\$ 1,479,967	(567,828)
Fund balances				
Beginning of year		28,367,540		28,935,368
End of year		\$ 27,491,342		\$ 28,367,540

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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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and temporary investments	\$ 283,747	\$ 315,489
Receivables		
Accounts and interest	292	11,006
Due from other governmental units	62,329	41,345
Inventory	64,307	56,170
Prepaid items	<u>14,401</u>	<u>12,989</u>
Total assets	<u><u>\$ 425,076</u></u>	<u><u>\$ 436,999</u></u>
Liabilities		
Salaries payable	\$ 11,297	\$ 7,413
Accounts and contracts payable	49,941	10,662
Due to other governmental units	17,159	34,760
Unearned revenue	<u>113,527</u>	<u>114,067</u>
Total liabilities	191,924	166,902
Fund balances		
Nonspendable for inventory	64,307	56,170
Nonspendable for prepaid items	14,401	12,989
Restricted for food service	<u>154,444</u>	<u>200,938</u>
Total fund balances	<u><u>233,152</u></u>	<u><u>270,097</u></u>
Total liabilities and fund balances	<u><u>\$ 425,076</u></u>	<u><u>\$ 436,999</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, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015			2014
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	\$ —	\$ 65	\$ 65	\$ 99
Other – primarily meal sales	2,447,260	2,270,735	(176,525)	2,389,877
State sources	145,500	203,990	58,490	150,656
Federal sources	1,682,692	1,733,770	51,078	1,663,659
Total revenue	<u>4,275,452</u>	<u>4,208,560</u>	<u>(66,892)</u>	<u>4,204,291</u>
Expenditures				
Current				
Salaries	1,311,314	1,333,924	22,610	1,305,797
Employee benefits	354,543	378,813	24,270	369,666
Purchased services	349,305	424,737	75,432	440,787
Supplies and materials	2,074,544	2,046,457	(28,087)	2,009,007
Other expenditures	4,382	9,297	4,915	4,138
Capital outlay	129,484	52,277	(77,207)	76,066
Total expenditures	<u>4,223,572</u>	<u>4,245,505</u>	<u>21,933</u>	<u>4,205,461</u>
Net change in fund balances	<u>\$ 51,880</u>	<u>(36,945)</u>	<u>\$ (88,825)</u>	<u>(1,170)</u>
Fund balances				
Beginning of year		<u>270,097</u>		<u>271,267</u>
End of year		<u>\$ 233,152</u>		<u>\$ 270,097</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and temporary investments	\$ 1,901,557	\$ 1,389,406
Receivables		
Current taxes	578,610	610,650
Delinquent taxes	20,337	18,956
Accounts and interest receivable	32,174	7,370
Due from other governmental units	60,728	40,110
Prepaid items	<u>14,440</u>	<u>5,405</u>
Total assets	<u><u>\$ 2,607,846</u></u>	<u><u>\$ 2,071,897</u></u>
Liabilities		
Salaries payable	\$ 48,919	\$ 43,694
Accounts and contracts payable	50,509	33,614
Due to other governmental units	45	18,463
Unearned revenue	<u>64,999</u>	<u>—</u>
Total liabilities	164,472	95,771
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	14,446	14,600
Property taxes levied for subsequent year	<u>1,050,963</u>	<u>1,089,836</u>
Total deferred inflows of resources	1,065,409	1,104,436
Fund balances (deficit)		
Nonspendable for prepaid items	14,440	5,405
Restricted for community education	1,298,105	798,967
Restricted for early childhood family education	65,042	106,705
Restricted for school readiness	—	—
Restricted for community services	14,716	11,804
Unassigned – school readiness restricted account deficit	<u>(14,338)</u>	<u>(51,191)</u>
Total fund balances	<u><u>1,377,965</u></u>	<u><u>871,690</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 2,607,846</u></u>	<u><u>\$ 2,071,897</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, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015			2014
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 1,017,398	\$ 1,080,555	\$ 63,157	\$ 559,095
Investment earnings	–	275	275	74
Other – primarily tuition and fees	2,985,200	3,194,068	208,868	3,124,923
State sources	500,446	497,177	(3,269)	937,663
Total revenue	4,503,044	4,772,075	269,031	4,621,755
Expenditures				
Current				
Salaries	2,821,173	2,689,589	(131,584)	2,637,645
Employee benefits	798,721	749,090	(49,631)	760,455
Purchased services	725,630	759,371	33,741	699,876
Supplies and materials	338,023	295,339	(42,684)	313,938
Other expenditures	14,860	6,103	(8,757)	6,603
Capital outlay	19,500	16,308	(3,192)	26,487
Total expenditures	4,717,907	4,515,800	(202,107)	4,445,004
Excess (deficiency) of revenue over expenditures	(214,863)	256,275	471,138	176,751
Other financing sources				
Transfers in	250,000	250,000	–	388,000
Net change in fund balances	\$ 35,137	506,275	\$ 471,138	564,751
Fund balances				
Beginning of year		871,690		306,939
End of year		\$ 1,377,965		\$ 871,690

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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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and temporary investments	\$ 13,136,829	\$ 278,236
Prepaid items	<u>7,892</u>	<u>6,693</u>
Total assets	<u><u>\$ 13,144,721</u></u>	<u><u>\$ 284,929</u></u>
Liabilities		
Salaries payable	\$ 3,895	\$ 2,903
Accounts and contracts payable	<u>1,298,818</u>	<u>19,911</u>
Total liabilities	1,302,713	22,814
Fund balances		
Nonspendable for prepaid items	7,892	6,693
Restricted for alternative facilities program	<u>11,834,116</u>	<u>255,422</u>
Total fund balances	<u><u>11,842,008</u></u>	<u><u>262,115</u></u>
Total liabilities and fund balances	<u><u>\$ 13,144,721</u></u>	<u><u>\$ 284,929</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue		
Local sources		
Investment earnings	\$ 1,821	\$ 1,586
Expenditures		
Capital outlay		
Salaries	161,758	175,926
Employee benefits	56,897	60,241
Purchased services	3,063,415	140,142
Capital expenditures	<u>267,582</u>	<u>1,641,352</u>
Total expenditures	<u>3,549,652</u>	<u>2,017,661</u>
Excess (deficiency) of revenue over expenditures	(3,547,831)	(2,016,075)
Other financing sources		
Sale of bonds	<u>15,127,724</u>	<u>–</u>
Net change in fund balances	11,579,893	(2,016,075)
Fund balances		
Beginning of year	<u>262,115</u>	<u>2,278,190</u>
End of year	<u><u>\$ 11,842,008</u></u>	<u><u>\$ 262,115</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, 2015
(With Comparative Totals as of June 30, 2014)

	Regular Debt Service Account	OPEB Debt Service Account	Totals	
			2015	2014
Assets				
Cash and temporary investments	\$ 3,847,157	\$ 3,169,671	\$ 7,016,828	\$ 6,863,009
Receivables				
Current taxes	2,899,029	3,204,743	6,103,772	5,919,250
Delinquent taxes	128,612	84,660	213,272	216,357
Due from other governmental units	42	48	90	111
Total assets	<u>\$ 6,874,840</u>	<u>\$ 6,459,122</u>	<u>\$ 13,333,962</u>	<u>\$ 12,998,727</u>
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	\$ 104,332	\$ 52,930	\$ 157,262	\$ 167,626
Property taxes levied for subsequent year	5,270,499	5,826,948	11,097,447	10,575,794
Total liabilities	<u>5,374,831</u>	<u>5,879,878</u>	<u>11,254,709</u>	<u>10,743,420</u>
Fund balances				
Restricted for general debt service	1,500,009	–	1,500,009	1,911,964
Restricted for OPEB bonds debt service	–	579,244	579,244	343,343
Total fund balances	<u>1,500,009</u>	<u>579,244</u>	<u>2,079,253</u>	<u>2,255,307</u>
Total deferred inflows of resources and fund balances	<u>\$ 6,874,840</u>	<u>\$ 6,459,122</u>	<u>\$ 13,333,962</u>	<u>\$ 12,998,727</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, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	2015			
		Actual		
	Budget	Regular Debt Service Account	OPEB Debt Service Account	Total
Revenue				
Local sources				
Property taxes	\$ 10,575,754	\$ 4,895,764	\$ 5,598,706	\$ 10,494,470
Investment earnings	1,000	904	293	1,197
State sources	1,000	346	477	823
Total revenue	10,577,754	4,897,014	5,599,476	10,496,490
Expenditures				
Debt service				
Principal	6,910,000	3,550,000	3,360,000	6,910,000
Interest	3,718,413	1,762,737	2,003,575	3,766,312
Fiscal charges and other	2,000	200,286	—	200,286
Total expenditures	10,630,413	5,513,023	5,363,575	10,876,598
Excess (deficiency) of revenue over expenditures	(52,659)	(616,009)	235,901	(380,108)
Other financing sources				
Sale of bonds	—	142,276	—	142,276
Premium on debt issued	—	61,778	—	61,778
Total other financing sources	—	204,054	—	204,054
Net change in fund balances	\$ (52,659)	(411,955)	235,901	(176,054)
Fund balances				
Beginning of year		1,911,964	343,343	2,255,307
End of year		\$ 1,500,009	\$ 579,244	\$ 2,079,253

	2014
Over (Under) Budget	Actual
\$ (81,284)	\$ 11,683,053
197	1,487
(177)	1,106
<u>(81,264)</u>	<u>11,685,646</u>
–	7,120,000
47,899	3,970,038
198,286	57,755
<u>246,185</u>	<u>11,147,793</u>
(327,449)	537,853
142,276	–
61,778	–
<u>204,054</u>	<u>–</u>
<u>\$ (123,395)</u>	537,853
	<u>1,717,454</u>
	<u>\$ 2,255,307</u>

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INSERT SPECIAL REVENUE FUNDS TAB

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, 2015
(With Comparative Totals as of June 30, 2014)

	Severance Benefits	Self-Insured Health Benefits	Totals	
			2015	2014
Assets				
Current assets				
Cash and temporary investments	\$ 3,401,384	\$ 2,164,563	\$ 5,565,947	\$ 3,557,696
Liabilities				
Current liabilities				
Severance benefits payable	206,984	—	206,984	203,387
Accounts and contracts payable	—	191,772	191,772	—
Claims incurred but not reported	—	1,555,002	1,555,002	—
Unearned revenue	—	775,978	775,978	—
Total current liabilities	206,984	2,522,752	2,729,736	203,387
Long-term liabilities				
Severance benefits payable	1,861,385	—	1,861,385	1,952,989
Total liabilities	2,068,369	2,522,752	4,591,121	2,156,376
Net position (deficit)				
Unrestricted	\$ 1,333,015	\$ (358,189)	\$ 974,826	\$ 1,401,320

INDEPENDENT SCHOOL DISTRICT NO. 624

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2015
(With Partial Comparative Information for the Year Ended June 30, 2014)

	Severance Benefits	Self-Insured Health Benefits	Totals	
			2015	2014
Operating revenue				
Charges for services				
Contributions from governmental funds	\$ —	\$ 6,264,105	\$ 6,264,105	\$ —
Operating expenses				
Severance benefits	148,363	—	148,363	31,515
Self-insured benefits	—	6,622,605	6,622,605	—
Total operating expenses	<u>148,363</u>	<u>6,622,605</u>	<u>6,770,968</u>	<u>31,515</u>
Operating income (loss)	(148,363)	(358,500)	(506,863)	(31,515)
Nonoperating revenue				
Investment earnings	<u>80,058</u>	<u>311</u>	<u>80,369</u>	<u>103,473</u>
Change in net position	(68,305)	(358,189)	(426,494)	71,958
Net position (deficit)				
Beginning of year	<u>1,401,320</u>	<u>—</u>	<u>1,401,320</u>	<u>1,329,362</u>
End of year	<u>\$ 1,333,015</u>	<u>\$ (358,189)</u>	<u>\$ 974,826</u>	<u>\$ 1,401,320</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2015
(With Partial Comparative Information for the Year Ended June 30, 2014)

	Severance Benefits	Self-Insured Health Benefits	Total	
			2015	2014
Cash flows from operating activities				
Received from assessments made to other funds	\$ –	\$ 7,040,083	\$ 7,040,083	\$ –
Severance, other post-employment benefits, and self-insurance claims and payments	(236,370)	(4,875,831)	(5,112,201)	(409,790)
Net cash flows from operating activities	(236,370)	2,164,252	1,927,882	(409,790)
Cash flows from investing activities				
Interest on investments	80,058	311	80,369	103,473
Net change in cash and cash equivalents	(156,312)	2,164,563	2,008,251	(306,317)
Cash and cash equivalents				
Beginning of year	3,557,696	–	3,557,696	3,864,013
End of year	<u>\$ 3,401,384</u>	<u>\$ 2,164,563</u>	<u>\$ 5,565,947</u>	<u>\$ 3,557,696</u>
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (148,363)	\$ (358,500)	\$ (506,863)	\$ (31,515)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Accounts and contracts payable	–	191,772	191,772	–
Severance benefits payable	(88,007)	–	(88,007)	(378,275)
Claims incurred but not reported	–	1,555,002	1,555,002	–
Unearned revenue	–	775,978	775,978	–
Net cash flows from operating activities	<u>\$ (236,370)</u>	<u>\$ 2,164,252</u>	<u>\$ 1,927,882</u>	<u>\$ (409,790)</u>

STATISTICAL SECTION

III. STATISTICAL SECTION

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

	<u>Pages</u>
Contents	
Financial Trends	96
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	115
These schedules contain information to help the reader assess the District's most significant revenue source, including property tax revenue.	
Debt Capacity	126
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	132
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	134
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
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ (2,700,781)	\$ 6,661,357	\$ 7,125,365	\$ 2,990,543
Restricted	2,709,960	3,730,712	4,844,296	4,379,938
Unrestricted	(583,567)	860,926	(4,588,167)	15,851,351
Total governmental activities net position	<u>\$ (574,388)</u>	<u>\$ 11,252,995</u>	<u>\$ 7,381,494</u>	<u>\$ 23,221,832</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ (197,985)	\$ 453,384	\$ 1,630,228	\$ 2,130,306	\$ 5,813,967	\$ 4,292,291
4,732,401	4,221,609	2,601,876	1,132,318	3,061,846	2,649,603
<u>17,652,050</u>	<u>19,501,829</u>	<u>20,515,031</u>	<u>21,045,132</u>	<u>29,521,587</u>	<u>(31,643,658)</u>
<u>\$ 22,186,466</u>	<u>\$ 24,176,822</u>	<u>\$ 24,747,135</u>	<u>\$ 24,307,756</u>	<u>\$ 38,397,400</u>	<u>\$ (24,701,764)</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities				
Administration	\$ 3,790,959	\$ 3,723,705	\$ 3,226,653	\$ 3,655,539
District support services	1,661,436	1,373,226	1,455,973	2,284,283
Elementary and secondary regular instruction	35,648,880	34,232,855	41,338,905	37,011,943
Vocational education instruction	1,472,897	1,198,293	1,237,511	1,095,872
Special education instruction	16,027,671	16,393,259	15,841,498	16,898,282
Instructional support services	3,819,252	4,161,958	3,895,519	4,232,013
Pupil support services	6,186,000	6,012,661	6,178,368	6,577,236
Sites and buildings	9,872,947	8,964,347	12,020,290	15,417,599
Fiscal and other fixed cost programs	1,028	185	287,360	317,223
Food service	3,334,761	3,529,484	3,755,561	3,893,101
Community service	4,194,538	4,204,000	4,533,655	4,851,414
Depreciation not included in other functions	1,201,595	1,415,371	2,281,475	2,315,905
Interest and fiscal charges on debt	2,439,444	2,664,455	2,600,676	3,815,164
Total governmental activities expenses	89,651,408	87,873,799	98,653,444	102,365,574
Program revenues				
Governmental activities				
Charges for services				
Food service	2,433,141	2,518,458	2,506,300	2,526,722
Community service	2,529,330	2,730,995	2,871,348	2,898,030
All other	1,707,738	879,009	1,290,723	986,912
Operating grants and contributions	12,342,810	11,686,913	11,437,738	12,381,894
Capital grants and contributions	—	—	568,600	960,279
Total governmental activities program revenues	19,013,019	17,815,375	18,674,709	19,753,837
Net (expense) revenue	(70,638,389)	(70,058,424)	(79,978,735)	(82,611,737)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	8,728,387	10,027,931	9,759,457	17,021,057
Property taxes, levied for capital projects	5,549,371	3,092,622	3,369,672	3,166,276
Property taxes, levied for community service	1,309,956	1,008,607	1,026,606	857,799
Property taxes, levied for debt service	4,754,217	6,658,641	6,958,917	6,823,354
Unrestricted grants and contributions	51,359,725	53,962,102	52,717,417	53,053,991
Other general revenues	194,534	195,926	1,220,713	1,559,344
Investment earnings	1,108,432	2,056,400	1,054,452	1,008,590
Total general revenues and other changes in net position	73,004,622	77,002,229	76,107,234	83,490,411
Change in net position	\$ 2,366,233	\$ 6,943,805	\$ (3,871,501)	\$ 878,674

2010	2011	2012	2013	2014	2015
\$ 3,869,087	\$ 3,991,594	\$ 4,029,515	\$ 4,089,720	\$ 4,437,389	\$ 4,380,829
2,720,495	2,747,634	2,243,148	2,365,545	1,788,239	1,857,194
35,724,272	37,532,300	38,815,035	39,527,587	42,224,883	42,172,822
1,206,851	906,963	923,529	816,566	827,110	940,178
18,204,071	18,000,216	17,311,207	18,619,906	18,836,586	18,775,086
4,130,759	4,130,540	4,857,506	4,475,571	6,108,809	7,743,691
7,077,329	7,098,605	7,538,799	7,975,301	7,805,215	8,819,920
14,733,080	12,389,819	12,188,020	13,991,384	9,853,039	11,930,720
323,309	396,113	336,468	366,519	383,556	181,837
3,998,768	4,118,542	4,007,239	3,939,335	4,141,595	4,581,519
4,681,407	4,854,351	5,294,255	5,294,575	4,446,087	4,416,271
2,256,769	2,223,641	2,200,859	2,077,872	2,083,157	2,092,437
5,324,820	4,548,253	4,297,853	4,380,407	3,596,704	4,164,980
104,251,017	102,938,571	104,043,433	107,920,288	106,532,369	112,057,484
2,501,718	2,361,396	2,371,288	2,342,824	2,389,877	2,270,735
2,839,310	3,033,168	3,535,129	3,649,837	3,124,923	3,194,068
890,699	774,062	733,792	799,849	704,208	615,122
14,759,126	13,598,280	12,739,695	13,773,555	14,830,987	17,665,380
337,507	318,720	383,367	512,391	624,834	1,079,463
21,328,360	20,085,626	19,763,271	21,078,456	21,674,829	24,824,768
(82,922,657)	(82,852,945)	(84,280,162)	(86,841,832)	(84,857,540)	(87,232,716)
15,078,382	24,295,624	17,775,348	18,659,789	19,064,752	19,366,999
2,862,033	3,870,514	2,920,342	1,111,426	2,672,002	4,217,786
726,887	1,208,043	796,039	2,765,087	1,074,426	1,080,401
10,051,500	10,142,769	10,432,599	11,578,651	11,540,345	10,484,106
52,269,656	44,580,093	51,474,590	51,989,567	53,164,405	52,807,290
455,802	493,314	372,001	130,330	898,484	704,250
443,031	252,944	129,556	167,603	126,850	133,233
81,887,291	84,843,301	83,900,475	86,402,453	88,541,264	88,794,065
\$ (1,035,366)	\$ 1,990,356	\$ (379,687)	\$ (439,379)	\$ 3,683,724	\$ 1,561,349

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Local sources				
Taxes	\$ 14,609,917	\$ 20,693,863	\$ 21,108,207	\$ 27,739,145
Investment earnings	970,729	1,941,934	935,800	904,642
Other	6,864,197	7,483,450	7,889,084	7,981,803
State sources	65,989,699	61,009,375	61,026,716	62,243,574
Federal sources	3,497,967	3,480,578	3,697,039	4,152,590
Total revenues	<u>91,932,509</u>	<u>94,609,200</u>	<u>94,656,846</u>	<u>103,021,754</u>
Expenditures				
Current				
Administration	3,790,959	3,723,705	3,226,653	6,581,893
District support services	1,661,436	1,373,226	1,455,973	6,756,813
Elementary and secondary				
regular instruction	35,754,400	35,027,130	37,013,269	63,272,104
Vocational education instruction	1,472,897	1,198,293	1,237,511	1,095,872
Special education instruction	16,036,294	16,395,955	15,848,126	19,143,021
Instructional support services	4,008,601	4,422,830	4,100,888	4,524,313
Pupil support services	6,186,000	6,012,661	6,141,130	6,725,822
Sites and buildings	11,797,397	8,315,877	7,625,209	10,983,768
Fiscal and other fixed cost programs	1,028	185	287,360	317,223
Food service	3,322,640	3,694,337	3,859,568	5,204,769
Community service	4,189,143	4,232,322	4,514,967	4,915,475
Capital outlay	17,408,688	13,154,382	5,906,549	7,861,994
Debt service				
Principal	2,760,290	5,006,013	4,312,990	4,810,674
Interest and fiscal charges	2,723,031	2,611,157	2,825,728	2,786,535
Total expenditures	<u>111,112,804</u>	<u>105,168,073</u>	<u>98,355,921</u>	<u>144,980,276</u>
Excess of revenues over (under)				
expenditures	(19,180,295)	(10,558,873)	(3,699,075)	(41,958,522)
Other financing sources (uses)				
Debt issued	750,000	16,500,000	—	52,055,000
Premium on bonds issued	—	306,064	—	213,852
Payments to refunded bond escrow agent	(4,920,000)	—	—	—
Capital lease issued	—	—	—	—
Sales of capital assets	546	—	—	1,500
Transfers in	—	388,000	388,000	388,000
Transfers out	—	(388,000)	(388,000)	(388,000)
Total other financing sources (uses)	<u>(4,169,454)</u>	<u>16,806,064</u>	<u>—</u>	<u>52,270,352</u>
Net change in fund balances	<u>\$ (23,349,749)</u>	<u>\$ 6,247,191</u>	<u>\$ (3,699,075)</u>	<u>\$ 10,311,830</u>
Debt service as a percentage of noncapital expenditures	<u>5.9%</u>	<u>8.3%</u>	<u>7.4%</u>	<u>5.3%</u>

2010	2011	2012	2013	2014	2015
\$ 28,793,384	\$ 39,311,179	\$ 31,960,613	\$ 33,880,314	\$ 25,198,444	\$ 35,162,695
338,787	139,727	16,764	54,066	23,377	52,864
6,687,518	6,535,743	6,928,698	7,190,760	7,116,605	6,774,268
56,950,518	51,925,403	59,575,217	61,640,043	73,689,305	67,092,392
10,415,771	6,571,690	5,105,947	4,367,550	4,507,931	4,459,741
103,185,978	104,483,742	103,587,239	107,132,733	110,535,662	113,541,960
3,961,733	4,114,888	3,958,852	4,015,982	4,360,452	4,368,076
2,859,464	2,994,223	2,078,268	2,193,489	1,642,913	1,662,845
36,292,516	38,006,664	38,650,289	39,629,298	41,901,372	41,958,720
1,206,851	906,963	923,529	816,566	827,110	951,749
18,293,722	18,282,576	17,125,287	18,408,949	18,603,528	18,802,623
4,446,241	4,384,509	4,913,086	4,478,937	5,682,729	7,784,273
7,077,329	7,098,605	7,538,799	7,975,301	7,805,215	8,879,865
8,904,920	9,212,513	9,049,142	13,539,510	16,559,644	9,129,257
323,309	396,113	336,468	366,519	383,556	181,837
3,963,573	4,081,257	3,975,684	3,987,832	4,129,395	4,193,228
4,674,940	4,822,387	5,272,053	5,426,854	4,418,517	4,499,492
5,950,148	3,449,120	3,288,376	4,487,482	2,120,214	3,618,237
5,393,762	6,152,276	6,721,237	7,304,839	7,413,817	7,409,918
5,777,779	4,798,391	4,709,258	4,978,113	4,170,299	4,449,776
109,126,287	108,700,485	108,540,328	117,609,671	120,018,761	117,889,896
(5,940,309)	(4,216,743)	(4,953,089)	(10,476,938)	(9,483,099)	(4,347,936)
—	—	41,765,000	—	—	15,270,000
—	—	3,280,108	—	—	61,778
—	—	(9,070,000)	(26,190,000)	—	—
—	—	—	3,900,000	8,000,000	—
900	7,699	4,095	9,850	630	13,129
388,000	388,000	388,000	388,000	388,000	250,000
(388,000)	(388,000)	(388,000)	(388,000)	(388,000)	(250,000)
900	7,699	35,979,203	(22,280,150)	8,000,630	15,344,907
\$ (5,939,409)	\$ (4,209,044)	\$ 31,026,114	\$ (32,757,088)	\$ (1,482,469)	\$ 10,996,971
10.3%	10.2%	10.6%	10.9%	10.4%	10.2%

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Reserved	\$ 4,284,138	\$ 4,591,209	\$ 5,109,317	\$ 2,815,375
Unreserved	7,088,038	8,403,496	9,395,348	17,106,342
Nonspendable	—	—	—	—
Restricted	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total General Fund	<u>\$ 11,372,176</u>	<u>\$ 12,994,705</u>	<u>\$ 14,504,665</u>	<u>\$ 19,921,717</u>
All other governmental funds				
Reserved	\$ 833,341	\$ 7,836,835	\$ 3,156,924	\$ 11,024,081
Unreserved, reported in				
Special revenue funds	554,604	607,060	490,628	386,681
Capital Projects – Building				
Construction Fund	7,062,383	4,677,225	3,874,764	577,881
Debt Service Fund	1,350,275	1,304,145	1,693,914	2,122,365
Nonspendable	—	—	—	—
Restricted				
Special revenue funds	—	—	—	—
Capital Projects – Building				
Construction Fund	—	—	—	—
Debt service funds	—	—	—	—
Unassigned	—	—	—	—
Total all other governmental funds	<u>\$ 9,800,603</u>	<u>\$ 14,425,265</u>	<u>\$ 9,216,230</u>	<u>\$ 14,111,008</u>

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

2010	2011	2012	2013	2014	2015
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
479,163	586,628	219,984	1,255,743	188,940	156,537
3,120,086	3,148,469	2,106,435	1,022,955	1,063,801	457,932
6,474,495	7,818,797	6,697,066	8,955,687	15,588,049	12,917,616
10,551,796	8,882,644	11,115,223	7,295,063	11,526,750	13,959,257
<u>\$ 20,625,540</u>	<u>\$ 20,436,538</u>	<u>\$ 20,138,708</u>	<u>\$ 18,529,448</u>	<u>\$ 28,367,540</u>	<u>\$ 27,491,342</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
163,252	175,913	108,758	100,371	81,257	101,040
1,035,688	619,346	469,850	484,528	1,118,414	1,532,307
4,555,170	1,149,370	6,629,267	2,271,497	255,422	11,834,116
1,713,666	1,503,105	28,513,803	1,717,454	2,255,307	2,079,253
—	—	—	—	(51,191)	(14,338)
<u>\$ 7,467,776</u>	<u>\$ 3,447,734</u>	<u>\$ 35,721,678</u>	<u>\$ 4,573,850</u>	<u>\$ 3,659,209</u>	<u>\$ 15,532,378</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
2006	\$ 8,982,623 12%	\$ 64,909,713 82%	\$ 2,504,857 3%	\$ 2,474,104 3%	\$ 78,871,297 100%
2007	13,069,286 17%	60,238,005 77%	2,360,414 3%	2,330,619 3%	77,998,324 100%
2008	13,142,533 17%	60,240,504 77%	2,531,168 3%	3,126,622 3%	79,040,827 100%
2009	20,074,307 23%	61,363,884 71%	2,899,536 3%	2,721,867 3%	87,059,594 100%
2010	18,025,185 21%	56,003,016 66%	8,973,137 11%	1,662,418 2%	84,663,756 100%
2011	28,052,711 33%	51,365,163 60%	5,112,324 6%	1,269,303 1%	85,799,501 100%
2012	20,720,513 25%	58,534,326 70%	3,624,916 4%	1,036,788 1%	83,916,543 100%
2013	21,280,073 25%	61,146,075 71%	2,798,778 3%	1,219,431 1%	86,444,357 100%
2014	12,956,296 14%	72,599,880 81%	2,844,272 3%	1,621,936 2%	90,022,384 100%
2015	23,587,670 25%	66,390,402 71%	2,725,971 3%	1,358,971 1%	94,063,014 100%

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

INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund Expenditures by Program
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2006	\$ 3,790,959 5%	\$ 1,661,436 2%	\$ 35,754,400 44%	\$ 1,472,897 2%	\$ 16,036,294 20%
2007	3,723,705 5%	1,373,226 2%	35,027,130 45%	1,198,293 2%	16,395,955 21%
2008	3,226,652 4%	1,455,973 2%	37,013,268 48%	1,237,512 2%	15,848,126 21%
2009	6,581,893 5%	6,756,813 6%	63,272,104 53%	1,095,872 1%	19,143,021 16%
2010	3,961,733 5%	2,859,464 4%	36,292,516 43%	1,206,851 1%	18,293,722 22%
2011	4,114,888 5%	2,994,223 4%	38,006,664 44%	906,963 1%	18,282,576 21%
2012	3,958,852 5%	2,078,268 2%	38,650,289 45%	923,529 1%	17,125,287 20%
2013	4,015,982 4%	2,193,489 2%	39,629,298 43%	816,566 1%	18,408,949 20%
2014	4,360,452 4%	1,642,913 2%	41,901,372 43%	827,110 1%	18,603,528 19%
2015	4,368,076 5%	1,662,845 2%	41,958,720 44%	951,749 1%	18,802,623 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>
\$ 4,008,601 5%	\$ 6,186,000 8%	\$ 11,797,397 14%	\$ 112,691 —	\$ 80,820,675 100%
4,422,830 6%	6,012,661 8%	8,315,877 11%	206,981 —	76,676,658 100%
4,100,888 5%	6,141,131 8%	7,625,209 10%	494,108 —	77,142,867 100%
4,524,313 4%	6,725,822 6%	10,983,768 9%	523,971 —	119,607,577 100%
4,446,241 5%	7,077,329 8%	8,904,920 11%	530,057 1%	83,572,833 100%
4,384,509 5%	7,098,605 8%	9,212,513 11%	602,861 1%	85,603,802 100%
4,913,086 6%	7,538,799 9%	9,049,142 11%	543,216 1%	84,780,468 100%
4,478,937 5%	7,975,301 9%	13,539,510 15%	517,435 1%	91,575,467 100%
5,682,729 6%	7,805,215 8%	16,559,644 16%	819,879 1%	98,202,843 100%
7,784,273 8%	8,879,865 9%	9,129,257 10%	1,164,933 1%	94,702,341 100%

INDEPENDENT SCHOOL DISTRICT NO. 624

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

				Fiscal Year
	2006	2007	2008	2009
Revenues				
General Fund	\$ 78,871,297	\$ 77,998,324	\$ 79,040,827	\$ 87,059,594
Special revenue funds				
Food Service	3,511,118	3,762,902	3,797,396	3,881,554
Community Service	4,104,247	4,050,703	4,401,215	4,349,644
Capital Projects – Building				
Construction Fund	317,676	1,793,278	95,669	591,202
Debt Service Fund	5,128,171	7,003,993	7,321,739	7,139,760
Total revenues	<u>\$ 91,932,509</u>	<u>\$ 94,609,200</u>	<u>\$ 94,656,846</u>	<u>\$ 103,021,754</u>
Expenditures				
General Fund	\$ 80,820,675	\$ 76,676,658	\$ 77,142,867	\$ 119,607,577
Special revenue funds				
Food Service	3,322,640	3,694,337	3,859,568	5,204,769
Community Service	4,210,542	4,264,446	4,531,929	4,961,650
Capital Projects – Building				
Construction Fund	17,387,289	13,176,445	5,889,587	7,815,819
Debt Service Fund	5,371,658	7,356,187	6,931,970	7,390,461
Total expenditures	<u>\$ 111,112,804</u>	<u>\$ 105,168,073</u>	<u>\$ 98,355,921</u>	<u>\$ 144,980,276</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 84,663,756	\$ 85,799,501	\$ 83,916,543	\$ 86,444,357	\$ 90,022,384	\$ 94,063,014
4,056,179	3,947,224	3,995,104	4,060,843	4,204,291	4,208,560
3,891,955	4,195,256	4,702,090	5,097,513	4,621,755	4,772,075
17,994	8,403	469	4,333	1,586	1,821
<u>10,556,094</u>	<u>10,533,358</u>	<u>10,973,033</u>	<u>11,525,687</u>	<u>11,685,646</u>	<u>10,496,490</u>
<u>\$ 103,185,978</u>	<u>\$ 104,483,742</u>	<u>\$ 103,587,239</u>	<u>\$ 107,132,733</u>	<u>\$ 110,535,662</u>	<u>\$ 113,541,960</u>
\$ 83,572,833	\$ 85,603,802	\$ 84,780,468	\$ 91,575,467	\$ 98,202,842	\$ 94,702,341
3,973,659	4,099,270	4,008,114	4,098,121	4,205,461	4,245,505
4,710,360	4,844,186	5,293,731	5,443,742	4,445,004	4,515,800
5,904,642	3,409,308	3,234,268	4,360,305	2,017,661	3,549,652
<u>10,964,793</u>	<u>10,743,919</u>	<u>11,223,747</u>	<u>12,132,036</u>	<u>11,147,793</u>	<u>10,876,598</u>
<u>\$ 109,126,287</u>	<u>\$ 108,700,485</u>	<u>\$ 108,540,328</u>	<u>\$ 117,609,671</u>	<u>\$ 120,018,761</u>	<u>\$ 117,889,896</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Cash and Investments by Fund
Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
General Fund	\$ 8,861,012	\$ 11,814,401	\$ 17,653,772	\$ 22,712,790
Special revenue funds				
Food Service	317,746	481,841	428,768	309,713
Community Service	1,278,616	1,550,935	2,039,087	1,528,045
Capital Projects – Building Construction Fund	10,135,240	12,752,017	7,178,261	11,799,124
Debt Service Fund	3,794,794	4,379,659	5,895,578	6,653,403
Internal service funds	3,137,703	3,252,169	3,370,821	3,474,769
Post-Employment Benefits Trust Fund	–	–	–	40,035,431
Scholarship Private-Purpose Trust Fund	–	–	–	–
	<u>\$ 27,525,111</u>	<u>\$ 34,231,022</u>	<u>\$ 36,566,287</u>	<u>\$ 86,513,275</u>

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 14,809,214	\$ 4,481,478	\$ 1,729,290	\$ 14,927,823	\$ 25,331,076	\$ 32,440,239
377,969	327,298	345,224	346,449	315,489	283,747
1,098,013	396,471	231,772	363,895	1,389,406	1,901,557
5,227,176	1,819,236	7,435,706	2,647,272	278,236	13,136,829
5,833,763	5,985,243	33,486,384	7,009,142	6,863,009	7,016,828
3,579,012	3,692,229	3,805,021	3,864,013	3,557,696	5,565,947
40,982,795	46,153,625	42,146,512	42,335,624	47,000,965	33,422,551
–	34,876	33,145	30,617	40,658	80,964
<u>\$ 71,907,942</u>	<u>\$ 62,890,456</u>	<u>\$ 89,213,054</u>	<u>\$ 71,524,835</u>	<u>\$ 84,776,535</u>	<u>\$ 93,848,662</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Expenditures per Student
Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Expenditures per student (ADM) (1)				
General Fund				
District-level administration	301	299	270	1,287
School-level administration	359	363	358	395
Regular instruction	3,863	3,903	4,213	7,439
Career and technical instruction	169	138	145	128
Special education	1,840	1,889	1,861	2,286
Student activities/athletics	99	102	101	112
Instructional support services	390	433	403	446
Pupil support services	219	226	226	269
Operations, maintenance, and other	684	720	770	1,154
Student transportation	452	424	453	474
Other	–	–	N/A	N/A
Capital	948	531	371	338
Total General Fund expenditures per student	9,324	9,028	9,171	14,328
Food Service Fund	383	428	456	624

N/A – Not Available

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

Source: Minnesota Department of Education

2010	2011	2012	2013	2014	2015
503	527	369	383	344	N/A
417	402	442	476	490	N/A
4,264	4,456	4,528	4,730	4,826	N/A
143	108	113	101	101	N/A
2,176	2,195	2,089	2,264	2,261	N/A
103	129	156	138	157	N/A
435	442	471	410	491	N/A
303	280	312	339	483	N/A
874	923	860	920	935	N/A
479	498	540	594	604	N/A
N/A	N/A	N/A	N/A	N/A	N/A
416	410	527	474	350	N/A
10,113	10,370	10,407	10,829	11,042	N/A
481	497	492	506	515	N/A

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INDEPENDENT SCHOOL DISTRICT NO. 624

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

Fiscal Year	Property Tax			
	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total
2006	\$ 8,982,623	\$ 867,317	\$ 4,759,977	\$ 14,609,917
2007	13,069,286	1,003,564	6,621,013	20,693,863
2008	13,142,533	1,023,117	6,942,557	21,108,207
2009	20,074,308	858,572	6,806,266	27,739,146
2010	18,025,185	731,821	10,036,378	28,793,384
2011	28,052,711	1,200,155	10,058,313	39,311,179
2012	20,720,513	797,823	10,442,277	31,960,613
2013	21,280,073	1,104,680	11,495,561	33,880,314
2014	12,956,296	559,095	11,683,053	25,198,444
2015	23,587,670	1,080,555	10,494,470	35,162,695

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

INDEPENDENT SCHOOL DISTRICT NO. 624

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Agricultural Net Tax Capacity	Personal Property	Non-Agricultural Net Tax Capacity	Fiscal Disparities	
				Contribution Net Tax Capacity	Distribution Net Tax Capacity
2006	\$ 421,578	\$ 900,617	\$ 70,256,836	\$ (6,048,417)	\$ 5,426,767
2007	498,617	948,628	78,790,254	(6,857,104)	5,973,731
2008	517,859	911,084	83,938,051	(7,582,337)	6,960,271
2009	506,941	910,389	84,190,451	(8,339,899)	8,201,481
2010	391,116	850,711	81,192,584	(8,644,482)	8,631,800
2011	360,106	927,025	76,341,618	(8,670,402)	8,539,233
2012	392,973	995,107	69,319,294	(8,175,134)	7,388,803
2013	395,373	1,062,162	64,295,867	(7,513,017)	7,115,720
2014	401,085	1,065,271	65,266,991	(7,389,456)	6,898,176
2015	404,636	1,089,830	70,778,051	(7,525,888)	6,924,807

N/A – Not Available

- (1) 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>
\$ (3,765,312)	\$ 67,192,069	0.17785	\$ 6,136,221,775	1.09 %
(4,153,079)	75,201,047	0.16887	6,883,120,225	1.09
(4,303,661)	80,441,267	0.15422	7,268,550,075	1.11
(4,442,515)	81,026,848	0.19396	7,227,447,125	1.12
(4,414,231)	78,007,498	0.21772	6,910,433,800	1.13
(4,173,498)	73,324,082	0.22521	6,497,742,000	1.13
(3,467,832)	66,453,211	0.26102	6,236,751,100	1.07
(3,060,855)	62,295,250	0.28622	5,820,147,200	1.07
(3,005,643)	63,236,424	0.28562	5,914,824,800	1.07
(2,570,977)	69,100,459	0.26659	6,418,024,100	1.08

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INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>Year Collectible</u>	<u>General Fund (2)</u>	<u>Community Service Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total All Funds</u>
Levies					
	2006	\$ 13,163,599	\$ 1,058,181	\$ 7,037,924	\$ 21,259,704
	2007	13,149,773	1,101,418	7,347,978	21,599,169
	2008	20,707,725	901,005	7,218,143	28,826,873
	2009	18,380,639	762,499	10,541,211	29,684,349
	2010	19,883,063	839,601	10,736,261	31,458,925
	2011	21,679,347	849,309	11,195,932	33,724,588
	2012	21,716,706	971,539	11,687,568	34,375,813
	2013	22,158,396	1,083,251	11,664,086	34,905,733
	2014	24,489,875	1,089,836	10,575,794	36,155,505
	2015	23,793,193	1,050,963	11,097,447	35,941,603
Tax rates					
	2006	0.05888	0.01555	0.10342	0.17785
	2007	0.05702	0.01458	0.09727	0.16887
	2008	0.05411	0.01111	0.08900	0.15422
	2009	0.05150	0.00961	0.13285	0.19396
	2010	0.06751	0.01089	0.13932	0.21772
	2011	0.06029	0.01163	0.15329	0.22521
	2012	0.06757	0.01485	0.17859	0.26101
	2013	0.07956	0.01756	0.18910	0.28622
	2014	0.10119	0.01723	0.16720	0.28562
	2015	0.09204	0.01510	0.15946	0.26660
Market value for rates					
	2006	0.00136	—	—	0.00136
	2007	0.00116	—	—	0.00116
	2008	0.00213	—	—	0.00213
	2009	0.00174	—	—	0.00174
	2010	0.00191	—	—	0.00191
	2011	0.00242	—	—	0.00242
	2012	0.00248	—	—	0.00248
	2013	0.00264	—	—	0.00264
	2014	0.00272	—	—	0.00273
	2015	0.00240	—	—	0.00240

(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
2006	17.785	0.136	46.623	26.968	32.096	7.327	4.221	4.706
2007	16.887	0.116	44.943	25.673	32.391	6.515	3.530	3.767
2008	15.422	0.213	44.023	25.936	31.078	7.924	3.975	2.538
2009	19.396	0.174	46.546	26.371	32.078	7.297	3.896	4.066
2010	21.772	0.191	50.248	27.775	35.189	7.657	4.069	4.161
2011	22.521	0.242	54.678	29.772	39.952	8.251	4.389	4.639
2012	26.101	0.248	61.316	31.939	41.146	9.240	5.247	6.691
2013	28.622	0.264	65.240	34.225	44.411	9.954	3.164	6.940
2014	28.562	0.273	63.735	32.811	43.239	9.825	4.640	5.768
2015	26.660	0.240	58.922	30.186	38.123	9.179	4.183	5.327

(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
18.575	17.939	35.826	41.398	18.995	90.446	89.810	84.936	90.866	96.121
17.706	17.072	35.144	38.994	18.174	86.167	85.533	81.350	86.635	92.155
16.524	16.491	34.941	38.967	18.159	84.106	84.073	80.487	85.741	88.218
15.302	16.926	34.443	38.733	19.051	88.714	90.338	84.280	92.463	94.447
16.591	17.584	34.274	37.905	23.163	96.459	97.452	88.081	103.031	99.218
17.705	20.760	34.236	42.041	24.771	103.397	106.452	91.160	110.463	109.395
19.940	23.767	36.498	42.894	27.840	116.845	120.672	100.033	124.745	117.080
21.496	25.246	36.512	46.774	29.051	125.576	129.326	102.787	133.131	127.011
21.102	24.014	36.417	46.683	29.269	123.497	126.409	102.703	131.664	124.525
20.368	22.031	36.318	43.770	26.904	115.369	117.032	97.586	121.905	114.120

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INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity
Xcel Energy	\$ 972,478	1	1.41 %	\$ 535,510	1	0.80 %
Presbyterian Homes	596,437	2	0.86	—	—	—
White Bear Woods Apartments	366,575	3	0.53	—	—	—
North Oaks Farm	349,675	4	0.51	—	—	—
Walmart	327,594	5	0.47	—	—	—
Maplewood 2007, LLC	288,036	6	0.42	—	—	—
Vadnais Square, LLC	262,342	7	0.38	—	—	—
CSM Investors, Inc.	246,482	8	0.36	204,364	4	0.30
Sams Real Estate Business Trust	218,364	9	0.32	—	—	—
Wilson Tool International, Inc.	211,040	10	0.31	184,794	7	0.28
Thermoform Plastics	—	—	—	309,250	2	0.46
Schwing America, Inc.	—	—	—	302,578	3	0.45
EPI Corporation	—	—	—	191,530	5	0.29
Monmouth Capital Corporation	—	—	—	187,333	6	0.28
White Bear Racquet & Swim	—	—	—	164,056	8	0.24
Scott W. Roberts, Trustee	—	—	—	158,098	9	0.24
Saks Real Estate Business Trust	—	—	—	150,562	10	0.22
Total	<u>\$ 3,839,023</u>		<u>5.56 %</u>	<u>\$ 2,388,075</u>		<u>3.55 %</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
2006	\$ 18,766,724	\$ 1,889,002	\$ 603,978	\$ 21,259,704	N/A	N/A %
2007	19,184,423	1,875,452	539,294	21,599,169	\$ 21,276,974	98.5
2008	26,330,128	1,981,101	515,644	28,826,873	28,316,344	98.2
2009	25,960,895	2,994,280	729,174	29,684,349	29,230,585	98.5
2010	27,558,835	3,161,569	738,521	31,458,925	30,769,646	97.8
2011	29,468,908	3,480,987	774,693	33,724,588	33,239,387	98.6
2012	30,927,409	3,447,088	1,316	34,375,813	33,926,689	98.7
2013	31,178,677	3,724,356	2,700	34,905,733	34,553,389	99.0
2014	32,257,126	3,897,020	1,359	36,155,505	35,747,852	98.9
2015	31,979,108	3,962,495	—	35,941,603	16,176,466	45.0

N/A – Not Available

- (1) A portion of the total spread levy is paid through various property tax credits which are paid through state aids 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, 2015			
	Amount	Percentage of Levy	Delinquent (2)		Current	
			Amount	Percent	Amount	Percent
\$ 21,259,704	\$ 21,259,704	100.0	\$ —	— %	\$ —	— %
322,195	21,599,169	100.0	—	—	—	—
510,529	28,826,873	100.0	—	—	—	—
455,372	29,685,957	100.0	(1,608)	—	—	—
637,956	31,407,602	99.8	51,323	0.2	—	—
445,709	33,685,096	99.9	39,492	0.1	—	—
386,187	34,312,876	99.8	62,937	0.2	—	—
223,100	34,776,489	99.6	129,244	0.4	—	—
—	35,747,852	98.9	407,653	1.1	—	—
—	16,176,466	45.0	—	—	19,765,137	55.0
			<u>\$ 689,041</u>		<u>\$ 19,765,137</u>	

INDEPENDENT SCHOOL DISTRICT NO. 624

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

Fiscal Year	Outstanding Bonded Debt	Premium (Discount) on Debt	Balance on Hand Value	Net Debt	Net Tax Capacity	Percent of Net Debt to Net Tax Capacity Value
2006	\$ 55,735,000	\$ 899,937	\$ 1,350,275	\$ 55,284,662	\$ 67,192,069	82.28 %
2007	67,360,000	1,060,153	1,304,145	67,116,008	75,201,048	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

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

Source: State of Minnesota School Tax Report and Metropolitan Council

<u>Percent of Total Debt to Net Tax Capacity Value</u>	<u>Market Value</u>	<u>Percent of Net Debt to Market Value</u>	<u>Estimated Population</u>	<u>Net Debt per Capita</u>	<u>Total Debt per Capita</u>	<u>Percent of Net Debt to Personal Income</u>
82.95 %	\$ 6,136,221,775	0.90 %	65,843	\$ 840	\$ 846	1.81 %
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

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>
2006	\$ 2,685,596	\$ 2,686,062	\$ 5,371,658	\$ 80,820,675	6.65 %
2007	5,006,013	2,611,157	7,617,170	76,676,658	9.93
2008	4,312,990	2,825,728	7,138,718	77,142,867	9.25
2009	4,810,674	2,786,535	7,597,209	119,607,577	6.35
2010	5,393,762	5,777,779	11,171,541	83,572,833	13.37
2011	6,152,276	4,798,391	10,950,667	85,603,802	12.79
2012	6,721,237	4,709,258	11,430,495	84,780,468	13.48
2013	7,304,839	4,978,113	12,282,952	91,575,467	13.41
2014	7,413,817	4,170,299	11,584,116	98,202,842	11.80
2015	7,409,918	4,449,776	11,859,694	94,702,341	12.52

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Debt
as of June 30, 2015

	<u>General Obligation Debt</u>	<u>2015 Tax Capacity Value</u>	<u>Percent of Debt Applicable (1)</u>	<u>Amount of Debt Applicable</u>
Taxing unit				
Overlapping debt				
Counties				
Ramsey	\$ 185,305,000	\$ 480,922,805	14.37 %	\$ 26,625,189
Washington	120,300,000	261,367,034	5.29	6,361,005
Cities				
White Bear Lake	2,125,000	23,676,745	34.26	728,115
White Bear Township	2,530,000	12,578,216	18.20	460,531
Hugo	3,485,000	12,664,978	18.33	638,743
Special districts				
Metropolitan Council	<u>155,020,000</u>	<u>3,284,416,937</u>	2.10	<u>3,261,447</u>
Total overlapping debt	468,765,000	4,075,626,715		38,075,030
Direct debt				
ISD No. 624	<u>107,120,900</u>	<u>69,100,459</u>	100.00	<u>107,120,900</u>
Total direct and overlapping debt	<u>\$ 575,885,900</u>	<u>\$4,144,727,174</u>		<u>\$ 145,195,930</u>

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

Source: Anoka, Washington, and Ramsey counties

INDEPENDENT SCHOOL DISTRICT NO. 624

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Debt limit	\$ 920,433,266	\$ 1,032,468,038	\$ 1,090,282,511	\$ 1,084,117,069
Total net debt applicable to limit	54,384,725	66,055,855	61,501,086	108,472,635
Legal debt margin	\$ 866,048,541	\$ 966,412,183	\$ 1,028,781,425	\$ 975,644,434
Total net debt applicable to the limit as a percentage of debt limit	5.91%	6.40%	5.64%	10.01%

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

2010	2011	2012	2013	2014	2015
\$ 1,036,565,070	\$ 974,661,300	\$ 935,512,665	\$ 873,022,080	\$ 887,223,720	\$ 962,703,615
103,651,334	97,881,895	97,109,281	90,462,546	82,804,693	91,340,747
<u>\$ 932,913,736</u>	<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>
10.00%	10.04%	10.38%	10.36%	9.33%	9.49%

Legal Debt Margin Calculation for Fiscal Year 2015

Market value	\$ 6,418,024,100
Debt limit (15% of market value)	962,703,615
Debt applicable to limit	
General obligation bonds	93,420,000
Less amount set aside for repayment of general obligation debt	<u>(2,079,253)</u>
Total net debt applicable to limit	<u>91,340,747</u>
Legal debt margin	<u>\$ 871,362,868</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)
2006	65,843	\$ 3,048,991,801	\$ 46,307	33.7	8,529	3.7 %
2007	66,103	3,356,512,031	50,777	33.7	8,425	3.8
2008	66,192	3,168,015,312	47,861	33.7	8,232	5.4
2009	66,192	2,964,236,621	44,782	33.7	8,121	6.8
2010	66,200	3,022,427,200	45,656	33.7	8,020	7.1
2011	47,553	2,362,956,123	49,691	37.4	8,231	7.5
2012	48,144	2,439,398,707	50,669	37.4	8,005	6.4
2013	48,332	2,523,752,044	52,217	37.4	8,035	5.3
2014	48,449	2,596,381,910	53,590	37.4	8,056	4.7
2015	48,645	2,697,851,700	55,460	41.2	8,043	3.8

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	2015		2006	
	Employees	Rank	Employees	Rank
ISD No. 624	1,152	1	1,100	1
Century College	1,000	2	—	—
Taymark	600	3	290	5
Wilson Tool International	450	4	520	2
Walmart	410	5	—	—
Cerenity Care Center	351	6	—	—
Super Target	300	7	—	—
Water Gremlin Co.	215	8	250	6
Lifetime Fitness	200	9	—	—
Festival Foods	175	10	—	—
Schwing America, Inc.	—	—	470	3
Cub Foods	—	—	350	4
White Bear Care Center	—	—	225	7
The Trane Company	—	—	207	8
Thermoform Plastics, Inc.	—	—	202	9
Porous Media Corporation	—	—	190	10
	<u>4,853</u>		<u>3,804</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			
	2006	2007	2008	2009
Board of Education (1)	7	7	7	7
Cabinet/Administrators/Principals (2)	36	36	35	36
Non-affiliated (3)	1	1	3	3
Teachers (4)	544	526	528	544
Support services (5)	138	144	153	149
Paraprofessionals (6)	168	148	145	149
Custodians (7)	65	64	64	65
Nutritional services (8)	69	67	73	76
Extended day (9)	36	38	30	39
Bus drivers (10)	36	39	39	38
Total	1,100	1,070	1,077	1,106

- (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 School Services Employees' S.E.I.U., Local 284 and the Confidential Employee Group.
- (6) Paraprofessionals include members of the School Service Employees' S.E.I.U. Local 284.
- (7) Custodians include members of the International Union of Operating Engineers, 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 International Union of Operating Engineers, Local 70.

Source: ISD No. 624

2010	2011	2012	2013	2014	2015
7	7	7	7	7	7
38	37	37	36	35	35
14	16	19	29	25	42
575	559	580	599	602	604
120	126	110	101	103	103
151	148	152	153	158	158
68	67	67	63	65	65
72	72	75	75	73	71
39	44	43	47	48	31
40	43	43	40	38	40
1,124	1,119	1,133	1,150	1,154	1,156

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
2006	\$	32,630	\$	62,000	N/A	241	382
2007		33,380		71,740	\$ 52,560	248	374
2008		34,081		72,505	53,293	176	388
2009		35,000		75,000	55,000	199	408
2010		35,000		76,035	55,518	198	395
2011		35,000		79,285	57,143	174	414
2012		36,850		80,925	58,888	167	413
2013		37,219		82,409	59,814	185	414
2014		38,391		84,628	61,510	199	392
2015		39,275		86,740	63,008	189	408

N/A – Not Available

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Student to Staff Ratios
Last Ten Fiscal Years

Fiscal Year	ISD No. 624 Student to Teacher Ratios	Minnesota Department of Education Student to Staff Ratio		
		ISD No. 624	Ramsey County Average	State of Minnesota Average
2006	19.00	16.00	13.71	13.00
2007	19.35	15.94	15.44	13.32
2008	19.99	16.45	15.23	13.53
2009	19.00	16.00	14.80	13.00
2010	18.00	15.00	14.80	13.00
2011	18.00	15.00	14.20	13.00
2012	18.00	14.00	14.20	14.00
2013	17.00	14.00	14.00	13.00
2014	17.00	14.00	13.60	13.00
2015	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			
	2006	2007	2008	2009
Standardized Tests				
MCA Reading (1) (2)				
Grade 3	84.46 %	81.30 %	83.70 %	82.90 %
Grade 4	81.36	74.10	69.70	77.50
Grade 5	75.75	73.20	79.60	71.50
Grade 6	77.31	70.30	75.90	76.10
Grade 7	73.22	66.20	73.70	67.90
Grade 8	71.80	68.10	70.40	73.40
Grade 10	67.01	65.30	74.70	78.10
MCA Math (1)				
Grade 3	79.01	81.80	82.30	83.40
Grade 4	71.67	74.30	71.30	76.80
Grade 5	59.35	66.40	72.80	63.40
Grade 6	57.12	62.70	66.70	64.60
Grade 7	64.32	68.00	67.60	66.60
Grade 8	58.29	68.00	61.80	67.70
Grade 11	27.75	40.90	40.20	45.70
MCA Science (1)				
Grade 5	N/A	N/A	N/A	N/A
Grade 7	N/A	N/A	N/A	N/A
Grade 11	N/A	N/A	N/A	N/A
ACT				
Average composite score	21.70	22.20	22.40	22.40
Graduation data				
ISD No. 624 rate	99.68	99.66	99.00	99.00
Post-graduation				
4-year college/university	52.00	60.00	53.00	59.00
2-year college	25.00	28.00	12.00	33.00
Other	23.00	12.00	35.00	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

Source: Minnesota Department of Education

2010	2011	2012	2013	2014	2015
78.30 %	82.60 %	83.70 %	60.80 %	66.00 %	63.90 %
77.20	78.90	80.60	59.60	60.00	63.20
76.60	87.40	82.20	68.90	73.60	69.60
70.70	76.30	78.70	63.90	64.60	68.40
72.10	68.90	78.30	60.80	59.90	61.90
73.60	73.60	72.70	64.60	66.90	57.30
78.80	76.00	78.80	66.80	59.70	68.30
87.50	75.61	84.60	76.60	80.40	78.10
85.80	75.56	81.00	77.20	74.40	79.80
75.80	65.33	69.10	66.90	62.60	61.30
66.00	48.26	61.60	57.10	61.80	54.70
69.30	50.17	60.80	60.40	58.00	59.20
63.10	59.36	66.00	68.20	70.40	64.20
53.50	65.00	51.80	62.10	68.00	56.70
49.90	57.50	64.00	69.00	63.80	63.50
63.20	51.50	52.00	57.50	58.10	52.50
62.20	58.60	56.00	60.60	56.20	65.40
23.40	22.90	22.80	23.10	23.40	21.50
99.00	88.30	90.40	91.40	90.60	89.30
59.00	58.00	58.00	62.00	60.00	66.00
33.00	35.00	35.00	27.00	25.00	23.00
8.00	7.00	7.00	11.00	15.00	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
2006	7,363	918,516	172	5,182	70.38 %	177,953	19.37 %	65,508	7.13 %
2007	7,439	907,612	172	5,160	69.36	198,865	21.91	65,654	7.23
2008	7,142	896,193	172	4,962	69.48	211,771	23.63	65,334	7.29
2009	7,145	928,595	172	5,052	70.71	205,731	22.16	80,742	8.70
2010	7,712	947,242	172	5,611	72.76	231,578	24.45	86,284	9.11
2011	7,011	905,516	172	5,023	71.64	237,912	26.27	93,224	10.30
2012	7,586	877,690	172	5,103	67.27	250,903	28.59	75,928	8.65
2013	7,382	831,414	172	4,834	65.48	246,535	29.65	80,519	9.68
2014	7,558	850,649	172	4,815	63.71	255,488	30.03	83,593	9.83
2015	7,563	864,918	172	5,029	66.49	257,473	29.77	85,632	9.90

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

School Facilities
as of June 30, 2015

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	2014–2015 Enrollment
57.04	53	289,953	1,484	1,134
39.98	58	280,906	1,624	1,162
25.00	48	266,386	1,344	1,029
25.30	49	126,979	1,372	819
44.00	22	119,955	840	558
20.00	33	104,739	825	573
16.75	25	69,256	625	369
11.00	26	59,928	650	352
10.00	26	61,781	650	257
10.00	23	71,485	575	539
9.00	23	86,969	575	403
10.00	24	55,433	600	–
9.70	17	58,801	425	312
13.00	23	86,723	575	390
12.00	19	46,872	475	119
–	4	7,258	50	27
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, 2015

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	\$150,000 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 leaders errors and omissions	\$1,000,000 aggregate
School Board legal liability and law enforcement activities	\$2,000,000 each occurrence
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	
2006	104	501	3,679	4,326	8,610	10,021
2007	104	519	3,685	4,248	8,556	9,965
2008	99	536	3,588	4,157	8,380	9,750
2009	110	596	3,575	3,983	8,264	9,562
2010	114	504	3,630	3,925	8,173	9,498
2011	115	534	3,633	3,864	8,146	9,441
2012	115	560	3,639	3,747	8,061	9,305
2013	118	580	3,662	3,668	8,028	9,242
2014	120	626	3,735	3,615	8,096	9,288
2015	160	590	3,758	3,601	8,109	8,829

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 2006 through 2009	1.250	1.000	0.557	0.557	1.115	1.060	1.300
Fiscal 2010 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015	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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