



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2013

**South Washington County Schools
Independent School District No. 833**

Cottage Grove, Minnesota

Igniting a passion



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2013

**South Washington County Schools
Independent School District No. 833**

**7362 E. Pt. Douglas Road S.
Cottage Grove, MN 55016
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Section I

Introductory

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South Washington County Schools

Keith Jacobus, Ph.D., Superintendent

District Service Center

7362 E. Point Douglas Rd. S.

Cottage Grove, MN 55016

Phone: 651-458-6300 Fax: 651-458-6318

November 27, 2013

To the School Board, citizens, and employees of South Washington County Schools:

INTRODUCTION

The comprehensive annual financial report (CAFR) for Independent School District No. 833, South Washington County Schools (the District) is hereby submitted for the fiscal year ended June 30, 2013. The District's management assumes full responsibility for the completeness and accuracy of the information contained in this report. The report was prepared in accordance with accounting principles generally accepted in the United States of America. An independent firm of certified public accountants audits this report.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) is included as required supplementary information and allows the District to explain, in general terms, its financial position and results of operations of the past fiscal year.

REPORT FORMAT

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, an organizational chart, a list of School Board members and administration personnel, the Certificate of Excellence in Financial Reporting, and a map of the District. The financial section includes the Independent Auditor's Report, MD&A, basic financial statements, required supplementary information, and supplemental information that includes the combining and individual fund statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

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 the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

REPORTING ENTITY AND ITS SERVICES

The financial reporting entity includes all funds of the District (primary government). Component units are legally separate entities for which the District is financially accountable. There are no organizations considered to be component units of the District.

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 programs, special education programs, and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes early childhood and extended day programs, along with classes for lifelong learning experiences for children and adults.

In 1843, classes were held in a log cabin located in Cottage Grove, Minnesota. One hundred five years later, the District was officially named Independent School District No. 833. The District is located in Washington County and serves the cities of Cottage Grove, Newport, St. Paul Park, and portions of Woodbury, Afton, Denmark Township, and Grey Cloud Island. It encompasses 85 square miles with a resident population of 93,972.

During 2012–2013, the District operated 24 buildings, including three high schools, four middle schools, 14 elementary schools, an alternative learning center/district program center, a district service center, and a transportation building. The average age of the District's buildings is approximately 27 years. Enrollment has climbed steadily over the previous 10 years and the District served 17,593 students for the 2012–2013 school year. The District is projecting a similar enrollment for the 2013–2014 school year.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The District's population has grown from 77,263 in 2000 to 93,972 in 2013, a 22 percent increase. In that same time period, the District's enrollment has grown from 15,134 in 2000 to 17,593, a 16 percent increase. According to the Metropolitan Council, the District can expect continuous growth through the year 2035.

The District currently holds an Aa1 bond rating, the second-highest rating among Minnesota school districts. Only three Minnesota school districts have a higher rating and five other Minnesota school districts share the Aa1 rating. This excellent rating is a sign of the commitment to fiscal responsibility by the District's School Board and administration.

The District's economic indicators continue to be ahead of state and national averages. As stated above, the District continues to see population growth; primarily in the northeast portion of the District boundaries. Due to the recent recession and housing decline, the total property tax value of District property has decreased for the past four years. However, the increase in population and corresponding increase in construction has partially offset these decreases. Based on economic forecasts, a leveling off of property values is expected with a subsequent modest increase.

According to data from the U.S. Bureau of Economic Analysis, the per capita personal income in 2011 for Washington County was \$49,523 as compared to \$45,135 for the state of Minnesota and \$42,298 for the United States.

According to the Bureau of Labor Statistics, the unemployment rate for Washington County continues to be lower than state and national rates. In April 2013, the unemployment rate for Washington County was 4.7 percent as compared to 5.3 percent for the state of Minnesota and 7.5 percent for the United States.

MISSION STATEMENT AND STRATEGIC PLANNING

Citizens and employees came together in spring 2011 to develop a new strategic plan for the District, resulting in “Pathway to Excellence.” The District’s mission statement is: “We are committed to igniting a passion for lifelong learning.” The 2011–2016 strategic plan includes the following six strategic objectives:

- 1) Develop learners into critical thinkers achieving proficiency, continuous growth, and lifelong success.
- 2) Provide and sustain excellent learning environments that support high student achievement and a passion for lifelong learning.
- 3) Systematic processes for continuous improvement are embedded in all aspects of the District in the pursuit of performance excellence.
- 4) Recruit, hire, and develop the highest quality professionals.
- 5) The District will be the regional leader in technology and innovation that positively impacts student achievement, engagement, and college and career readiness.
- 6) Develop and sustain effective partnerships among students, staff, families, and communities.

FINANCIAL AND BUDGETARY CONTROL

The management of the District is responsible for establishing and maintaining internal controls 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 and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is 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.

The budget process includes estimates of revenues and expenditures based upon agreed assumptions. The staff allocation formulas are determined based on need and available resources to accomplish the District’s goals. The budget is adopted in June of each year and revised twice during the fiscal year of its implementation.

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.

FINANCIAL PROSPECTS FOR FUTURE YEARS

With the exception of voter-approved operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that the legislated revenue has not been sufficient to meet instructional program needs and increased costs due to inflation. The District will continue to monitor its operations to ensure that revenues are sufficient to meet expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures.

The District currently receives \$929.44 per pupil through voter-approved operating referenda. Of the current levy, \$164.38 per pupil expires in 2013–2014, \$57.00 per pupil expires in 2014–2015, and \$708.06 per pupil expires in 2017–2018. These operating levies generated approximately \$19.5 million for the District in the 2012–2013 school year.

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. These policies have ensured the financial stability of the District as well as provided guidance for current and future financial decisions.

The District has a number of financial policies that align with state statutes. In addition, the District has gone above and beyond the required policies to include additional policies that establish controls and procedures that are vital to the oversight of district finances. Two of these policies include:

The District's Investment Policy follows state statutes in determining what investments are allowed to be held by the District. The policy includes language about diversification levels that go beyond state statutes. This diversification language makes certain that district investments are protected while still earning a competitive rate of return.

The District's Post-Issuance Debt Compliance Policy creates procedures that ensure the District follows Internal Revenue Service guidelines and regulations in the recordkeeping of these transactions. This policy also establishes controls to verify that expenditures related to these funds are in accordance with related debt agreements; adding protection to the residents' investment in district assets.

One of the District's most important finance policies is the District's Fund Balance Policy. This policy not only ensures the District maintains sufficient funds; but assists in important financial decisions. The District's Fund Balance Policy currently states:

"To ensure the financial strength and stability of the District, the School Board will endeavor to maintain an unrestricted fund balance as of June 30th each year of 5–9 percent of the District's General Fund unrestricted operating expenditure budget."

This policy is attached to all current budget information and future budget projections and guides decision-making by the School Board.

CERTIFICATE OF EXCELLENCE

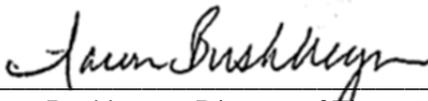
This report will be submitted to the Association of School Business Officials (ASBO) International for consideration for the Certificate of Excellence in Financial Reporting.

In 2012–2013, the District received the Certificate of Excellence in Financial Reporting from ASBO International for excellence in the preparation and issuance of the District's CAFR for 2012. It was the seventh consecutive year the District has received the award.

The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the Certificate of Excellence program.

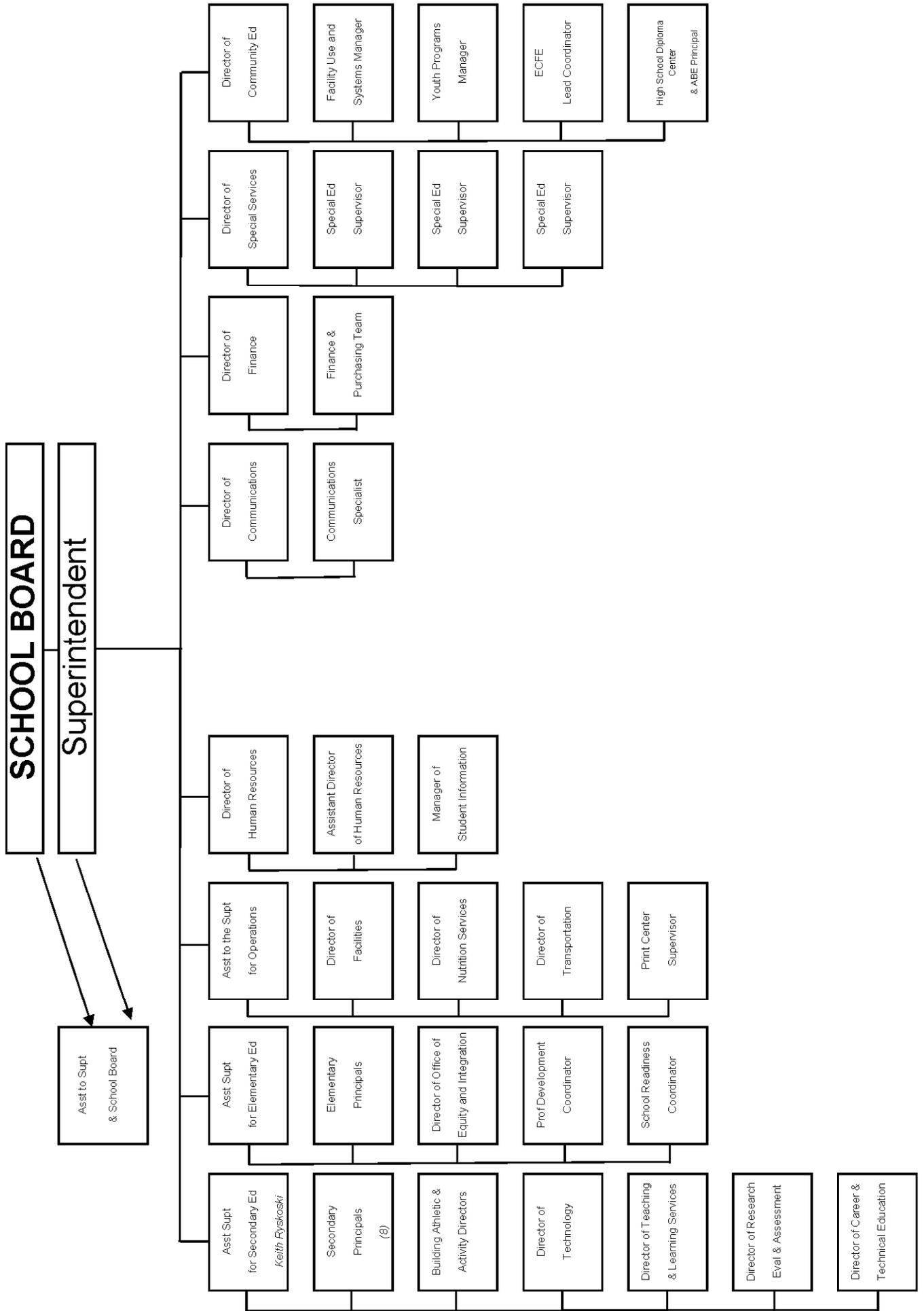
ACKNOWLEDGEMENTS

The preparation of a CAFR requires a significant amount of work on the part of a number of departments. Appreciation is extended to the many departments who contributed their time and expertise to this process.



Aaron Bushberger, Director of Finance

DISTRICT 833 - CENTRAL OFFICE REPORTING RELATIONSHIPS



INDEPENDENT SCHOOL DISTRICT NO. 833

School Board and Administration
Year Ended June 30, 2013

SCHOOL BOARD

	<u>Position</u>
Ron Kath	Chairperson
Tracy Brunnette	Vice Chairperson
Laurie Johnson	Treasurer
Marsha Adou	Clerk
Jim Gelbmann	Director
David Kemper	Director
Kathleen McElwee-Stevens	Director

ADMINISTRATION

Keith Jacobus	Superintendent
Mike Vogel	Assistant to the Superintendent for Operations
Dave Bernhardson	Assistant Superintendent for Elementary Education
Keith Ryskoski	Assistant Superintendent for Secondary Education
Mary Amidon	Assistant to the Superintendent and School Board
Barb Brown	Director of Communications
Aaron Bushberger	Director of Finance
Denise Griffith	Director of Human Resources
Jeff Jorgenson	Director of Special Services
Ernie Pines	Director of Community Education

Association of School Business Officials International



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

Independent School District No. 833 – South Washington County Schools

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

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



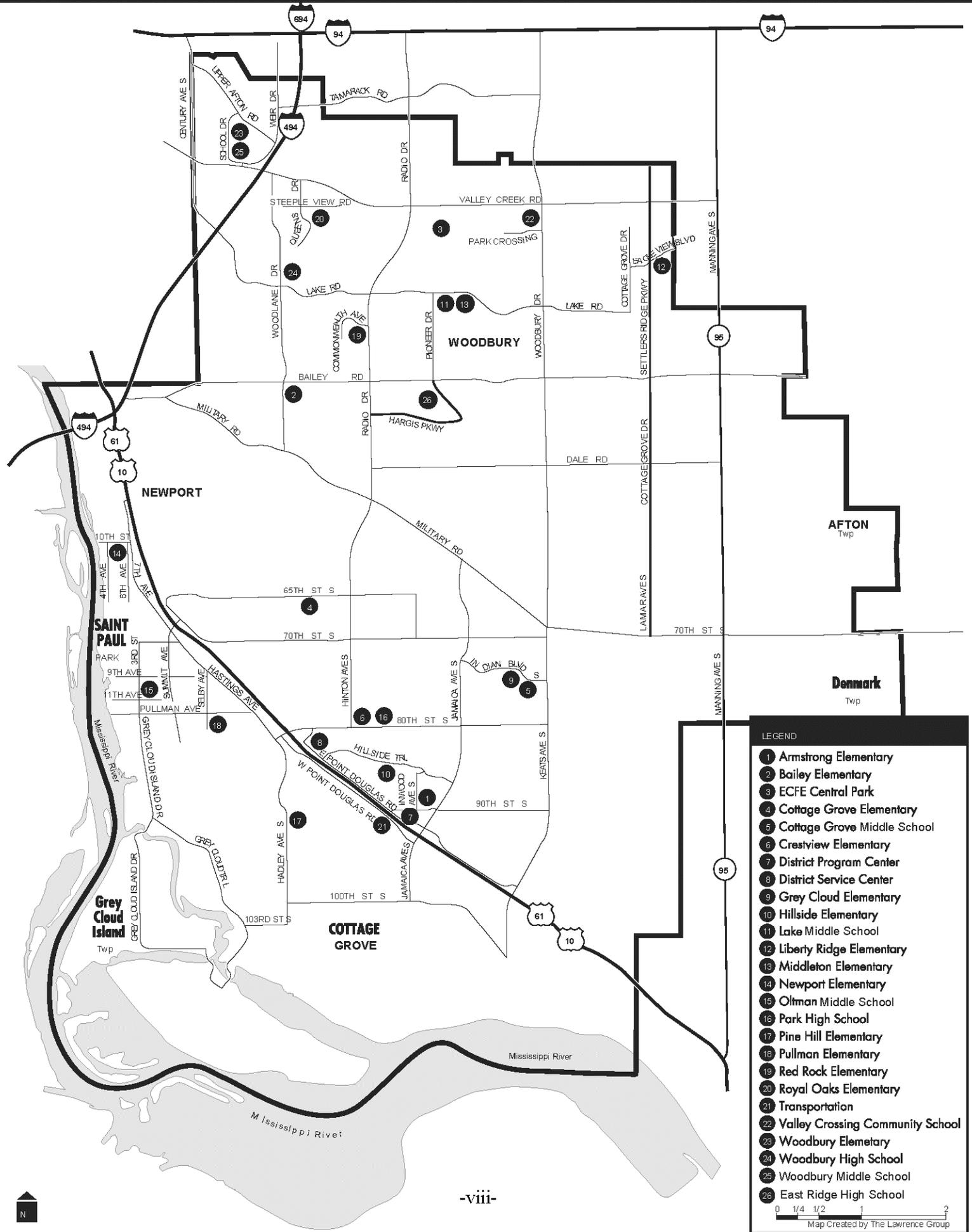
A handwritten signature in black ink, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

SOUTH WASHINGTON COUNTY SCHOOLS



LEGEND	
1	Armstrong Elementary
2	Bailey Elementary
3	ECFE Central Park
4	Cottage Grove Elementary
5	Cottage Grove Middle School
6	Crestview Elementary
7	District Program Center
8	District Service Center
9	Grey Cloud Elementary
10	Hillside Elementary
11	Lake Middle School
12	Liberty Ridge Elementary
13	Middleton Elementary
14	Newport Elementary
16	Oltman Middle School
17	Park High School
18	Pullman Elementary
19	Red Rock Elementary
20	Royal Oaks Elementary
21	Transportation
22	Valley Crossing Community School
23	Woodbury Elementary
24	Woodbury High School
25	Woodbury Middle School
26	East Ridge High School



Section II

Financial

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PRINCIPALS

Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 833
Cottage Grove, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 833, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

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

(continued)

Prior Year Comparative Information

We have previously audited the District's 2012 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 29, 2012. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2012 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 27, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
November 27, 2013

INDEPENDENT SCHOOL DISTRICT NO. 833

Management's Discussion and Analysis June 30, 2013

This section of Independent School District No. 833's (the District) comprehensive annual financial report (CAFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the other components of the District's CAFR.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities and deferred inflows of resources at June 30, 2013 by \$97.0 million (net position). The District's total net position decreased by \$2.4 million during the fiscal year ended June 30, 2013.
- Government-wide revenues totaled \$217.9 million and were \$2.4 million less than expenses of \$220.3 million.
- The General Fund's total fund balance (under the governmental fund presentation) decreased \$5.9 million from the prior year, compared to a \$6.0 million 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;
- 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 consisting of 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 it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

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

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, 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 Special Revenue 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 supplemental information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

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 funds 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 various post-employment benefit activities. 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:

	<u>2013</u>	<u>2012</u>
Assets		
Current and other assets	\$ 111,978,471	\$ 126,876,802
Capital assets, net of depreciation	<u>335,454,726</u>	<u>339,092,011</u>
Total assets	<u>\$ 447,433,197</u>	<u>\$ 465,968,813</u>
Liabilities		
Current and other liabilities	\$ 23,920,223	\$ 26,964,347
Long-term liabilities, including due within one year	<u>286,802,600</u>	<u>300,574,181</u>
Total liabilities	<u>\$ 310,722,823</u>	<u>\$ 327,538,528</u>
Deferred inflows of resources		
Property taxes levied for subsequent year	<u>\$ 39,727,864</u>	<u>\$ 39,007,549</u>
Net position		
Net investment in capital assets	\$ 55,788,399	\$ 50,633,665
Restricted	7,969,499	7,224,679
Unrestricted	<u>33,224,612</u>	<u>41,564,392</u>
Total net position	<u>\$ 96,982,510</u>	<u>\$ 99,422,736</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 long-term severance and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

Total net position decreased by \$2,440,226, which reflects the current year operating results. As presented in the table above, net investment in capital assets and restricted net position experienced increases over the prior year, while unrestricted net position decreased.

The District's increase in net investment in capital assets is due mostly to the District repaying debt at a faster rate than the assets being depreciated. An increase in net position restricted for capital asset acquisition and state funding restrictions contributed to the overall increase in the restricted portion of net position. The decrease in unrestricted net position is consistent with the change in financial position of the General Fund, discussed in further detail later in this report.

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

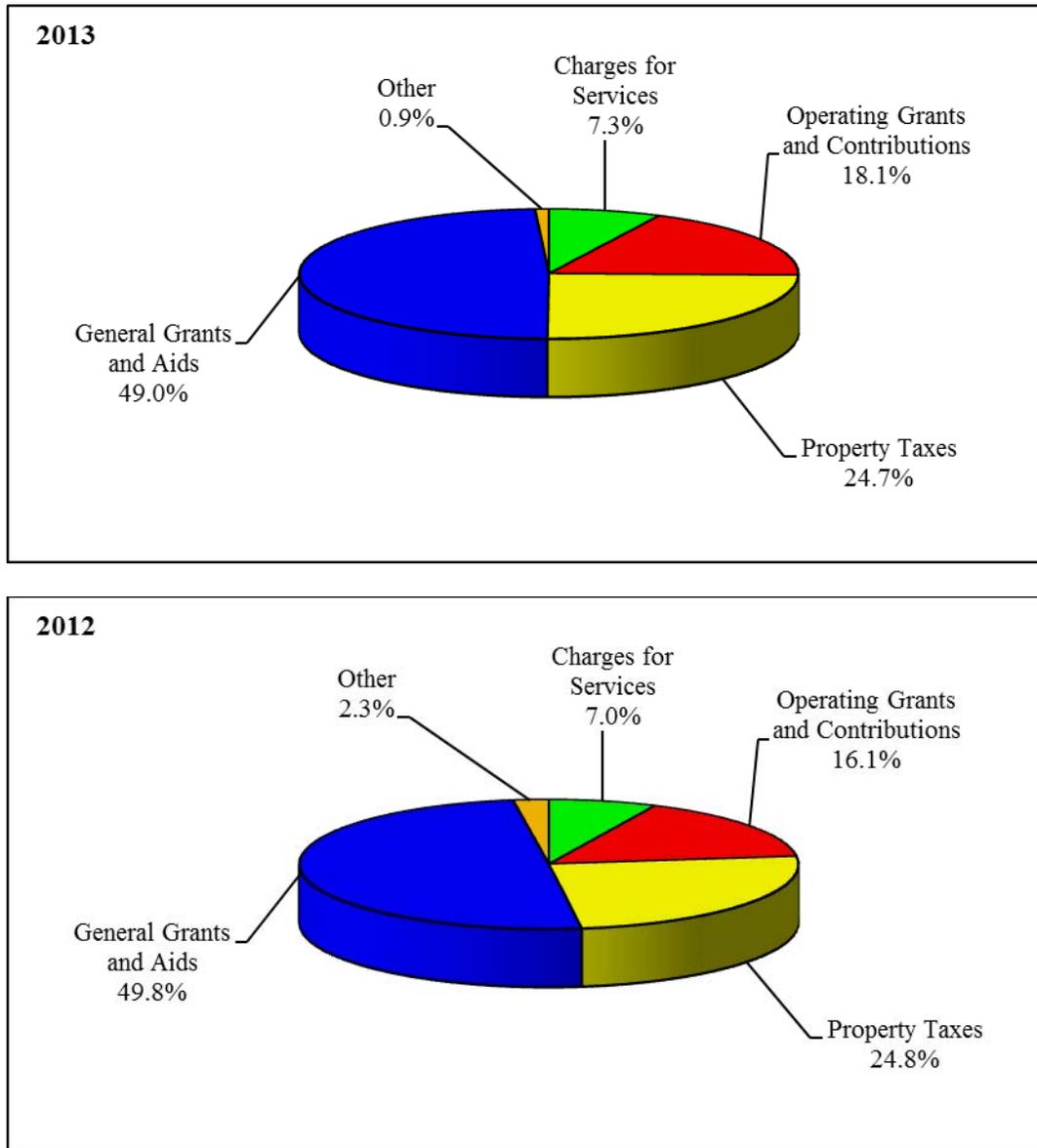
Table 2		
Summary Statement of Activities		
for the Years Ended June 30, 2013 and 2012		
	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues		
Charges for services	\$ 15,806,837	\$ 14,943,037
Operating grants and contributions	39,448,027	34,410,790
General revenues		
Property taxes	53,839,663	52,751,628
General grants and aids	106,799,031	106,110,510
Other	1,959,605	4,881,839
Total revenues	<u>217,853,163</u>	<u>213,097,804</u>
Expenses		
Administration	7,050,311	6,804,171
District support services	4,018,082	3,911,630
Elementary and secondary regular instruction	92,521,117	88,058,900
Vocational education instruction	1,740,819	1,717,365
Special education instruction	25,962,043	23,604,017
Instructional support services	9,113,915	8,523,989
Pupil support services	18,413,745	17,762,412
Sites and buildings	19,778,272	19,307,770
Fiscal and other fixed cost programs	431,469	397,742
Food service	7,806,312	7,520,073
Community service	12,430,058	11,558,180
Depreciation not included in other functions	9,231,034	8,945,019
Interest and fiscal charges on debt	11,796,212	13,100,740
Total expenses	<u>220,293,389</u>	<u>211,212,008</u>
Change in net position	(2,440,226)	1,885,796
Net position – beginning	<u>99,422,736</u>	<u>97,536,940</u>
Net position – ending	<u>\$ 96,982,510</u>	<u>\$ 99,422,736</u>

This table is presented on the 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.

As seen above, revenues increased by \$4,755,359 while expenses increased by \$9,081,381 compared to fiscal year 2012 levels. Additional revenues received for serving more students, basic formula allowance improvements, new literacy incentive, and compensatory funding granted contributed to the increase in revenues. Expenses increased mainly due to additional salary and benefit expenses with serving more students and as approved by contract. Purchased services increased with additional special education transportation routes, snow removal charges, and utility costs along with inflationary increases. The District also experienced additional participation in community service programs, contributing to the overall increase in revenues and expenses.

Figure A shows further analysis of these revenue sources:

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

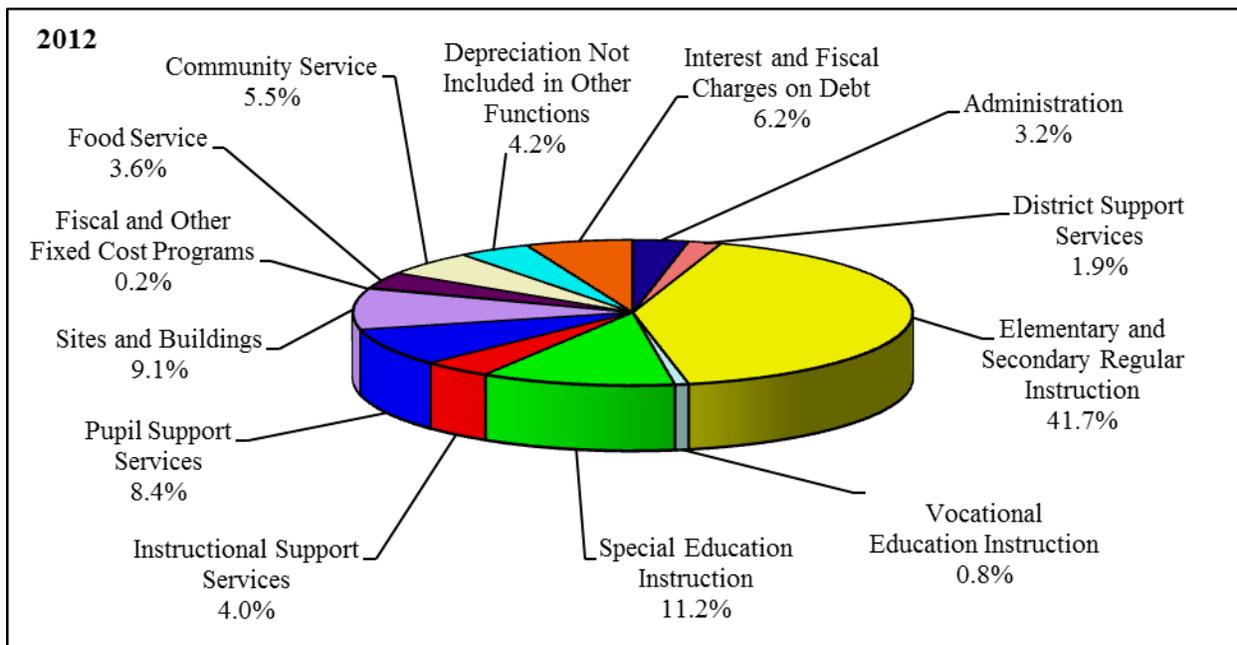
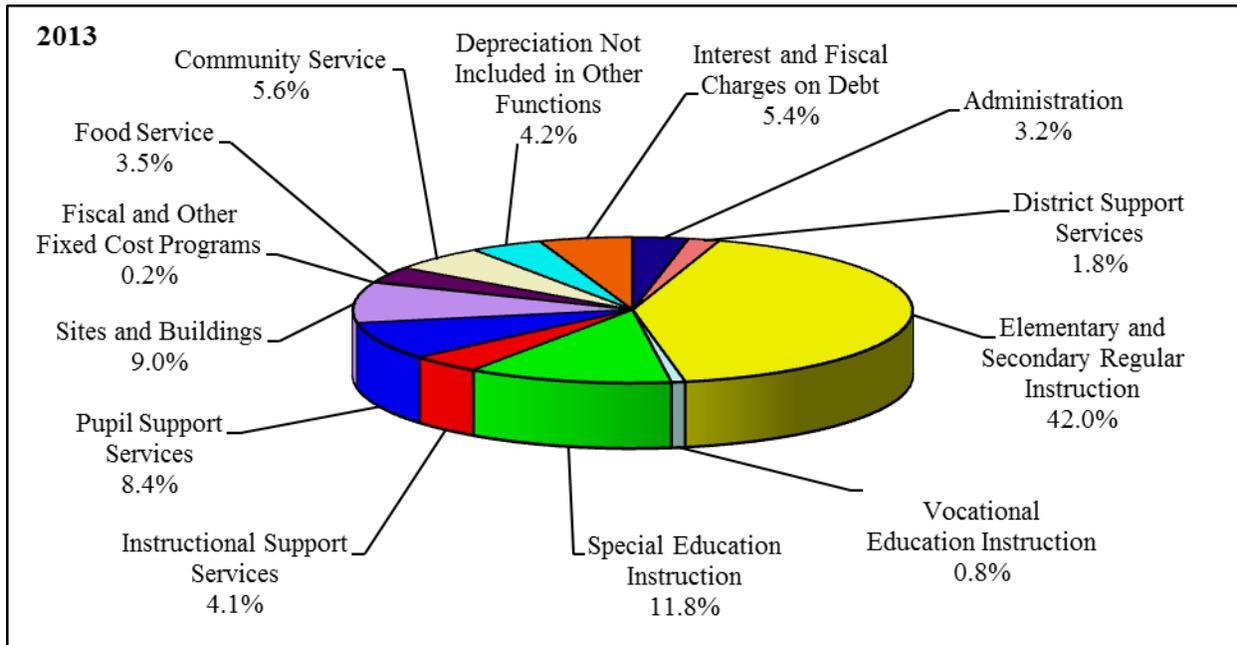


The largest share of the District's revenue is received from the state, including the aid formula and most of the operating grants. This significant reliance on the state for funding has placed tremendous pressure on local school districts as a result of limited funding due to the state's financial position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

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

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2013 and 2012



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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Major funds			
General	\$ 13,883,278	\$ 19,735,993	\$ (5,852,715)
Capital Projects –			
Building Construction	3,025,201	7,780,993	(4,755,792)
Debt Service	5,634,352	5,606,302	28,050
Nonmajor funds			
Food Service Special Revenue	1,324,578	1,442,386	(117,808)
Community Service Special Revenue	<u>1,768,129</u>	<u>1,873,351</u>	<u>(105,222)</u>
Total governmental funds	<u>\$ 25,635,538</u>	<u>\$ 36,439,025</u>	<u>\$ (10,803,487)</u>

As previously discussed, the focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2013, the District's governmental funds reported combined fund balances of \$25,635,538, a decrease of \$10,803,487 in comparison with the prior year. Approximately 11.7 percent of this amount (\$3,001,727) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$1,424,419), 2) restricted for particular purposes (\$14,710,898), 3) committed for particular purposes (\$3,899,880), or 4) assigned for particular purposes (\$2,598,614).

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenue and other financing sources	<u>\$ 166,267,039</u>	<u>\$ 169,372,559</u>	<u>\$ 3,105,520</u>	<u>1.9%</u>
Expenditures and other financing uses	<u>\$ 170,100,669</u>	<u>\$ 176,655,244</u>	<u>\$ 6,554,575</u>	<u>3.9%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended that budget for known changes in circumstances such as updated enrollment levels, legislative funding, funding received from grants or other local sources, staffing changes, insurance premium changes, special education tuition changes, employee contract settlements, and for capital leases approved.

Table 5 summarizes the operating results of the General Fund:

	<u>2013 Actual</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 171,356,798	\$ 1,984,239	1.2%	\$ 3,953,456	2.4%
Expenditures	<u>178,474,301</u>	<u>1,819,057</u>	1.1%	<u>7,466,826</u>	4.4%
Excess (deficiency) of revenue over expenditures	(7,117,503)	165,182		(3,513,370)	
Other financing sources (uses)	<u>1,264,788</u>	-		<u>(2,696,048)</u>	
Net change in fund balances	<u>\$ (5,852,715)</u>	<u>\$ 165,182</u>		<u>\$ (6,209,418)</u>	

The fund balance of the General Fund decreased consistent with the planned spend-down approved in the budget.

The revenue variance was primarily in property tax and state sources. The District experienced favorable collection rates and fewer tax abatements compared to amounts planned in the budget. Actual amounts recognized for compensatory aid and special education aid contributed to the variance in state sources. The increase in revenues over the prior year was a combination of the District serving more students, the 1 percent basic formula increase, new categorical funding for literacy incentive, one-time compensatory incentive funding, and increased special education funding recognized in the current year.

The expenditure variance was spread across several programs and object categories of the General Fund. Overall expenditures were within 1.1 percent of amounts approved in the final budget. The largest variance occurred in the special education instruction program, which was over budget by \$1,394,724. The largest expenditure increases occurred in elementary and secondary regular instruction and special education instruction programs which increased by \$3,732,668 and \$2,223,927 respectively. Additional expenditures for salary and benefits as well as purchased services as discussed earlier, contributed to this increase in total spending.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund expenditures exceeded revenues by \$4,755,792 in the current year, consistent with the spend-down planned in the budget. The District has \$3,025,201 of resources remaining in this fund as of June 30, 2013 to finance various district projects. Ongoing expenditures primarily relate to the alternative facilities program, which finances deferred maintenance projects of the District.

Debt Service Fund

The Debt Service Fund revenues exceed expenditures by \$28,050 in the current year. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of \$5,634,352 at June 30, 2013 is available for meeting future debt service obligations.

Internal Service Fund

During upcoming years, the District will continue to have an obligation to pay post-employment benefits according to negotiated contracts. Accordingly, the District established internal service funds to account for its severance, pension, and health plan benefits. The internal service funds are used to account for and monitor these benefits provided to eligible employees of the District on a cost reimbursement basis.

Additional details related to the District's actuarially accrued liability for pension and other post-employment benefits and funding progress are included in the notes to basic financial statements and as required supplementary information.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>	Increase (Decrease)
Land	\$ 9,747,070	\$ 9,747,070	\$ –
Construction in progress	358,434	7,595,409	(7,236,975)
Land improvements	13,585,366	13,578,503	6,863
Buildings	389,905,851	378,086,055	11,819,796
Machinery and equipment	13,679,577	12,283,030	1,396,547
Licensed vehicles	10,015,921	9,814,969	200,952
Less accumulated depreciation	<u>(101,837,493)</u>	<u>(92,013,025)</u>	<u>(9,824,468)</u>
Total	<u>\$ 335,454,726</u>	<u>\$ 339,092,011</u>	<u>\$ (3,637,285)</u>
Depreciation expense	<u>\$ 10,373,531</u>	<u>\$ 10,025,951</u>	<u>\$ 347,580</u>

By the end of 2013, 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 2013, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page. The increase in depreciation expense represents the additional depreciation on assets added near the end of the prior year and during the current year. Additional details about capital assets can be found in the notes to basic financial statements.

Long-Term Liabilities

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

	<u>2013</u>	<u>2012</u>	Increase (Decrease)
General obligation bonds	\$ 269,700,000	\$ 282,165,000	\$ (12,465,000)
Unamortized premium/discount	6,214,757	6,911,442	(696,685)
Capital leases	6,705,060	7,162,897	(457,837)
Compensated absences	1,237,212	1,288,093	(50,881)
Severance benefits	2,042,012	2,342,776	(300,764)
Net pension benefits obligation	131,918	114,597	17,321
Net OPEB obligation	<u>771,641</u>	<u>589,376</u>	<u>182,265</u>
Total	<u>\$ 286,802,600</u>	<u>\$ 300,574,181</u>	<u>\$ (13,771,581)</u>

The District had one new debt issue in the current year for a capital lease used to finance various laptops and other computer-related equipment totaling \$1,264,788. Scheduled debt repayments in the current year reduced the District's outstanding debt as of June 30, 2013.

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)

District's market value	\$ 7,626,898,000
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 1,144,034,700</u>

Additional details of the District's long-term debt activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The basic general education formula allowance for Minnesota school districts increased \$50 per pupil in fiscal year 2013 to \$5,224. The Legislature has added \$78, or 1.5 percent, per pupil to the formula for fiscal year 2014. Beginning with the 2015 fiscal year, several funding and pupil weighting changes are effective, which include an equivalent increase of \$80, or 1.5 percent, for basic general education formula funding. A weakened economy and growing demand on limited resources continue to present challenges in funding education for Minnesota schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This 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 Finance Department, Independent School District No. 833, District Service Center, 7362 East Point Douglas Road South, Cottage Grove, Minnesota 55016-3025.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Governmental Activities	
	2013	2012
Assets		
Cash and temporary investments	\$ 56,229,095	\$ 40,534,563
Receivables		
Current taxes	29,938,851	30,118,949
Delinquent taxes	974,204	1,248,885
Accounts and interest	236,324	465,275
Due from other governmental units	22,342,190	48,262,853
Inventory	501,530	411,769
Prepaid items	922,889	901,120
Restricted assets – temporarily restricted		
Cash and investments for debt service	833,388	833,388
Cash and investments for capital lease	–	4,100,000
Total restricted assets – temporarily restricted	833,388	4,933,388
Capital assets		
Not depreciated	10,105,504	17,342,479
Depreciated, net of accumulated depreciation	325,349,222	321,749,532
Total capital assets, net of accumulated depreciation	335,454,726	339,092,011
Total assets	\$ 447,433,197	\$ 465,968,813
Liabilities		
Salaries payable	\$ 9,600,494	\$ 8,945,773
Accounts and contracts payable	7,538,595	8,630,037
Accrued interest payable	4,485,542	4,625,103
Due to other governmental units	594,637	1,368,850
Arbitrage payable	71,711	–
Unearned revenue	1,629,244	3,394,584
Long-term liabilities		
Due within one year	16,471,641	15,468,078
Due in more than one year	270,330,959	285,106,103
Total long-term liabilities	286,802,600	300,574,181
Total liabilities	310,722,823	327,538,528
Deferred inflows of resources		
Property taxes levied for subsequent year	39,727,864	39,007,549
Net position		
Net investment in capital assets	55,788,399	50,633,665
Restricted for		
Capital asset acquisition	490,273	247,374
Food service	1,324,578	1,442,386
Community service	2,184,201	2,080,806
Debt service	1,574,660	1,512,744
Other purposes (state and other funding restrictions)	2,395,787	1,941,369
Unrestricted	33,224,612	41,564,392
Total net position	96,982,510	99,422,736
Total liabilities, deferred inflows of resources, and net position	\$ 447,433,197	\$ 465,968,813

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

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

Functions/Programs	Expenses	2013		2012
		Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				Net (Expense) Revenue and Changes in Net Position
Administration	\$ 7,050,311	\$ -	\$ 6,520	\$ (7,043,791)
District support services	4,018,082	-	88,262	(3,929,820)
Elementary and secondary regular instruction	92,521,117	960,461	14,386,775	(77,173,881)
Vocational education instruction	1,740,819	-	714,719	(1,026,100)
Special education instruction	25,962,043	-	15,942,864	(10,019,179)
Instructional support services	9,113,915	-	407,236	(8,706,679)
Pupil support services	18,413,745	158,619	2,662,532	(15,592,594)
Sites and buildings	19,778,272	-	1,210,159	(18,568,113)
Fiscal and other fixed cost programs	431,469	-	-	(431,469)
Food service	7,806,312	5,140,646	2,621,098	(44,568)
Community service	12,430,058	9,547,111	1,407,862	(1,475,085)
Depreciation not included in other functions	9,231,034	-	-	(9,231,034)
Interest and fiscal charges	11,796,212	-	-	(11,796,212)
Total governmental activities	<u>\$ 220,293,389</u>	<u>\$ 15,806,837</u>	<u>\$ 39,448,027</u>	(165,038,525)
General revenues				
Taxes				
Property taxes, levied for general purposes				27,046,036
Property taxes, levied for community service				1,312,685
Property taxes, levied for capital projects				1,306,697
Property taxes, levied for debt service				24,174,245
General grants and aids				106,799,031
Other general revenues				1,956,699
Investment earnings				2,906
Total general revenues				<u>162,598,299</u>
Change in net position				(2,440,226)
Net position – beginning				<u>99,422,736</u>
Net position – ending				<u>\$ 96,982,510</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Debt Service Fund</u>
Assets			
Cash and temporary investments	\$ 6,522,704	\$ 3,737,893	\$ 15,942,639
Cash and investments held by trustee	–	–	833,388
Receivables			
Current taxes	15,334,784	–	13,869,474
Delinquent taxes	524,002	–	425,850
Accounts and interest	204,183	–	10,220
Due from other governmental units	21,778,051	–	806
Inventory	274,213	–	–
Prepaid items	831,064	–	35,625
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 45,469,001</u>	<u>\$ 3,737,893</u>	<u>\$ 31,118,002</u>
Liabilities			
Salaries payable	\$ 9,024,346	\$ –	\$ –
Accounts and contracts payable	6,395,586	712,692	–
Due to other governmental units	589,007	–	–
Due to other funds	–	–	–
Unearned revenue	1,065,645	–	–
Total liabilities	<u>17,074,584</u>	<u>712,692</u>	<u>–</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	524,002	–	425,850
Property taxes levied for subsequent year	13,987,137	–	25,057,800
Total deferred inflows of resources	<u>14,511,139</u>	<u>–</u>	<u>25,483,650</u>
Fund balances (deficit)			
Nonspendable	1,105,277	–	35,625
Restricted	2,886,060	3,025,201	5,598,727
Committed	3,899,880	–	–
Assigned	2,598,614	–	–
Unassigned, reported in major funds	3,393,447	–	–
Unassigned, reported in special revenue funds	–	–	–
Total fund balances	<u>13,883,278</u>	<u>3,025,201</u>	<u>5,634,352</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,469,001</u>	<u>\$ 3,737,893</u>	<u>\$ 31,118,002</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2013	2012
\$ 3,765,858	\$ 29,969,094	\$ 28,529,382
–	833,388	4,933,388
734,593	29,938,851	30,118,949
24,352	974,204	1,248,885
4,027	218,430	462,397
563,333	22,342,190	48,262,853
227,317	501,530	411,769
56,200	922,889	901,120
<u>\$ 5,375,680</u>	<u>\$ 85,700,576</u>	<u>\$ 114,868,743</u>
\$ 576,148	\$ 9,600,494	\$ 8,945,773
430,317	7,538,595	8,630,037
5,630	594,637	1,368,850
–	–	15,834,040
563,599	1,629,244	3,394,584
<u>1,575,694</u>	<u>19,362,970</u>	<u>38,173,284</u>
24,352	974,204	1,248,885
682,927	39,727,864	39,007,549
<u>707,279</u>	<u>40,702,068</u>	<u>40,256,434</u>
283,517	1,424,419	1,312,889
3,200,910	14,710,898	18,880,107
–	3,899,880	4,188,228
–	2,598,614	3,988,180
–	3,393,447	8,245,358
(391,720)	(391,720)	(175,737)
<u>3,092,707</u>	<u>25,635,538</u>	<u>36,439,025</u>
<u>\$ 5,375,680</u>	<u>\$ 85,700,576</u>	<u>\$ 114,868,743</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2013

(With Partial Comparative Information as of June 30, 2012)

	<u>2013</u>	<u>2012</u>
Total fund balances – governmental funds	\$ 25,635,538	\$ 36,439,025
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	437,292,219	431,105,036
Accumulated depreciation	(101,837,493)	(92,013,025)
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	(269,700,000)	(282,165,000)
Unamortized premium/discount	(6,214,757)	(6,911,442)
Capital leases	(6,705,060)	(7,162,897)
Compensated absences	(1,237,212)	(1,288,093)
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.	23,332,324	24,795,350
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(4,485,542)	(4,625,103)
Arbitrage liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the governmental funds until actually due.	(71,711)	–
Certain revenues (including delinquent property taxes) are included in net position, but are excluded from fund balances until they are available to liquidate liabilities of the current period.	<u>974,204</u>	<u>1,248,885</u>
Total net position – governmental activities	<u>\$ 96,982,510</u>	<u>\$ 99,422,736</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2013
 (With Partial Comparative Information for the Year Ended June 30, 2012)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	\$ 27,207,656	\$ 1,306,697	\$ 24,279,940
Investment earnings (charges)	5,844	5,992	23,768
Other	3,075,779	–	–
State sources	136,622,880	–	5,925
Federal sources	4,444,639	–	1,150,715
Total revenue	<u>171,356,798</u>	<u>1,312,689</u>	<u>25,460,348</u>
Expenditures			
Current			
Administration	6,885,574	–	–
District support services	4,126,221	–	–
Elementary and secondary regular instruction	91,084,361	–	–
Vocational education instruction	1,740,819	–	–
Special education instruction	25,956,261	–	–
Instructional support services	9,121,267	–	–
Pupil support services	18,382,511	–	–
Sites and buildings	18,770,018	–	–
Fiscal and other fixed cost programs	431,469	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	6,068,481	588,015
Debt service			
Principal	1,722,625	–	12,465,000
Interest and fiscal charges	253,175	–	12,379,283
Total expenditures	<u>178,474,301</u>	<u>6,068,481</u>	<u>25,432,298</u>
Excess (deficiency) of revenue over expenditures	(7,117,503)	(4,755,792)	28,050
Other financing sources (uses)			
Building bonds issued	–	–	–
Refunding bonds issued	–	–	–
Premium on bonds issued	–	–	–
Payments from refunded bond escrow	–	–	–
Capital lease issued	1,264,788	–	–
Transfers in	–	–	–
Transfers (out)	–	–	–
Total other financing sources (uses)	<u>1,264,788</u>	<u>–</u>	<u>–</u>
Net change in fund balances	(5,852,715)	(4,755,792)	28,050
Fund balances			
Beginning of year	<u>19,735,993</u>	<u>7,780,993</u>	<u>5,606,302</u>
End of year	<u>\$ 13,883,278</u>	<u>\$ 3,025,201</u>	<u>\$ 5,634,352</u>

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2013	2012
\$ 1,320,051	\$ 54,114,344	\$ 53,398,487
(2,138)	33,466	271,107
14,687,757	17,763,536	18,486,503
1,688,182	138,316,987	130,985,867
2,334,717	7,930,071	9,535,433
<u>20,028,569</u>	<u>218,158,404</u>	<u>212,677,397</u>
–	6,885,574	6,834,030
–	4,126,221	3,932,209
–	91,084,361	87,351,693
–	1,740,819	1,717,365
–	25,956,261	23,732,334
–	9,121,267	8,573,910
–	18,382,511	17,473,201
–	18,770,018	19,728,887
–	431,469	397,742
7,534,746	7,534,746	7,323,687
12,204,906	12,204,906	11,378,251
511,947	7,168,443	14,170,324
–	14,187,625	11,141,959
–	12,632,458	15,214,160
<u>20,251,599</u>	<u>230,226,679</u>	<u>228,969,752</u>
(223,030)	(12,068,275)	(16,292,355)
–	–	6,150,000
–	–	8,440,000
–	–	93,657
–	–	(51,005,000)
–	1,264,788	4,100,000
–	–	139,164
–	–	(139,164)
<u>–</u>	<u>1,264,788</u>	<u>(32,221,343)</u>
(223,030)	(10,803,487)	(48,513,698)
<u>3,315,737</u>	<u>36,439,025</u>	<u>84,952,723</u>
<u>\$ 3,092,707</u>	<u>\$ 25,635,538</u>	<u>\$ 36,439,025</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2013

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

	<u>2013</u>	<u>2012</u>
Total net change in fund balances – governmental funds	\$ (10,803,487)	\$ (48,513,698)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in 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	6,736,246	14,779,854
Depreciation expense	(10,373,531)	(10,025,951)
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.		
	–	(22,502)
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.		
	(1,463,026)	(1,388,104)
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.		
	(1,264,788)	(18,690,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds	12,465,000	61,060,000
Capital leases	1,722,625	1,086,959
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.		
	139,561	1,037,879
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.		
Compensated absences	50,881	(54,211)
Early retirement incentive	–	1,239,896
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.		
	696,685	981,884
Arbitrage liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are reported in the governmental funds when the liability is actually paid.		
	(71,711)	1,040,649
Certain revenues (including delinquent property taxes) are included in the change in net position, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period.		
	<u>(274,681)</u>	<u>(646,859)</u>
Change in net position – governmental activities	<u>\$ (2,440,226)</u>	<u>\$ 1,885,796</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 26,273,667	\$ 26,693,571	\$ 27,207,656	\$ 514,085
Investment earnings	–	–	5,844	5,844
Other	2,754,501	3,039,921	3,075,779	35,858
State sources	133,384,934	135,022,815	136,622,880	1,600,065
Federal sources	3,853,937	4,616,252	4,444,639	(171,613)
Total revenue	<u>166,267,039</u>	<u>169,372,559</u>	<u>171,356,798</u>	<u>1,984,239</u>
Expenditures				
Current				
Administration	6,630,351	6,771,864	6,885,574	113,710
District support services	3,803,722	3,750,819	4,126,221	375,402
Elementary and secondary regular instruction	88,076,794	92,287,026	91,084,361	(1,202,665)
Vocational education instruction	1,678,775	1,753,597	1,740,819	(12,778)
Special education instruction	24,314,971	24,561,537	25,956,261	1,394,724
Instructional support services	8,534,264	9,021,832	9,121,267	99,435
Pupil support services	17,784,604	18,033,857	18,382,511	348,654
Sites and buildings	16,401,991	18,267,338	18,770,018	502,680
Fiscal and other fixed cost programs	1,495,380	427,557	431,469	3,912
Debt service				
Principal	1,228,196	1,608,196	1,722,625	114,429
Interest and fiscal charges	151,621	171,621	253,175	81,554
Total expenditures	<u>170,100,669</u>	<u>176,655,244</u>	<u>178,474,301</u>	<u>1,819,057</u>
Excess (deficiency) of revenue over expenditures	(3,833,630)	(7,282,685)	(7,117,503)	165,182
Other financing sources				
Capital lease issued	–	1,264,788	1,264,788	–
Net change in fund balances	<u>\$ (3,833,630)</u>	<u>\$ (6,017,897)</u>	<u>(5,852,715)</u>	<u>\$ 165,182</u>
Fund balances				
Beginning of year			<u>19,735,993</u>	
End of year			<u>\$ 13,883,278</u>	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Net Position
 Proprietary Funds
 Internal Service Funds
 as of June 30, 2013

(With Partial Comparative Information as of June 30, 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Current assets		
Cash and temporary investments	\$ 26,260,001	\$ 12,005,181
Interest receivable	17,894	2,878
Due from other funds	—	15,834,040
Total current assets	<u>26,277,895</u>	<u>27,842,099</u>
Liabilities		
Current liabilities		
Severance benefits payable	350,571	337,133
Long-term liabilities		
Severance benefits payable	1,691,441	2,005,643
Net obligation for pension benefits	131,918	114,597
Net obligation for other post-employment benefits	771,641	589,376
Total long-term liabilities	<u>2,595,000</u>	<u>2,709,616</u>
Total liabilities	<u>2,945,571</u>	<u>3,046,749</u>
Net position		
Unrestricted	<u>\$ 23,332,324</u>	<u>\$ 24,795,350</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Revenue, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2013
 (With Partial Comparative Information for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Operating revenue		
Contributions from governmental funds	\$ 1,213,553	\$ 1,271,765
Operating expenses		
Post-employment severance and health benefits	<u>2,717,730</u>	<u>2,686,486</u>
Operating income (loss)	(1,504,177)	(1,414,721)
Nonoperating revenue		
Investment earnings	<u>41,151</u>	<u>26,617</u>
Income (loss) before transfers	(1,463,026)	(1,388,104)
Transfers in	268,302	486,960
Transfers (out)	<u>(268,302)</u>	<u>(486,960)</u>
Change in net position	(1,463,026)	(1,388,104)
Net position		
Beginning of year	<u>24,795,350</u>	<u>26,183,454</u>
End of year	<u>\$ 23,332,324</u>	<u>\$ 24,795,350</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Cash Flows
 Proprietary Funds
 Internal Service Funds
 Year Ended June 30, 2013

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

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 1,213,553	\$ 1,271,765
Severance benefit payments	(462,762)	(462,003)
Pension benefit payments	(497,592)	(800,640)
Other post-employment benefit payments	(1,858,554)	(2,010,477)
Net cash flows from operating activities	<u>(1,605,355)</u>	<u>(2,001,355)</u>
Cash flows from noncapital financial activities		
Cash paid to other funds	15,834,040	(9,830,855)
Transfer in	268,302	486,960
Transfer (out)	(268,302)	(486,960)
Net cash flows from noncapital financing activities	<u>15,834,040</u>	<u>(9,830,855)</u>
Cash flows from investing activities		
Interest on investments	<u>26,135</u>	<u>55,141</u>
Net change in cash and temporary investments	14,254,820	(11,777,069)
Cash and temporary investments		
Beginning of year	<u>12,005,181</u>	<u>23,782,250</u>
End of year	<u>\$ 26,260,001</u>	<u>\$ 12,005,181</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ (1,504,177)	\$ (1,414,721)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Severance benefits payable	(300,764)	(324,906)
Net obligation for pension benefits	17,321	(291,538)
Net obligation for other post-employment benefits	182,265	29,810
Net cash flows from operating activities	<u>\$ (1,605,355)</u>	<u>\$ (2,001,355)</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Fiduciary Net Position
 Fiduciary Fund
 as of June 30, 2013

	<u>Scholarship Private-Purpose Trust Fund</u>
Assets	
Cash and temporary investments	<u>\$ 54,883</u>
Net position	
Held in trust for scholarships	<u>\$ 54,883</u>

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

	<u>Scholarship Private-Purpose Trust Fund</u>
Additions	
Contributions	\$ 33,233
Deductions	
Scholarships and other deductions	<u>43,081</u>
Change in net position	(9,848)
Net position	
Beginning of year	<u>64,731</u>
End of year	<u>\$ 54,883</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Notes to Basic Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 833 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A School Board elected by voters of the District governs the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. 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 any 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, district school boards can elect to either control or not to control extracurricular student activities. The District's School Board has elected not to control or be otherwise financially accountable with respect to the underlying extracurricular activities. Accordingly, the extracurricular student activity accounts are not 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 revenues are recognized when all eligible 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 not included in other functions.” Interest on 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.

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. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. 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 other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type; the Scholarship Private-Purpose Trust Fund is the District's only fiduciary fund. 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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (MDE). Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are 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 or under the alternative facilities program.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used primarily to record financial activities of the District's Child Nutrition Program.

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

Proprietary Fund

Internal Service Funds – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service funds include financing for post-employment severance, pension, and health benefits offered by the District to its employees.

Fiduciary Fund

Scholarship Private-Purpose Trust Fund – The Scholarship Private-Purpose Trust Fund is used to account for resources held in trust to be used by various other third parties for donor-directed purposes, such as to award scholarships to former students.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level.

Expenditures in the General Fund and the Debt Service Fund exceeded budgeted appropriations by \$1,819,057 and \$5,938, respectively, during the fiscal year ended June 30, 2013. These variances were financed by revenues in excess of budget.

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. Bond proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings on these proceeds are allocated directly to the fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Debt Service Fund, the escrow account held by the trustee can be used only to retire outstanding debt as required by terms of the debt issue. Interest earned on these investments is allocated directly to the escrow account.

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.

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 receivable not expected to be fully collected within one year is property taxes receivable.

At June 30, 2013, the District reported the following receivables due from other governmental units:

Due from the Minnesota Department of Education	\$	22,159,183
Due from other Minnesota school districts		31,393
Due from Washington County and other		<u>151,614</u>
Total	\$	<u><u>22,342,190</u></u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, warehouse supplies, and surplus commodities received from the federal government. Purchased food and supplies are recorded at cost on a first-in, first-out basis. Warehouse supplies are recorded using an average cost 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 expenses/expenditures at the time of consumption.

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids 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 mandated tax shift recognizes \$14,396,334 of the property tax levy collectible in 2013 as revenue to the District in fiscal year 2012–2013. The remaining portion of the taxes collectible in 2013 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is 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 operations of the District.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are recorded in the government-wide financial statements, but are not reported in the governmental 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 declared as 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, ranging from 20 to 50 years for land improvements and buildings and 5 to 15 years for machinery, equipment, and vehicles. Land and construction in progress are not depreciated.

The District does not possess 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. If material, 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 or discounts on debt issuances are reported as other financing sources or uses, respectively.

M. Compensated Absences Payable

- 1. Vacation Pay** – Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Unused vacation pay is accrued in governmental fund financial statements only when used or matured due to employee termination or similar circumstances.
- 2. Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of an employee's severance pay upon termination for certain collective bargaining units.

N. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions of certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Members of certain employee groups may elect to receive district matching contributions paid into tax deferred matching contribution plans. Severance or retirement benefits are required to be paid out twice a year (June and January) following the effective date of retirement. Retirement benefits for certain employee groups are paid into a post-employment tax sheltered annuity account. For all other employees, severance benefits are paid out directly to the employee.

Severance pay based on convertible sick leave is recorded as a liability in the Internal Service Fund and in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position

In the government-wide and internal service fund financial statements, net position represents the difference between assets, deferred outflows of resources (if any), 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 their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

P. 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 School Board. Those committed amounts cannot be used for any other purpose unless the School Board 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 the School Board’s adopted fund balance policy, the District’s Superintendent is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Statement of Cash Flows

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 equivalent. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

R. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal year 2013.

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. Restricted Assets

Restricted assets are cash and cash equivalents and the related interest receivable whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements these assets have been reported as "cash and investments held by trustee" and the interest receivable is included within "accounts and interest receivable."

U. Deferred Inflows of Resources

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Prior Period Comparative Financial Information/Reclassifications

The financial statements include partial prior year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2012, from which such partial 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.

W. Changes in Accounting Principles

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

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$	16,757,771
Investments		40,348,695
Cash on hand		<u>10,900</u>
Total	\$	<u><u>57,117,366</u></u>

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

Statement of Net Position		
Cash and temporary investments	\$	56,229,095
Restricted assets – temporarily restricted		
Cash and investments for debt service		833,388
Statement of Fiduciary Net Position		
Cash and temporary investments		<u>54,883</u>
Total	\$	<u><u>57,117,366</u></u>

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, 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 deposit policies do not further limit depository choices.

At year-end, the District had a carrying amount of deposits of \$16,757,771, while the balance on the bank records was \$16,768,671. At June 30, 2013, all deposits were insured or collateralized by securities held by the District’s agent in the District’s name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District had the following investments at year-end:

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years			Total
	Credit Rating	Rating Agency	Less Than 1	1 to 5	6 to 10	
	U.S. agency securities	Aaa	Moody's	\$ –	\$ 4,681,470	
Negotiable Certificates of Deposit	N/R	N/A	\$ 5,632,818	\$ –	\$ –	5,632,818
Investment pools/mutual funds						
Minnesota School District Liquid Asset Fund	AAA	S&P	N/A	N/A	N/A	22,112,558
First American Treasury Obligations Fund	AAA	S&P	N/A	N/A	N/A	833,388
Total investments						<u>\$ 40,348,695</u>

N/A – Not Available

N/R – Not Reported

The Minnesota School District Liquid Asset Fund is regulated by Minnesota Statutes and is an external investment pool which is not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The District's investment in this trust is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates 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. Although the District's investment policies do 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. The District's investment policies do not further restrict investing in specific financial instruments.

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. At June 30, 2013, the District’s investment portfolio includes the following percentages of specific issuers:

U.S. agency securities	
FHLMC	19.2%
FNMA	10.0%

The District has an internal policy that limits investment choices and addresses these potential risks beyond the statutory limitations listed above. These limitations are discussed below:

- Investments in the various authorized instruments cannot exceed the following percentages of total funds:
 1. U.S. treasury obligations (bills, notes, and bonds) – 100 percent
 2. U.S. government agency securities and instrumentalities of government-sponsored corporations – 100 percent
 3. Bankers’ acceptances – 25 percent
 4. Commercial paper – 75 percent
 5. Repurchase agreements – 50 percent
 6. Certificates of deposit commercial banks – 100 percent
 7. Certificates of deposit savings and loans – 25 percent
 8. School district investment pool – 75 percent
- Not more than 50 percent of the total non-construction portfolio shall be with any one depository.

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 policies do 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 asset activity for the year ended June 30, 2013 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 9,747,070	\$ –	\$ –	\$ –	\$ 9,747,070
Construction in progress	7,595,409	4,069,741	–	(11,306,716)	358,434
Total capital assets, not depreciated	17,342,479	4,069,741	–	(11,306,716)	10,105,504
Capital assets, depreciated					
Land improvements	13,578,503	6,863	–	–	13,585,366
Buildings	378,086,055	1,224,282	–	10,595,514	389,905,851
Machinery and equipment	12,283,030	685,345	–	711,202	13,679,577
Licensed vehicles	9,814,969	750,015	(549,063)	–	10,015,921
Total capital assets, depreciated	413,762,557	2,666,505	(549,063)	11,306,716	427,186,715
Less accumulated depreciation for					
Land improvements	(5,934,131)	(664,954)	–	–	(6,599,085)
Buildings	(72,096,653)	(7,849,996)	–	–	(79,946,649)
Machinery and equipment	(6,814,792)	(1,123,374)	–	–	(7,938,166)
Licensed vehicles	(7,167,449)	(735,207)	549,063	–	(7,353,593)
Total accumulated depreciation	(92,013,025)	(10,373,531)	549,063	–	(101,837,493)
Net capital assets, depreciated	321,749,532	(7,707,026)	–	11,306,716	325,349,222
Total capital assets, net	\$ 339,092,011	\$ (3,637,285)	\$ –	\$ –	\$ 335,454,726

Depreciation expense for the year ended June 30, 2013 was charged to the following governmental functions:

District support services	\$ 16,392
Elementary and secondary regular instruction	163,657
Special education instruction	968
Instructional support services	3,465
Pupil support services	679,355
Sites and buildings	145,657
Food service	119,920
Community service	13,083
Depreciation not included in other functions	9,231,034
Total depreciation expense	\$ 10,373,531

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	Remaining Maturities	Principal Outstanding
General Obligation					
2005B Refunding Bonds	10/20/2005	3.99%	\$ 52,500,000	02/01/2014–02/01/2021	\$ 45,010,000
2006A Building Bonds	11/28/2006	4.15%	\$ 110,000,000	02/01/2014–02/01/2027	101,600,000
2008A Building Bonds	06/18/2008	4.41%	\$ 39,000,000	02/01/2014–02/01/2027	36,600,000
2008B Alternative Facility Bonds	08/13/2008	4.41%	\$ 11,250,000	02/01/2014–02/01/2025	10,750,000
2010A Refunding Bonds	04/21/2010	3.30%	\$ 41,445,000	02/01/2014–02/01/2023	40,610,000
2010B Taxable Alternative Facility Bonds	06/10/2010	5.50%	\$ 4,365,000	06/01/2026	4,365,000
2010C Taxable Alternative Facility Bonds	06/10/2010	5.00%	\$ 19,565,000	06/01/2024–06/01/2026	19,565,000
2011A Refunding Bonds	11/15/2011	2.00%	\$ 6,275,000	12/01/2013–12/01/2014	4,535,000
2012A Alternative Facility Bonds	04/19/2012	3.35%	\$ 6,150,000	02/01/2014–02/01/2027	5,250,000
2012B Refunding Bonds	04/19/2012	0.83%	\$ 2,165,000	06/01/2014–06/01/2015	1,415,000
Total general obligation bonds					<u>\$ 269,700,000</u>

These bonds were issued to finance acquisition, construction, and/or improvement of capital facilities, or to refinance (refund) 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.

The District's 2010B bonds were issued as Qualified Zone Academy Bonds – Direct Payment, for which the District receives a federal rebate equal to 100 percent of the interest payment on this debt issue. The District's 2010C bonds were issued as Qualified School Construction Bonds – Direct Payment. Although the District has complied with all eligibility requirements for this credit, the District received notice from the Internal Revenue Service that interest payment credits were reduced by 8.7 percent.

B. Capital Leases

The District has entered into five capital lease agreements for equipment and facility space. The leases, which bear interest rates ranging from 1.74 percent to 5.22 percent, call for periodic principal and interest payments through April 15, 2027. The leases are being paid through the General Fund. The capitalized assets acquired through these leases totaled \$18,034,660 (the present value of the future minimum lease payments as of the inception date).

C. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, early retirement incentive, severance benefits, pension benefits, and other post-employment benefits (OPEB). The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund or through the internal service funds.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2014	\$ 13,215,000	\$ 11,940,625	\$ 1,668,858	\$ 197,908
2015	16,175,000	11,430,783	1,552,993	135,731
2016	14,965,000	10,783,273	312,047	99,477
2017	16,405,000	10,062,398	247,295	92,062
2018	17,505,000	9,262,148	254,772	84,585
2019–2023	102,630,000	33,402,538	1,394,180	302,605
2024–2028	88,805,000	9,649,018	1,274,915	82,513
	<u>\$ 269,700,000</u>	<u>\$ 96,530,783</u>	<u>\$ 6,705,060</u>	<u>\$ 994,881</u>

E. Changes in Long-Term Liabilities

	Balance – June 30, 2012	Additions	Retirements	Balance – June 30, 2013	Due Within One Year
General obligation bonds	\$ 282,165,000	\$ –	\$ 12,465,000	\$ 269,700,000	\$ 13,215,000
Unamortized premium/discount	6,911,442	–	696,685	6,214,757	–
Capital leases	7,162,897	1,264,788	1,722,625	6,705,060	1,668,858
Compensated absences	1,288,093	1,363,677	1,414,558	1,237,212	1,237,212
Severance benefits	2,342,776	161,998	462,762	2,042,012	350,571
Net pension benefits obligation (see Note 7)	114,597	514,913	497,592	131,918	–
Net OPEB obligation (see Note 6)	589,376	2,040,819	1,858,554	771,641	–
	<u>\$ 300,574,181</u>	<u>\$ 5,346,195</u>	<u>\$ 19,117,776</u>	<u>\$ 286,802,600</u>	<u>\$ 16,471,641</u>

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds which are defined earlier in the report. When applicable, certain restrictions which have an accumulated deficit 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. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

A. Classifications

At June 30, 2013, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 274,213	\$ –	\$ –	\$ 227,317	\$ 501,530
Prepaid items	831,064	–	35,625	56,200	922,889
Total nonspendable	1,105,277	–	35,625	283,517	1,424,419
Restricted					
Health and safety	360,505	–	–	–	360,505
Operating capital	129,768	–	–	–	129,768
Learning and development	419,730	–	–	–	419,730
State-approved alternative programs	108,323	–	–	–	108,323
Basic skills	1,837,051	–	–	–	1,837,051
Community arts center	30,683	–	–	–	30,683
Alternative facilities program	–	2,895,565	–	–	2,895,565
Building construction	–	129,636	–	–	129,636
Debt service	–	–	5,598,727	–	5,598,727
Food service	–	–	–	1,068,763	1,068,763
Community education programs	–	–	–	1,709,130	1,709,130
Early Childhood Family Education programs	–	–	–	301,972	301,972
Adult basic education	–	–	–	67,484	67,484
Community service	–	–	–	53,561	53,561
Total restricted	2,886,060	3,025,201	5,598,727	3,200,910	14,710,898
Committed					
Alternative Teacher Professional Pay System	604,235	–	–	–	604,235
Donations/gifts	244,890	–	–	–	244,890
School budget carryover	172,579	–	–	–	172,579
Tax shift	2,878,176	–	–	–	2,878,176
Total committed	3,899,880	–	–	–	3,899,880
Assigned					
Staff development	72,286	–	–	–	72,286
Subsequent year budget deficit	2,526,328	–	–	–	2,526,328
Total assigned	2,598,614	–	–	–	2,598,614
Unassigned					
Unassigned	3,393,447	–	–	–	3,393,447
School readiness restricted account deficit	–	–	–	(391,720)	(391,720)
Total unassigned	3,393,447	–	–	(391,720)	3,001,727
Total	\$ 13,883,278	\$ 3,025,201	\$ 5,634,352	\$ 3,092,707	\$ 25,635,538

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to maintain an unrestricted fund balance each year of 5 percent to 9 percent of the District's General Fund unrestricted operating expenditure budget. At June 30, 2013, the unrestricted fund balance of the General Fund was 6.8 percent of the fiscal 2013 General Fund Operating Account expenditures, as calculated in accordance with the District's fund balance policy.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Descriptions

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. 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:

Teachers' Post-Employment Healthcare Savings Benefits – Eligible teachers receive at retirement an amount equal to a calculated number of days paid multiplied by their daily rate of pay at retirement. This benefit is limited to 121 days or \$41,347, whichever is greater. This amount is used to extend insurance coverage for the retired teacher.

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, 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.

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 periodically by the District. The District has established internal service funds to account for these obligations.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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	\$ 2,051,306
Interest on net OPEB obligation	26,522
Adjustment to ARC	(37,009)
Annual OPEB cost (expense)	<u>2,040,819</u>
Contributions made	<u>1,858,554</u>
Increase in net OPEB obligation	182,265
Net OPEB obligation – beginning of year	<u>589,376</u>
Net OPEB obligation – end of year	<u><u>\$ 771,641</u></u>

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

Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 1,945,449	\$ 1,785,890	91.8%	\$ 559,566
2012	\$ 2,040,287	\$ 2,010,477	98.5%	\$ 589,376
2013	\$ 2,040,819	\$ 1,858,554	91.1%	\$ 771,641

D. Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) were both \$18,057,291, as the plan is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$91,634,068, and the ratio of the UAAL to the covered payroll was 19.7 percent.

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

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Actuarial Methods and Assumptions

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

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.5 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 3.0 percent rate of projected salary increases; an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after six years for medical insurance; and an annual healthcare trend rate of 4.0 percent for dental insurance. All rates include a 2.5 percent inflation assumption. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization periods at July 1, 2011 for the various amortization layers ranged from 26 to 30 years.

NOTE 7 – PENSION BENEFITS PLAN

A. Plan Description

The District provides pension benefits to certain eligible employees through the Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups. 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:

Teacher Pension Benefits – For eligible teachers hired before July 1, 1991, the District pays a lump sum pension benefit up to \$22,500 based on years of service at retirement. The amount of any pension benefits due to an employee is reduced by the total matching contributions made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

Other Pension Benefits – The District offers pension benefits to several other employee groups. Eligible employees (contracts stipulate a minimum number of years of service and a minimum age) can earn a lump sum pension benefit that differs by bargaining unit. Some contracts also reduce the pension benefits by the total matching contribution made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

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 periodically by the District. The District has established internal service funds to account for these obligations.

NOTE 7 – PENSION BENEFITS PLAN (CONTINUED)

C. Annual Pension Cost and Net Pension Obligation

The District’s annual pension cost (expense) is calculated based on the ARC of the District, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement Nos. 25, 27, and 50. 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 pension cost for the year, the amount actually contributed to the plan, and the changes in the District’s net pension obligation to the plan:

ARC	\$ 517,857
Interest on net pension obligation	5,157
Adjustment to ARC	(8,101)
Annual pension cost/expense	<u>514,913</u>
Contributions made	<u>497,592</u>
Increase (decrease) in net pension obligation	17,321
Net pension obligation – beginning of year	<u>114,597</u>
Net pension obligation – end of year	<u><u>\$ 131,918</u></u>

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

Fiscal Year Ended June 30,	Annual Pension Cost	Employer Contribution	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2011	\$ 641,693	\$ 738,093	115.0%	\$ 406,135
2012	\$ 509,102	\$ 800,640	157.3%	\$ 114,597
2013	\$ 514,913	\$ 497,592	96.6%	\$ 131,918

D. Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) were both \$4,821,107, as the plan is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$67,113,959 and the ratio of the UAAL to the covered payroll was 7.2 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 and mortality. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 7 – PENSION BENEFITS PLAN (CONTINUED)

E. Actuarial Methods and Assumptions

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

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.5 percent investment rate of return (net of administrative expenses) based on the District's own investments and a 3.0 percent salary increase for all members. All rates include a 2.5 percent inflation assumption. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization periods at July 1, 2011 for the various amortization layers ranged from 26 to 30 years.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

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

Teachers' Retirement Association (TRA)

A. Plan Description

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

Tier I

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

With these provisions:

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

Tier II

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan members applies. Actuarially equivalent early retirement reduction factors with augmentation are used for early retirement before the normal age of 65. These reduction factors average approximately 4–5.4 percent per year.

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

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

B. Funding Policy

Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. These statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 6.5 percent and 10.0 percent, respectively, of their annual covered salary during fiscal year 2013 as employee contributions. The TRA employer contribution rates are 6.5 percent for Coordinated Plan members and 10.5 percent for Basic Plan members during fiscal year 2013. Total covered payroll salaries for all TRA members state-wide during the fiscal years June 30, 2012, 2011, and 2010 were approximately \$3.87 billion, \$3.84 billion, and \$3.79 billion, respectively.

The District's contributions for the years ended June 30, 2013, 2012, and 2011 were \$5,734,669, \$4,981,858, and \$4,538,868, respectively, equal to the contractually required contributions for each year as set by state statutes.

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

Public Employees' Retirement Association (PERA)

A. Plan Description

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

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

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

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

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

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

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

B. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. The GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in fiscal 2013. In fiscal 2013, the District was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members and 7.25 percent for Coordinated Plan members.

The District's contributions to the GERP for the years ended June 30, 2013, 2012, and 2011 were \$1,922,319, \$1,830,807, and \$1,779,482, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statutes.

NOTE 9 – FLEXIBLE BENEFIT PLAN

The District has established the Flexible Spending Plan (the Plan). The Plan is a "cafeteria 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 withheld from payroll checks to the Plan for health insurance, healthcare, and dependant care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, 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 Plan, whether or not such contributions have been made.

Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies.

Amounts withheld for medical reimbursement and dependant care are paid by the District to a trust account maintained by an outside administrator on a monthly basis. Payments are made by the outside administrator 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 and special revenue funds.

NOTE 9 – FLEXIBLE BENEFIT PLAN (CONTINUED)

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 in an amount equal to the eligible healthcare 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 10 – INTERFUND TRANSACTIONS

During fiscal 2013, transfers were made between internal service funds to maintain a consistent level of funding between the various benefits offered and financed in the District's internal service funds. Transfers totaling \$268,302 were transferred from the Other Post-Employment Benefits Internal Service Fund with \$24,859 and \$243,443 received in the Severance Benefits and Pension Benefits Internal Service Funds, respectively.

NOTE 11 – JOINT VENTURES

A. Valley Crossing Community School

The District participates in a joint venture to govern the administration, financing, and operation of a joint elementary school known as Valley Crossing Community School (the joint elementary school). The joint elementary school was established through a joint powers agreement entered into on October 18, 1994 and amended in July 1995 with the District, Independent School District No. 622, and Independent School District No. 834 (the independent districts) and Northeast Metropolitan Intermediate School District No. 916 (the intermediate district), pursuant to applicable Minnesota Statutes. The independent districts establish policies and take steps to ensure that a sufficient number of pupils from each of the independent districts and the intermediate district will be enrolled in the joint elementary school and will also provide advice and assistance to the intermediate district (which is responsible for the operations of the joint elementary school).

The participating districts pay tuition equal to aids paid by the state and all local tax levies received by the districts, based on their individual share of pupils attending the joint elementary school. The District does not hold an explicit measurable equity interest in the joint elementary school. If the joint elementary school or its contents were to be sold, the remaining net sale proceeds would be distributed among the participating districts based on the ratio of leasing levies, capital expenditure revenue/related tuition, and continuing capital costs paid by each district.

NOTE 11 – JOINT VENTURES (CONTINUED)

Total operating revenues for the joint elementary school for fiscal 2012–2013 as reported by the intermediate district were as follows:

	<u>ISD No. 622</u>	<u>ISD No. 834</u>	<u>ISD No. 833</u>	<u>Total</u>
Total funding by district	<u>\$ 685,335</u>	<u>\$ 2,292,236</u>	<u>\$ 1,791,926</u>	<u>\$ 4,769,497</u>

The following information for the joint elementary school is from the audited financial statements of the intermediate district for the year ended June 30, 2012, the most recent financial statements available:

	<u>General Fund</u>	Community Service Special Revenue Fund	Debt Service Fund	<u>Capital Assets</u>	Long-Term Debt
Assets	\$ 2,258,877	\$ –	\$ 236,418	\$ 18,038,064	\$ –
Liabilities	\$ 1,038,616	\$ –	\$ 121,807	\$ –	\$ 5,145,000
Fund balances	\$ 1,220,261	\$ 851	\$ 114,611	\$ –	\$ –
Revenue	\$ 6,027,924	\$ –	\$ 423,303	\$ –	\$ –
Expenditures	\$ 5,828,302	\$ 60	\$ 1,426,113	\$ –	\$ –

As part of the joint powers agreement covering the construction and operation of the joint elementary school, the District is committed to levy its proportionate share of lease costs necessary to repay \$18,000,000 of bonds issued by the intermediate district during fiscal 1995–1996 to fund construction of the joint elementary school. A calculation is performed to determine each participating district’s proportionate share of the required lease levy based on each district’s number of pupils attending the joint elementary school. The District’s share of the total debt service requirement on these bonds for fiscal 2012–2013 is \$588,015, out of a total commitment of \$1,438,613 for the three participating school districts. Further financial information can be obtained from the intermediate district.

B. East Metro Integration District No. 6067

The District participates in a joint venture for the operation of an elementary and middle school known as Harambee Community School and Crosswinds Middle School (the joint schools). The joint schools were established through a joint powers agreement with the District, Special School District No. 6, Independent School District No. 197, Independent School District No. 199, Independent School District No. 623, Independent School District No. 624, Independent School District No. 625, Independent School District No. 832, and Independent School District No. 834 (the independent districts), pursuant to applicable Minnesota Statutes. The joint powers agreement was entered into on May 18, 1995, and amended January 25, 1998, January 26, 1999, and October 1, 1999. The purpose of the agreement is to govern the administration, financing, and operation of a joint elementary and middle school. The independent districts pay tuition equal to aids paid by the state and all local tax levies received by the independent districts, based on their individual shares of the pupils attending the joint schools. If the joint schools or its contents were to be sold, the remaining net sale proceeds would be distributed among the independent districts in an amount which the Joint Powers Board determines is proportionate to the respective member contributions. Financial information regarding the joint schools can be obtained through the Joint Powers Board or the member school districts. During the year ended June 30, 2013, the District paid East Metro Integration District No. 6067 \$296,601 in tuition. As of June 30, 2012, East Metro Integration District No. 6067 had assets totaling \$6,117,398 and fund equity of \$5,696,488. Information related to 2012–2013 for East Metro Integration District No. 6067 is not available. Further financial information can be obtained from East Metro Integration District No. 6067.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. Construction Contracts

At June 30, 2013, the District had commitments totaling \$783,877 under various construction contracts for which the work was not yet completed.

D. Tax Abatement Levy

In September 2000, 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 a portion of the principal and interest on bonds issued by the City of Woodbury, Minnesota (the City) issued in compliance with Minnesota Statute § 469.1814. These bonds were issued by and for the City to construct certain highway public improvements and to complete certain site improvements at the Highway 494 – Tamarack Road interchange.

This pledge shall continue as scheduled in the agreement, which is through the District's payable 2014 (revenue in 2015) levy. The District's future economic development tax levy that will be used to make payments to the City on these bonds is as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 83,500
2015	<u>74,100</u>
	<u>\$ 157,600</u>

NOTE 13 – SUBSEQUENT EVENTS

On July 15, 2013, the District entered into a lease agreement for computer hardware totaling \$2,606,382 with Apple Inc. The lease has a 1.72 percent interest rate and a final maturity of July 15, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 833

Schedules of Funding Progress
June 30, 2013

Other Post-Employment Benefits Plan

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
July 1, 2007	\$ 21,443,085	\$ -	\$ 21,443,085	- %	\$ 83,103,862	25.8 %
July 1, 2009	\$ 18,156,592	\$ -	\$ 18,156,592	- %	\$ 92,615,888	19.6 %
July 1, 2011	\$ 18,057,291	\$ -	\$ 18,057,291	- %	\$ 91,634,068	19.7 %

Pension Benefits Plan

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
July 1, 2007	\$ 6,908,253	\$ -	\$ 6,908,253	- %	\$ 62,063,880	11.1 %
July 1, 2009	\$ 5,917,530	\$ -	\$ 5,917,530	- %	\$ 67,853,360	8.7 %
July 1, 2011	\$ 4,821,107	\$ -	\$ 4,821,107	- %	\$ 67,113,959	7.2 %

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 833

Nonmajor Governmental Funds
 Combining Balance Sheet
 as of June 30, 2013

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 1,264,032	\$ 2,501,826	\$ 3,765,858
Receivables			
Current taxes	–	734,593	734,593
Delinquent taxes	–	24,352	24,352
Accounts and interest	1,491	2,536	4,027
Due from other governmental units	319,230	244,103	563,333
Inventory	227,317	–	227,317
Prepaid items	28,498	27,702	56,200
	<u>28,498</u>	<u>27,702</u>	<u>56,200</u>
Total assets	<u>\$ 1,840,568</u>	<u>\$ 3,535,112</u>	<u>\$ 5,375,680</u>
Liabilities			
Salaries payable	\$ 120,404	\$ 455,744	\$ 576,148
Accounts and contracts payable	122,930	307,387	430,317
Due to other governmental units	–	5,630	5,630
Unearned revenue	272,656	290,943	563,599
Total liabilities	<u>515,990</u>	<u>1,059,704</u>	<u>1,575,694</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	–	24,352	24,352
Property taxes levied for subsequent year	–	682,927	682,927
Total deferred inflows of resources	<u>–</u>	<u>707,279</u>	<u>707,279</u>
Fund balances (deficit)			
Nonspendable for inventory	227,317	–	227,317
Nonspendable for prepaid items	28,498	27,702	56,200
Restricted	1,068,763	2,132,147	3,200,910
Unassigned	–	(391,720)	(391,720)
Total fund balances (deficit)	<u>1,324,578</u>	<u>1,768,129</u>	<u>3,092,707</u>
	<u>\$ 1,840,568</u>	<u>\$ 3,535,112</u>	<u>\$ 5,375,680</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,840,568</u>	<u>\$ 3,535,112</u>	<u>\$ 5,375,680</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Special Revenue Funds		Total
	Food Service	Community Service	
Revenue			
Local sources			
Property taxes	\$ -	\$ 1,320,051	\$ 1,320,051
Investment earnings (charges)	(5,682)	3,544	(2,138)
Other	5,140,646	9,547,111	14,687,757
State sources	294,493	1,393,689	1,688,182
Federal sources	2,326,605	8,112	2,334,717
Total revenue	<u>7,756,062</u>	<u>12,272,507</u>	<u>20,028,569</u>
Expenditures			
Current			
Food service	7,534,746	-	7,534,746
Community service	-	12,204,906	12,204,906
Capital outlay	339,124	172,823	511,947
Total expenditures	<u>7,873,870</u>	<u>12,377,729</u>	<u>20,251,599</u>
Net change in fund balances	(117,808)	(105,222)	(223,030)
Fund balances			
Beginning of year	<u>1,442,386</u>	<u>1,873,351</u>	<u>3,315,737</u>
End of year	<u>\$ 1,324,578</u>	<u>\$ 1,768,129</u>	<u>\$ 3,092,707</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

General Fund
Comparative Balance Sheet
as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 6,522,704	\$ -
Cash and investments held by trustee	-	4,100,000
Receivables		
Current taxes	15,334,784	15,690,016
Delinquent taxes	524,002	685,622
Accounts and interest	204,183	438,610
Due from other governmental units	21,778,051	47,246,036
Inventory	274,213	311,480
Prepaid items	831,064	814,004
	<u> </u>	<u> </u>
Total assets	<u>\$ 45,469,001</u>	<u>\$ 69,285,768</u>
Liabilities		
Salaries payable	\$ 9,024,346	\$ 8,356,795
Accounts and contracts payable	6,395,586	6,448,465
Due to other governmental units	589,007	1,367,883
Due to other funds	-	15,834,040
Unearned revenue	1,065,645	2,827,353
	<u> </u>	<u> </u>
Total liabilities	17,074,584	34,834,536
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	524,002	685,622
Property taxes levied for subsequent year	13,987,137	14,029,617
	<u> </u>	<u> </u>
Total deferred inflows of resources	14,511,139	14,715,239
Fund balances		
Nonspendable for inventory	274,213	311,480
Nonspendable for prepaid items	831,064	814,004
Restricted for health and safety	360,505	47,840
Restricted for operating capital	129,768	199,534
Restricted for learning and development	419,730	329,736
Restricted for state-approved alternative programs	108,323	63,546
Restricted for basic skills	1,837,051	323,487
Restricted for community arts center	30,683	1,224,600
Committed for ATPPS	604,235	779,611
Committed for donations/gifts	244,890	220,369
Committed for school budget carryover	172,579	130,269
Committed for tax shift	2,878,176	2,878,176
Committed for transportation	-	179,803
Assigned for staff development	72,286	154,550
Assigned for subsequent year budget deficit	2,526,328	3,833,630
Unassigned	3,393,447	8,245,358
	<u> </u>	<u> </u>
Total fund balances	13,883,278	19,735,993
	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,469,001</u>	<u>\$ 69,285,768</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 26,693,571	\$ 27,207,656	\$ 514,085	\$ 28,343,779
Investment earnings (charges)	—	5,844	5,844	(6,466)
Other	3,039,921	3,075,779	35,858	4,723,981
State sources	135,022,815	136,622,880	1,600,065	128,121,651
Federal sources	4,616,252	4,444,639	(171,613)	6,220,397
Total revenue	<u>169,372,559</u>	<u>171,356,798</u>	<u>1,984,239</u>	<u>167,403,342</u>
Expenditures				
Current				
Administration	6,771,864	6,885,574	113,710	6,834,030
District support services	3,750,819	4,126,221	375,402	3,932,209
Elementary and secondary regular instruction	92,287,026	91,084,361	(1,202,665)	87,351,693
Vocational education instruction	1,753,597	1,740,819	(12,778)	1,717,365
Special education instruction	24,561,537	25,956,261	1,394,724	23,732,334
Instructional support services	9,021,832	9,121,267	99,435	8,573,910
Pupil support services	18,033,857	18,382,511	348,654	17,473,201
Sites and buildings	18,267,338	18,770,018	502,680	19,728,887
Fiscal and other fixed cost programs	427,557	431,469	3,912	397,742
Debt service				
Principal	1,608,196	1,722,625	114,429	1,086,959
Interest and fiscal charges	171,621	253,175	81,554	179,145
Total expenditures	<u>176,655,244</u>	<u>178,474,301</u>	<u>1,819,057</u>	<u>171,007,475</u>
Excess (deficiency) of revenue over expenditures	(7,282,685)	(7,117,503)	165,182	(3,604,133)
Other financing sources (uses)				
Capital lease issued	1,264,788	1,264,788	—	4,100,000
Transfers (out)	—	—	—	(139,164)
Total other financing sources	<u>1,264,788</u>	<u>1,264,788</u>	<u>—</u>	<u>3,960,836</u>
Net change in fund balances	<u>\$ (6,017,897)</u>	<u>(5,852,715)</u>	<u>\$ 165,182</u>	<u>356,703</u>
Fund balances				
Beginning of year		<u>19,735,993</u>		<u>19,379,290</u>
End of year		<u>\$ 13,883,278</u>		<u>\$ 19,735,993</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 1,264,032	\$ 1,820,068
Receivables		
Accounts and interest	1,491	399
Due from other governmental units	319,230	39,307
Inventory	227,317	100,289
Prepaid items	<u>28,498</u>	<u>25,985</u>
Total assets	<u>\$ 1,840,568</u>	<u>\$ 1,986,048</u>
Liabilities		
Salaries payable	\$ 120,404	\$ 124,463
Accounts and contracts payable	122,930	156,981
Unearned revenue	<u>272,656</u>	<u>262,218</u>
Total liabilities	515,990	543,662
Fund balances		
Nonspendable for inventory	227,317	100,289
Nonspendable for prepaid items	28,498	25,985
Restricted for food service	<u>1,068,763</u>	<u>1,316,112</u>
Total fund balances	<u>1,324,578</u>	<u>1,442,386</u>
Total liabilities and fund balances	<u>\$ 1,840,568</u>	<u>\$ 1,986,048</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Food Service Special Revenue Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual

Year Ended June 30, 2013

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

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings (charges)	\$ 1,000	\$ (5,682)	\$ (6,682)	\$ (6,848)
Other – primarily meal sales	5,267,500	5,140,646	(126,854)	4,945,351
State sources	298,300	294,493	(3,807)	283,767
Federal sources	2,360,000	2,326,605	(33,395)	2,099,260
Total revenue	<u>7,926,800</u>	<u>7,756,062</u>	<u>(170,738)</u>	<u>7,321,530</u>
Expenditures				
Current				
Salaries	2,803,896	2,856,330	52,434	2,775,474
Employee benefits	936,866	909,250	(27,616)	883,382
Purchased services	585,539	557,549	(27,990)	473,893
Supplies and materials	3,560,144	3,199,976	(360,168)	3,179,515
Other expenditures	13,000	11,641	(1,359)	11,423
Capital outlay	375,000	339,124	(35,876)	408,611
Total expenditures	<u>8,274,445</u>	<u>7,873,870</u>	<u>(400,575)</u>	<u>7,732,298</u>
Net change in fund balances	<u>\$ (347,645)</u>	<u>(117,808)</u>	<u>\$ 229,837</u>	<u>(410,768)</u>
Fund balances				
Beginning of year		<u>1,442,386</u>		<u>1,853,154</u>
End of year		<u>\$ 1,324,578</u>		<u>\$ 1,442,386</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 2,501,826	\$ 2,274,168
Receivables		
Current taxes	734,593	739,795
Delinquent taxes	24,352	31,718
Accounts and interest	2,536	12,649
Due from other governmental units	244,103	585,340
Prepaid items	<u>27,702</u>	<u>11,150</u>
Total assets	<u><u>\$ 3,535,112</u></u>	<u><u>\$ 3,654,820</u></u>
Liabilities		
Salaries payable	\$ 455,744	\$ 464,515
Accounts and contracts payable	307,387	303,105
Due to other governmental units	5,630	967
Unearned revenue	<u>290,943</u>	<u>305,013</u>
Total liabilities	1,059,704	1,073,600
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	24,352	31,718
Property taxes levied for subsequent year	<u>682,927</u>	<u>676,151</u>
Total deferred inflows of resources	707,279	707,869
Fund balances (deficit)		
Nonspendable for prepaid items	27,702	11,150
Restricted for community education programs	1,709,130	1,678,279
Restricted for early childhood family education programs	301,972	145,230
Restricted for adult basic education	67,484	132,565
Restricted for community service	53,561	81,864
Unassigned – school readiness restricted account deficit	<u>(391,720)</u>	<u>(175,737)</u>
Total fund balances	<u>1,768,129</u>	<u>1,873,351</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 3,535,112</u></u>	<u><u>\$ 3,654,820</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 1,313,135	\$ 1,320,051	\$ 6,916	\$ 1,294,368
Investment earnings	5,000	3,544	(1,456)	3,832
Other – primarily tuition and fees	9,067,772	9,547,111	479,339	8,817,171
State sources	1,358,441	1,393,689	35,248	1,481,933
Federal sources	8,112	8,112	–	12,729
Total revenue	<u>11,752,460</u>	<u>12,272,507</u>	<u>520,047</u>	<u>11,610,033</u>
Expenditures				
Current				
Salaries	7,910,064	7,954,890	44,826	7,409,588
Employee benefits	2,156,596	2,080,736	(75,860)	1,990,304
Purchased services	1,060,434	1,104,197	43,763	844,291
Supplies and materials	701,678	685,071	(16,607)	679,431
Other expenditures	396,449	380,012	(16,437)	454,637
Capital outlay	209,425	172,823	(36,602)	192,811
Total expenditures	<u>12,434,646</u>	<u>12,377,729</u>	<u>(56,917)</u>	<u>11,571,062</u>
Net change in fund balances	<u>\$ (682,186)</u>	(105,222)	<u>\$ 576,964</u>	38,971
Fund balances				
Beginning of year		<u>1,873,351</u>		<u>1,834,380</u>
End of year		<u>\$ 1,768,129</u>		<u>\$ 1,873,351</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Capital Projects – Building Construction Fund
 Comparative Balance Sheet
 as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 3,737,893	\$ 9,493,119
Receivables		
Accounts and interest	<u> –</u>	<u> 9,360</u>
Total assets	<u>\$ 3,737,893</u>	<u>\$ 9,502,479</u>
Liabilities		
Accounts and contracts payable	\$ 712,692	\$ 1,721,486
Fund balances		
Restricted for alternative facilities program	2,895,565	7,079,176
Restricted for building construction	<u>129,636</u>	<u>701,817</u>
Total fund balances	<u>3,025,201</u>	<u>7,780,993</u>
Total liabilities and fund balances	<u>\$ 3,737,893</u>	<u>\$ 9,502,479</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 1,306,697	\$ 1,306,697	\$ –	\$ –
Investment earnings	40,000	5,992	(34,008)	37,303
Total revenue	<u>1,346,697</u>	<u>1,312,689</u>	<u>(34,008)</u>	<u>37,303</u>
Expenditures				
Capital outlay				
Salaries	–	–	–	4,378
Employee benefits	–	–	–	636
Purchased services	–	–	–	11,129
Supplies and materials	–	83,078	83,078	237,949
Capital expenditures	8,871,968	5,985,403	(2,886,565)	11,821,849
Other expenditures	–	–	–	907,915
Total expenditures	<u>8,871,968</u>	<u>6,068,481</u>	<u>(2,803,487)</u>	<u>12,983,856</u>
Excess (deficiency) of revenue over expenditures	(7,525,271)	(4,755,792)	2,769,479	(12,946,553)
Other financing sources				
Building bonds issued	–	–	–	6,052,822
Net change in fund balances	<u>\$ (7,525,271)</u>	<u>(4,755,792)</u>	<u>\$ 2,769,479</u>	<u>(6,893,731)</u>
Fund balances				
Beginning of year		<u>7,780,993</u>		<u>14,674,724</u>
End of year		<u>\$ 3,025,201</u>		<u>\$ 7,780,993</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 15,942,639	\$ 14,942,027
Cash and investments held by trustee	833,388	833,388
Receivables		
Current taxes	13,869,474	13,689,138
Delinquent taxes	425,850	531,545
Accounts and interest	10,220	1,379
Due from other governmental units	806	392,170
Prepaid items	<u>35,625</u>	<u>49,981</u>
Total assets	<u>\$ 31,118,002</u>	<u>\$ 30,439,628</u>
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	\$ 425,850	\$ 531,545
Property taxes levied for subsequent year	<u>25,057,800</u>	<u>24,301,781</u>
Total deferred inflows of resources	25,483,650	24,833,326
Fund balances		
Nonspendable for prepaid items	35,625	49,981
Restricted for debt service	<u>5,598,727</u>	<u>5,556,321</u>
Total fund balances	<u>5,634,352</u>	<u>5,606,302</u>
Total deferred inflows of resources and fund balances	<u>\$ 31,118,002</u>	<u>\$ 30,439,628</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Property taxes	\$ 24,036,807	\$ 24,279,940	\$ 243,133	\$ 23,760,340
Investment earnings	25,000	23,768	(1,232)	243,286
State sources	–	5,925	5,925	1,098,516
Federal sources	1,203,048	1,150,715	(52,333)	1,203,047
Total revenue	<u>25,264,855</u>	<u>25,460,348</u>	<u>195,493</u>	<u>26,305,189</u>
Expenditures				
Capital outlay – joint elementary school	588,015	588,015	–	585,046
Debt service				
Principal	12,465,000	12,465,000	–	10,055,000
Interest	12,363,345	12,363,345	–	14,927,925
Fiscal charges and other	10,000	15,938	5,938	107,090
Total expenditures	<u>25,426,360</u>	<u>25,432,298</u>	<u>5,938</u>	<u>25,675,061</u>
Excess (deficiency) of revenue over expenditures	(161,505)	28,050	189,555	630,128
Other financing sources (uses)				
Building bonds issued	–	–	–	97,178
Refunding bonds issued	–	–	–	8,440,000
Premium on bonds issued	–	–	–	93,657
Payments from refunded bond escrow	–	–	–	(51,005,000)
Transfers in	–	–	–	139,164
Total other financing sources (uses)	<u>–</u>	<u>–</u>	<u>–</u>	<u>(42,235,001)</u>
Net change in fund balances	<u>\$ (161,505)</u>	28,050	<u>\$ 189,555</u>	(41,604,873)
Fund balances				
Beginning of year		<u>5,606,302</u>		<u>47,211,175</u>
End of year		<u>\$ 5,634,352</u>		<u>\$ 5,606,302</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Internal Service Funds
 Combining Statement of Net Position
 as of June 30, 2013

(With Comparative Totals as of June 30, 2012)

	Severance Benefits	Pension Benefits	Other Post-Employment Benefits
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current assets			
Cash and temporary investments	\$ 2,153,320	\$ 5,068,180	\$ 19,038,501
Interest receivable	1,467	3,454	12,973
Due from other funds	—	—	—
Total assets	<u>2,154,787</u>	<u>5,071,634</u>	<u>19,051,474</u>
Liabilities			
Current liabilities			
Severance benefits payable	350,571	—	—
Long-term liabilities			
Severance benefits payable	1,691,441	—	—
Net obligation for pension benefits	—	131,918	—
Net obligation for other post-employment benefits	—	—	771,641
Total long-term liabilities	<u>1,691,441</u>	<u>131,918</u>	<u>771,641</u>
Total liabilities	<u>2,042,012</u>	<u>131,918</u>	<u>771,641</u>
Net position			
Unrestricted	<u>\$ 112,775</u>	<u>\$ 4,939,716</u>	<u>\$ 18,279,833</u>

Totals	
<u>2013</u>	<u>2012</u>
\$ 26,260,001	\$ 12,005,181
17,894	2,878
—	15,834,040
26,277,895	27,842,099
350,571	337,133
1,691,441	2,005,643
131,918	114,597
771,641	589,376
2,595,000	2,709,616
2,945,571	3,046,749
\$ 23,332,324	\$ 24,795,350

INDEPENDENT SCHOOL DISTRICT NO. 833

Internal Service Funds
 Combining Statement of Revenue, Expenses, and Changes in Fund Net Position
 Year Ended June 30, 2013
 (With Comparative Totals for the Year Ended June 30, 2012)

	<u>Severance Benefits</u>	<u>Pension Benefits</u>	<u>Other Post-Employment Benefits</u>
Operating revenue			
Contributions from governmental funds	\$ –	\$ –	\$ 1,213,553
Operating expenses			
Severance benefits	161,998	–	–
Pension benefits	–	514,913	–
Other post-employment benefits	–	–	2,040,819
Total operating expenses	<u>161,998</u>	<u>514,913</u>	<u>2,040,819</u>
Operating income (loss)	(161,998)	(514,913)	(827,266)
Nonoperating revenue			
Investment earnings	<u>3,374</u>	<u>7,942</u>	<u>29,835</u>
Income (loss) before transfers	(158,624)	(506,971)	(797,431)
Transfers in	24,859	243,443	–
Transfers (out)	<u>–</u>	<u>–</u>	<u>(268,302)</u>
Change in net position	(133,765)	(263,528)	(1,065,733)
Net position			
Beginning of year	<u>246,540</u>	<u>5,203,244</u>	<u>19,345,566</u>
End of year	<u>\$ 112,775</u>	<u>\$ 4,939,716</u>	<u>\$ 18,279,833</u>

Totals	
<u>2013</u>	<u>2012</u>
\$ 1,213,553	\$ 1,271,765
161,998	137,097
514,913	509,102
<u>2,040,819</u>	<u>2,040,287</u>
<u>2,717,730</u>	<u>2,686,486</u>
(1,504,177)	(1,414,721)
<u>41,151</u>	<u>26,617</u>
(1,463,026)	(1,388,104)
268,302	486,960
<u>(268,302)</u>	<u>(486,960)</u>
(1,463,026)	(1,388,104)
<u>24,795,350</u>	<u>26,183,454</u>
<u>\$ 23,332,324</u>	<u>\$ 24,795,350</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Internal Service Funds
 Combining Statement of Cash Flows
 For the Year Ended June 30, 2013
 (With Comparative Totals for the Year Ended June 30, 2012)

	Severance Benefits	Pension Benefits	Other Post-Employment Benefits
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities			
Contributions from governmental funds	\$ –	\$ –	\$ 1,213,553
Severance benefit payments	(462,762)	–	–
Pension benefit payments	–	(497,592)	–
Other post-employment benefit payments	–	–	(1,858,554)
Net cash flows from operating activities	<u>(462,762)</u>	<u>(497,592)</u>	<u>(645,001)</u>
Cash flows from noncapital financial activities			
Cash paid to other funds	1,472,566	3,024,302	11,337,172
Transfer in	24,859	243,443	–
Transfer (out)	–	–	(268,302)
Net cash flows from noncapital financing activities	<u>1,497,425</u>	<u>3,267,745</u>	<u>11,068,870</u>
Cash flows from investing activities			
Interest on investments	<u>2,175</u>	<u>5,038</u>	<u>18,922</u>
Net change in cash and temporary investments	1,036,838	2,775,191	10,442,791
Cash and cash equivalents			
Beginning of year	<u>1,116,482</u>	<u>2,292,989</u>	<u>8,595,710</u>
End of year	<u>\$ 2,153,320</u>	<u>\$ 5,068,180</u>	<u>\$ 19,038,501</u>
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$ (161,998)	\$ (514,913)	\$ (827,266)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Changes in assets and liabilities			
Severance benefits payable	(300,764)	–	–
Net obligation for pension benefits	–	17,321	–
Net obligation for other post-employment benefits	–	–	182,265
Net cash flows from operating activities	<u>\$ (462,762)</u>	<u>\$ (497,592)</u>	<u>\$ (645,001)</u>

Totals	
<u>2013</u>	<u>2012</u>
\$ 1,213,553	\$ 1,271,765
(462,762)	(462,003)
(497,592)	(800,640)
<u>(1,858,554)</u>	<u>(2,010,477)</u>
(1,605,355)	(2,001,355)
15,834,040	(9,830,855)
268,302	486,960
<u>(268,302)</u>	<u>(486,960)</u>
15,834,040	(9,830,855)
<u>26,135</u>	<u>55,141</u>
14,254,820	(11,777,069)
<u>12,005,181</u>	<u>23,782,250</u>
<u>\$ 26,260,001</u>	<u>\$ 12,005,181</u>
\$ (1,504,177)	\$ (1,414,721)
(300,764)	(324,906)
17,321	(291,538)
<u>182,265</u>	<u>29,810</u>
<u>\$ (1,605,355)</u>	<u>\$ (2,001,355)</u>



Section III

Statistical

igniting a passion

STATISTICAL SECTION

(UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 833's (the District) comprehensive annual financial report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

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

These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.

Debt Capacity

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

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

These schedules contain service and infrastructure data to help the reader understand how the information in the District's CAFR 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. 833

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Fiscal Year 2007</u>
Governmental activities				
Net investment in capital assets	\$ 9,970,397	\$ 12,785,633	\$ 16,864,766	\$ 25,835,739
Restricted	8,959,418	9,392,461	7,534,342	4,321,541
Unrestricted	<u>8,469,631</u>	<u>11,380,083</u>	<u>19,959,177</u>	<u>19,581,794</u>
Total governmental activities net position	<u>\$ 27,399,446</u>	<u>\$ 33,558,177</u>	<u>\$ 44,358,285</u>	<u>\$ 49,739,074</u>

Note: The District implemented GASB Statement No. 45 in fiscal 2008. The implementation of this standard caused the net position balance as of July 1, 2007 in the District's government-wide and proprietary fund statements to increase by \$28,341,339.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 36,944,822	\$ 45,824,725	\$ 51,600,287	\$ 52,070,800	\$ 50,633,665	\$ 55,788,399
4,572,455	4,732,369	5,078,562	4,568,751	7,224,679	7,969,499
<u>51,659,277</u>	<u>54,122,656</u>	<u>50,012,108</u>	<u>40,897,389</u>	<u>41,564,392</u>	<u>33,224,612</u>
<u>\$ 93,176,554</u>	<u>\$104,679,750</u>	<u>\$106,690,957</u>	<u>\$ 97,536,940</u>	<u>\$ 99,422,736</u>	<u>\$ 96,982,510</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Expenses				
Administration	\$ 4,634,913	\$ 5,349,477	\$ 5,574,435	\$ 6,422,750
District support services	1,183,042	3,782,863	2,064,384	3,356,314
Elementary and secondary regular instruction	58,901,271	64,133,569	64,935,214	73,658,482
Vocational education instruction	2,125,495	2,128,461	2,385,479	2,427,399
Special education instruction	18,383,979	20,076,877	22,206,426	24,122,013
Instructional support services	6,160,080	6,019,554	7,685,721	10,155,121
Pupil support services	10,523,272	10,706,653	11,517,788	13,800,524
Sites and buildings	14,660,083	14,267,696	13,937,835	14,294,927
Fiscal and other fixed cost programs	371,452	514,449	475,489	446,164
Food service	5,116,698	5,373,017	5,835,480	6,070,077
Community service	6,621,994	7,452,369	8,403,545	9,259,049
Depreciation not included in other functions	3,871,528	4,640,219	4,725,014	4,716,412
Interest and fiscal charges	9,209,115	7,606,809	9,175,556	12,965,932
Total governmental activities expenses	<u>141,762,922</u>	<u>152,052,013</u>	<u>158,922,366</u>	<u>181,695,164</u>
Program revenues				
Charges for services				
Food service	4,188,429	4,390,674	4,555,370	4,669,659
Community service	4,642,817	5,389,878	5,794,533	6,291,549
All other	1,034,653	1,574,541	1,128,176	1,075,222
Operating grants and contributions	24,707,357	25,966,339	27,359,420	29,583,372
Total governmental activities program revenues	<u>34,573,256</u>	<u>37,321,432</u>	<u>38,837,499</u>	<u>41,619,802</u>
Net (expense) revenue	(107,189,666)	(114,730,581)	(120,084,867)	(140,075,362)
General revenues and other changes in net assets				
Taxes				
Property taxes, levied for general purposes	21,998,184	18,332,712	10,526,279	23,303,107
Property taxes, levied for community service	1,676,946	1,151,208	553,044	1,171,219
Property taxes, levied for capital projects	2,720,000	3,173,000	3,643,000	4,881,000
Property taxes, levied for debt service	13,883,499	12,681,395	12,572,464	12,412,767
General grants and aids	75,497,517	83,804,686	98,009,867	94,094,127
Other general revenues	946,021	361,020	1,477,226	1,266,275
Investment earnings	958,297	1,385,291	4,103,095	9,488,027
Total general revenues and other changes in net position	<u>117,680,464</u>	<u>120,889,312</u>	<u>130,884,975</u>	<u>146,616,522</u>
Change in net position	<u>\$ 10,490,798</u>	<u>\$ 6,158,731</u>	<u>\$ 10,800,108</u>	<u>\$ 6,541,160</u>

2008	2009	2010	2011	2012	2013
\$ 6,055,970	\$ 6,099,495	\$ 6,432,684	\$ 6,726,526	\$ 6,804,171	\$ 7,050,311
3,843,610	3,495,202	4,488,058	4,155,337	3,911,630	4,018,082
74,726,838	78,667,476	83,495,190	88,083,313	88,058,900	92,521,117
2,607,651	2,486,278	2,261,115	1,909,055	1,717,365	1,740,819
23,144,174	23,573,415	24,300,238	24,304,069	23,604,017	25,962,043
8,551,355	8,015,593	8,720,902	8,762,391	8,523,989	9,113,915
14,752,655	15,354,371	16,113,029	17,177,994	17,762,412	18,413,745
16,010,719	15,876,405	15,855,796	21,394,450	19,307,770	19,778,272
442,154	269,333	477,434	320,340	397,742	431,469
6,430,201	6,631,553	6,573,724	7,086,114	7,520,073	7,806,312
9,480,317	9,965,857	10,032,694	10,520,754	11,558,180	12,430,058
4,904,146	5,123,789	5,734,973	8,563,123	8,945,019	9,231,034
14,061,738	15,558,451	14,692,589	14,757,583	13,100,740	11,796,212
185,011,528	191,117,218	199,178,426	213,761,049	211,212,008	220,293,389
4,979,997	5,103,675	5,095,535	5,057,023	4,945,351	5,140,646
7,023,282	7,432,061	7,540,926	8,002,134	8,817,171	9,547,111
1,059,612	1,077,496	1,201,243	1,157,250	1,180,515	1,119,080
31,929,265	33,787,038	33,907,129	35,709,293	34,410,790	39,448,027
44,992,156	47,400,270	47,744,833	49,925,700	49,353,827	55,254,864
(140,019,372)	(143,716,948)	(151,433,593)	(163,835,349)	(161,858,181)	(165,038,525)
25,927,022	26,972,635	28,329,696	39,366,853	27,927,885	27,046,036
1,239,434	1,146,358	1,283,820	1,997,132	1,277,741	1,312,685
3,687,977	3,184,665	2,217,915	2,069,000	–	1,306,697
17,565,143	18,979,960	21,113,789	20,075,991	23,546,002	24,174,245
96,090,673	97,061,395	96,811,892	88,826,346	106,110,510	106,799,031
1,318,569	1,288,131	1,570,069	1,685,748	3,543,466	1,956,699
9,286,695	6,587,000	2,117,619	660,262	1,338,373	2,906
155,115,513	155,220,144	153,444,800	154,681,332	163,743,977	162,598,299
\$ 15,096,141	\$ 11,503,196	\$ 2,011,207	\$ (9,154,017)	\$ 1,885,796	\$ (2,440,226)

INDEPENDENT SCHOOL DISTRICT NO. 833

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

Fiscal Year	Property Tax				Total
	General Purposes	Community Service	Capital Projects	Debt Service	
2004	\$ 21,998,184	\$ 1,676,946	\$ 2,720,000	\$ 13,883,499	\$ 40,278,629
2005	18,332,712	1,151,208	3,173,000	12,681,395	35,338,315
2006	10,526,279	553,044	3,643,000	12,572,464	27,294,787
2007	23,303,107	1,171,219	4,881,000	12,412,767	41,768,093
2008	25,927,022	1,239,434	3,687,977	17,565,143	48,419,576
2009	26,972,635	1,146,358	3,184,665	18,979,960	50,283,618
2010	28,329,696	1,283,820	2,217,915	21,113,789	52,945,220
2011	39,366,853	1,997,132	2,069,000	20,075,991	63,508,976
2012	27,927,885	1,277,741	–	23,546,002	52,751,628
2013	27,046,036	1,312,685	1,306,697	24,174,245	53,839,663

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Reserved	\$ 5,734,949	\$ 5,676,418	\$ 4,098,105	\$ 2,383,457
Unreserved	10,439,421	17,485,477	21,151,839	21,953,005
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 16,174,370</u>	<u>\$ 23,161,895</u>	<u>\$ 25,249,944</u>	<u>\$ 24,336,462</u>
All other governmental funds				
Reserved	\$ 12,321,435	\$ 6,076,819	\$ 61,400,383	\$ 58,931,558
Unreserved, reported in				
Special revenue funds	1,046,562	1,218,402	1,201,128	1,273,866
Capital Projects – Building Construction Fund	4,784,266	4,051,086	4,155,647	101,678,951
Debt Service Fund	2,787,354	3,189,456	3,430,709	5,848,080
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned – special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$ 20,939,617</u>	<u>\$ 14,535,763</u>	<u>\$ 70,187,867</u>	<u>\$ 167,732,455</u>
Total all governmental funds	<u>\$ 37,113,987</u>	<u>\$ 37,697,658</u>	<u>\$ 95,437,811</u>	<u>\$ 192,068,917</u>

Note: The District implemented GASB Statement No. 54 in fiscal 2011. The new fund balance classifications under GASB Statement No. 54 are not available for years prior to fiscal 2010.

2008	2009	2010	2011	2012	2013
\$ 2,171,001	\$ 2,583,462	\$ -	\$ -	\$ -	\$ -
24,753,613	25,537,221	-	-	-	-
-	-	725,419	823,164	1,125,484	1,105,277
-	-	1,573,914	832,872	2,188,743	2,886,060
-	-	-	4,810,821	4,188,228	3,899,880
-	-	11,379,950	7,708,428	3,988,180	2,598,614
-	-	11,292,132	5,204,005	8,245,358	3,393,447
<u>\$ 26,924,614</u>	<u>\$ 28,120,683</u>	<u>\$ 24,971,415</u>	<u>\$ 19,379,290</u>	<u>\$ 19,735,993</u>	<u>\$ 13,883,278</u>
\$ 136,804,657	\$ 84,876,525	\$ -	\$ -	\$ -	\$ -
1,379,934	1,545,210	-	-	-	-
(1,064,466)	-	-	-	-	-
3,535,831	2,946,674	-	-	-	-
-	-	179,281	187,327	187,405	319,142
-	-	82,712,351	65,501,210	16,691,364	11,824,838
-	-	(40,461)	(115,104)	(175,737)	(391,720)
<u>\$ 140,655,956</u>	<u>\$ 89,368,409</u>	<u>\$ 82,851,171</u>	<u>\$ 65,573,433</u>	<u>\$ 16,703,032</u>	<u>\$ 11,752,260</u>
<u>\$ 167,580,570</u>	<u>\$ 117,489,092</u>	<u>\$ 107,822,586</u>	<u>\$ 84,952,723</u>	<u>\$ 36,439,025</u>	<u>\$ 25,635,538</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Local sources				
Property taxes	\$ 40,171,964	\$ 35,334,730	\$ 27,362,164	\$ 41,538,611
Investment earnings	763,528	931,890	3,185,001	8,138,540
Other	10,783,311	11,964,503	12,955,305	13,302,705
State sources	95,816,886	104,891,243	120,322,913	118,700,281
Federal sources	4,387,988	4,879,782	5,046,374	4,977,218
Total revenues	<u>151,923,677</u>	<u>158,002,148</u>	<u>168,871,757</u>	<u>186,657,355</u>
Expenditures				
Current				
Administration	4,824,536	5,073,361	5,741,966	6,240,802
District support services	2,992,939	3,659,137	3,706,438	3,342,924
Elementary and secondary regular instruction	60,634,373	60,378,807	66,438,712	72,333,804
Vocational education instruction	2,134,888	2,134,905	2,393,335	2,430,709
Special education instruction	18,383,979	20,093,639	22,217,768	23,917,942
Instructional support services	6,213,939	6,032,281	7,561,060	10,117,486
Pupil support services	10,523,153	10,389,067	11,418,699	14,557,827
Sites and buildings	10,772,409	10,808,067	12,570,741	13,614,584
Fiscal and other fixed cost programs	466,146	514,449	475,489	446,164
Food service	5,134,018	5,390,514	5,557,903	5,833,806
Community service	6,718,662	7,537,306	8,129,415	9,067,390
Capital outlay	7,201,035	5,939,041	7,701,685	22,383,893
Debt service				
Principal	6,526,657	7,877,842	6,953,735	6,962,567
Interest and fiscal charges	9,086,477	8,194,830	7,720,612	10,857,484
Total expenditures	<u>151,613,211</u>	<u>154,023,246</u>	<u>168,587,558</u>	<u>202,107,382</u>
Excess (deficiency) of revenues over expenditures	310,466	3,978,902	284,199	(15,450,027)
Other financing sources (uses)				
Building bonds issued	-	3,550,000	52,500,000	110,000,000
Refunding bonds issued	18,653,250	-	-	-
Premium on bonds issued	145,271	-	4,486,173	2,081,133
Discount on bonds issued	(48,433)	(20,813)	-	-
Payments to refunded bond escrow agent	(18,504,817)	(7,280,000)	-	-
Capital leases issued	-	355,582	469,781	-
Transfers in	310,848	300,048	289,148	297,814
Transfers out	(310,848)	(300,048)	(289,148)	(297,814)
Sale of capital assets	23,700	-	-	-
Total other financing sources (uses)	<u>268,971</u>	<u>(3,395,231)</u>	<u>57,455,954</u>	<u>112,081,133</u>
Net change in fund balances	<u>\$ 579,437</u>	<u>\$ 583,671</u>	<u>\$ 57,740,153</u>	<u>\$ 96,631,106</u>
Debt service as a percentage of noncapital expenditures	<u>10.8%</u>	<u>10.9%</u>	<u>9.1%</u>	<u>9.9%</u>

2008	2009	2010	2011	2012	2013
\$ 48,050,563	\$ 50,026,665	\$ 52,709,735	\$ 63,259,902	\$ 53,398,487	\$ 54,114,344
8,562,925	6,075,712	1,587,535	522,878	271,107	33,466
14,381,460	14,901,363	15,407,773	15,902,155	18,486,503	17,763,536
122,519,327	125,054,777	113,312,426	115,110,779	130,985,867	138,316,987
5,500,611	5,793,656	17,406,595	9,424,860	9,535,433	7,930,071
199,014,886	201,852,173	200,424,064	204,220,574	212,677,397	218,158,404
6,068,728	6,132,975	6,259,025	6,630,915	6,834,030	6,885,574
3,834,051	3,479,438	4,012,025	3,922,033	3,932,209	4,126,221
75,024,779	79,073,331	81,946,206	85,964,779	87,351,693	91,084,361
2,607,651	2,486,278	2,261,115	1,992,798	1,717,365	1,740,819
23,196,140	23,604,573	24,284,928	24,153,866	23,732,334	25,956,261
8,525,880	7,981,401	8,682,829	8,735,134	8,573,910	9,121,267
15,151,565	14,819,938	15,985,035	17,177,277	17,473,201	18,382,511
15,011,450	16,413,934	15,310,726	16,793,160	19,728,887	18,770,018
442,154	269,333	477,434	320,340	397,742	431,469
6,246,966	6,475,838	6,435,678	6,899,039	7,323,687	7,534,746
9,400,012	9,879,929	9,941,998	10,289,794	11,378,251	12,204,906
67,773,544	68,508,505	27,550,445	19,130,882	14,170,324	7,168,443
9,698,357	8,848,152	9,702,244	9,976,286	11,141,959	14,187,625
15,471,360	15,225,363	15,879,670	15,104,134	15,214,160	12,632,458
258,452,637	263,198,988	228,729,358	227,090,437	228,969,752	230,226,679
(59,437,751)	(61,346,815)	(28,305,294)	(22,869,863)	(16,292,355)	(12,068,275)
39,000,000	11,250,000	23,930,000	–	6,150,000	–
–	–	41,445,000	–	8,440,000	–
439,404	5,337	3,773,788	–	93,657	–
–	–	–	–	–	–
(4,490,000)	–	(50,510,000)	–	(51,005,000)	–
–	–	–	–	4,100,000	1,264,788
285,815	444,689	284,327	295,369	139,164	–
(285,815)	(444,689)	(284,327)	(295,369)	(139,164)	–
–	–	–	–	–	–
34,949,404	11,255,337	18,638,788	–	(32,221,343)	1,264,788
<u>\$(24,488,347)</u>	<u>\$(50,091,478)</u>	<u>\$ (9,666,506)</u>	<u>\$(22,869,863)</u>	<u>\$(48,513,698)</u>	<u>\$(10,803,487)</u>
<u>13.2%</u>	<u>12.4%</u>	<u>12.7%</u>	<u>11.9%</u>	<u>12.3%</u>	<u>12.0%</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

Fiscal Year	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	
2004	\$ 22,252,697	\$ 1,649,220	\$ 2,720,000	\$ 13,550,047	\$ 40,171,964
2005	18,588,292	1,130,509	3,173,000	12,442,929	35,334,730
2006	10,552,580	556,231	3,643,000	12,610,353	27,362,164
2007	23,167,822	1,167,002	4,881,000	12,322,787	41,538,611
2008	25,696,111	1,229,814	3,687,977	17,436,661	48,050,563
2009	26,835,663	1,143,075	3,184,665	18,863,262	50,026,665
2010	28,223,168	1,277,326	2,217,915	20,991,326	52,709,735
2011	39,212,681	1,989,914	2,069,000	19,988,307	63,259,902
2012	28,343,779	1,294,368	–	23,760,340	53,398,487
2013	27,207,656	1,320,051	1,306,697	24,279,940	54,114,344

INDEPENDENT SCHOOL DISTRICT NO. 833

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation					Tax Increment
	Agricultural	Non-Agricultural	Fiscal Disparities			
			Contribution	Distribution		
2004	\$ 849,864	\$ 66,757,235	\$ (4,056,009)	\$ 7,133,214	\$ (1,339,810)	
2005	899,884	77,007,665	(4,282,798)	7,427,992	(1,686,420)	
2006	951,696	87,278,069	(4,745,954)	7,846,695	(1,661,814)	
2007	1,065,741	96,238,721	(4,414,207)	9,228,771	(1,994,330)	
2008	1,214,492	100,728,035	(5,280,413)	10,771,320	(2,032,706)	
2009	1,332,450	103,487,889	(5,945,701)	12,349,668	(2,409,347)	
2010	1,390,202	99,076,630	(6,930,281)	13,071,258	(2,386,274)	
2011	1,556,753	91,487,690	(7,024,577)	13,200,039	(1,583,763)	
2012	1,460,166	85,636,730	(6,411,866)	12,973,932	(1,367,074)	
2013	1,416,082	80,294,632	(6,400,832)	11,605,924	(1,218,416)	

Source: State of Minnesota School Tax Report

<u>Total Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Market Value</u>
\$ 69,344,494	31.327	\$ 6,044,708,700	1.15 %
79,366,323	29.182	6,995,942,800	1.13
89,668,692	27.460	7,993,924,250	1.12
100,124,696	31.101	8,798,601,650	1.14
105,400,728	29.841	9,187,642,000	1.15
108,814,959	30.708	9,369,148,400	1.16
104,221,535	31.649	8,902,560,100	1.17
97,636,142	35.215	8,208,261,700	1.19
92,291,888	37.894	8,109,596,500	1.14
85,697,390	41.286	7,626,898,000	1.12

INDEPENDENT SCHOOL DISTRICT NO. 833

Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years

Rate	Tax Collection Calendar Year	ISD No. 833	Overlapping Rates Municipalities (1)			
			Cottage Grove	Woodbury	Newport	St. Paul Park
Tax capacity rate	2004	31.327%	43.657%	31.013%	50.866%	35.447%
Market value rate	2004	0.20227%	–	0.02237%	–	–
Tax capacity rate	2005	29.182%	39.170%	30.124%	47.367%	32.734%
Market value rate	2005	0.18393%	–	0.01943%	–	–
Tax capacity rate	2006	27.460%	37.924%	29.018%	48.896%	31.534%
Market value rate	2006	0.20180%	–	0.01696%	–	–
Tax capacity rate	2007	31.101%	35.813%	28.122%	45.944%	31.516%
Market value rate	2007	0.18811%	–	0.02450%	–	–
Tax capacity rate	2008	29.841%	35.189%	28.169%	47.213%	32.734%
Market value rate	2008	0.18952%	–	0.02318%	–	–
Tax capacity rate	2009	30.708%	34.632%	28.474%	44.046%	32.831%
Market value rate	2009	0.19232%	–	0.02249%	–	–
Tax capacity rate	2010	31.649%	35.415%	31.033%	53.643%	35.028%
Market value rate	2010	0.20781%	–	0.02362%	–	–
Tax capacity rate	2011	35.215%	38.255%	34.921%	60.261%	43.221%
Market value rate	2011	0.20834%	–	0.02572%	–	–
Tax capacity rate	2012	37.894%	41.446%	35.921%	64.662%	49.481%
Market value rate	2012	0.19942%	–	0.02566%	–	–
Tax capacity rate	2013	41.286%	45.046%	39.440%	70.803%	57.471%
Market value rate	2013	0.21905%	–	0.02700%	–	–

N/A – Not Available

- (1) Municipalities listed includes those with district learning sites.
- (2) Information for this municipality was not readily available for years prior to 2005.
- (3) The miscellaneous other levy includes Intermediate School District No. 916, Metropolitan Council, Metropolitan Mosquito, Transit District, Transit Area, Washington County HRA, Woodbury EDA, Woodbury HRA, Ramsey-Washington WS, Valley Branch WS, South Washington WS, and Regional Rail Authority.
- (4) The City of Cottage Grove was used as the municipality for purposes of the total district residents.

Source: Washington County

Denmark	Grey Cloud Island (2)	Afton	Washington County	Miscellaneous Other (3)	Total ISD No. 833 Resident (4)
23.282% -	N/A -	25.011% -	31.201% -	10.437% -	116.622% 0.20227%
19.650% -	29.238% -	26.646% -	28.599% -	9.854% -	106.805% 0.18393%
13.477% -	28.045% -	26.571% -	26.968% -	9.287% -	101.639% 0.20180%
12.726% -	24.592% -	22.349% -	25.673% -	7.616% -	100.203% 0.18811%
14.318% -	23.657% -	22.510% -	25.936% -	7.906% -	98.872% 0.18952%
13.851% -	23.017% -	24.037% -	26.371% -	7.941% -	99.652% 0.19232%
13.035% -	23.875% -	25.357% -	27.775% -	8.512% -	103.351% 0.20781%
13.088% -	23.773% -	27.044% -	29.772% -	9.263% -	112.505% 0.20834%
13.696% -	27.277% -	30.078% -	31.939% -	10.322% -	121.601% 0.19942%
13.678% -	25.691% -	30.059% -	34.225% -	12.854% -	133.411% 0.21905%

INDEPENDENT SCHOOL DISTRICT NO. 833

Principal Taxpayers
Prior Year and Seven Years Ago

Taxpayer	Type of Property	2012			2006		
		Tax Capacity	Rank	Percent of Total Tax Capacity	Tax Capacity	Rank	Percent of Total Tax Capacity
Xcel Energy	Utility	\$ 1,728,464	1	1.87 %	\$ 1,571,967	1	1.75 %
3M Company	Industrial	700,871	2	0.76	550,823	3	0.61
Woodbury Village Shop Corp.	Commercial	661,756	3	0.72	684,144	2	0.76
Grand Reserve Apartments Corp.	Residential	565,464	4	0.61	535,185	4	0.60
TMF I Valley, LLC	Residential	411,944	5	0.45	-	-	-
St. Paul Park Refining Co., LLC (1)	Industrial	385,314	6	0.42	195,889	9	0.22
Allina Health System	Commercial	381,760	7	0.41	370,200	6	0.41
Health Investors Business Trust	Commercial	309,494	8	0.34	199,086	8	0.22
TMT Woodbury Apartments, Inc.	Residential	298,376	9	0.32	-	-	-
ML Casa II, LP	Residential	248,901	10	0.27	-	-	-
I & G St. Paul, LLC	Residential	-	-	-	428,467	5	0.48
Bellwood, LLC	Commercial	-	-	-	226,896	7	0.25
West-Biel 68, LLC	Commercial	-	-	-	188,600	10	0.21
Total		<u>\$ 5,692,344</u>		<u>6.17 %</u>	<u>\$ 4,951,257</u>		<u>5.51 %</u>

(1) Listed as Marathon Ashland Petroleum, LLC in 2006

Note 1: The most recent data available is from 2012.

Note 2: Information prior to 2006 is not readily available.

Source: Washington County

INDEPENDENT SCHOOL DISTRICT NO. 833

Property Tax Levies, Collections, and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy				Collections	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	First Year Levy Recognized	
					Amount	Percentage of Levy
2004	\$ 30,304,072	\$ 3,892,021	\$ 1,437,734	\$ 35,633,827	N/A	N/A
2005	32,557,234	3,786,791	1,319,393	37,663,418	N/A	N/A
2006	37,425,187	3,693,361	1,170,109	42,288,657	N/A	N/A
2007	43,570,682	4,359,764	1,272,180	49,202,626	N/A	N/A
2008	44,446,083	5,311,229	1,221,897	50,979,209	N/A	N/A
2009	46,375,776	5,957,603	1,227,271	53,560,650	\$ 52,392,329	97.8 %
2010	46,043,972	6,455,509	1,328,990	53,828,471	52,730,574	98.0
2011	45,370,297	6,856,973	1,505,259	53,732,529	53,122,776	98.9
2012	46,267,400	7,196,635	10,202	53,474,237	52,997,555	99.1
2013	47,348,831	6,764,319	11,047	54,124,197	24,185,346	44.7

N/A – Not Available (first year collections were not readily available for years collectible prior to 2009).

Note 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 changed the calculation of tax credits applied and paid through state aids.

Note 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

		Uncollected Taxes Receivable as of June 30, 2013					
		Total to Date		Delinquent		Current	
Received in		Amount	Percentage	Amount	Percent	Amount	Percent
Subsequent Years			of Levy				
\$	35,633,827	\$ 35,633,827	100.0 %	\$	–	\$	– %
	37,663,418	37,663,418	100.0		–		–
	42,288,657	42,288,657	100.0		–		–
	49,177,489	49,177,489	99.9		25,137		0.1
	50,934,310	50,934,310	99.9		44,899		0.1
	1,063,083	53,455,412	99.8		105,238		0.2
	962,579	53,693,153	99.7		135,318		0.3
	422,823	53,545,599	99.7		186,930		0.3
	–	52,997,555	99.1		476,682		0.9
	–	24,185,346	44.7		–		–
						<u>29,938,851</u>	55.3
					<u>\$ 974,204</u>	<u>\$ 29,938,851</u>	

INDEPENDENT SCHOOL DISTRICT NO. 833

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Energy Conservation Loans			
2004	\$ 162,375,000	\$ 10,021,520	\$ 187,156	\$ 172,583,676	4.38 %	\$ 1,907
2005	151,645,000	9,547,725	138,691	161,331,416	3.71	1,712
2006	198,160,000	9,085,291	102,171	207,347,462	4.52	2,200
2007	302,195,000	8,121,239	68,656	310,384,895	6.24	3,235
2008	328,020,000	7,139,224	37,314	335,196,538	6.49	3,478
2009	331,405,000	6,187,414	5,972	337,598,386	6.79	3,471
2010	337,570,000	5,191,142	–	342,761,142	6.54	3,519
2011	328,635,000	4,149,856	–	332,784,856	6.02	3,578
2012	282,165,000	7,162,897	–	289,327,897	N/A	3,079
2013	269,700,000	6,705,060	–	276,405,060	N/A	2,941

N/A – Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: Details regarding the District’s outstanding debt can be found in the notes to basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 833

Ratio of Net General Obligation Bonded Debt
to Market Value and Net General Obligation Bonded Debt
per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Market Value	Percentage of Net Debt to Market Value	Estimated Population	Net Bonded Debt per Capita
2004	\$ 162,375,000	\$ 12,622,812	\$ 149,752,188	\$6,044,708,700	2.48 %	90,505	\$ 1,655
2005	151,645,000	4,039,423	147,605,577	6,995,942,800	2.11	94,245	1,566
2006	198,160,000	62,485,622	135,674,378	7,993,924,250	1.70	94,245	1,440
2007	302,195,000	63,850,319	238,344,681	8,798,601,650	2.71	95,957	2,484
2008	328,020,000	56,537,683	271,482,317	9,187,642,000	2.95	96,369	2,817
2009	331,405,000	55,517,184	275,887,816	9,369,148,400	2.94	97,257	2,837
2010	337,570,000	48,867,209	288,702,791	8,902,560,100	3.24	97,406	2,964
2011	328,635,000	47,211,175	281,423,825	8,208,261,700	3.43	92,998	3,026
2012	282,165,000	5,606,302	276,558,698	8,109,596,500	3.41	93,972	2,943
2013	269,700,000	5,634,352	264,065,648	7,626,898,000	3.46	93,972	2,810

Source: Annual school district census and U.S. census

INDEPENDENT SCHOOL DISTRICT NO. 833

Direct and Overlapping Debt
as of June 30, 2013

Governmental Unit	Bonded Debt	Percent Allocable to ISD No. 833	Portion Allocable to ISD No. 833
Independent School District No. 833	\$ 269,700,000	100.00 %	\$ 269,700,000
Overlapping debt			
Washington County	167,100,000	33.48	55,945,080
City of Afton	3,545,000	5.57	197,457
City of Cottage Grove	5,615,000	98.16	5,511,684
City of Newport	2,188,000	100.00	2,188,000
City of St. Paul Park	4,098,000	100.00	4,098,000
City of Woodbury	49,040,000	73.97	36,274,888
Metropolitan Council	257,390,000	3.04	7,824,656
South Washington Watershed	6,320,000	75.93	4,798,776
Total overlapping debt			116,838,541
Total direct and overlapping debt			\$ 386,538,541

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable assessed value that is within the District's boundaries and dividing it by the overlapping government's total taxable assessed value.

Source: Washington County

INDEPENDENT SCHOOL DISTRICT NO. 833

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Debt limit	\$ 906,706,305	\$1,049,391,420	\$1,199,088,638	\$1,319,790,248
Total net debt applicable to limit	<u>149,752,188</u>	<u>147,605,577</u>	<u>135,674,378</u>	<u>238,344,681</u>
Legal debt margin	<u>\$ 756,954,117</u>	<u>\$ 855,178,153</u>	<u>\$1,063,414,260</u>	<u>\$1,081,445,567</u>
Total net debt applicable to the limit as a percentage of debt limit	16.52%	14.07%	11.31%	18.06%

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.

2008	2009	2010	2011	2012	2013
\$ 1,378,146,300	\$ 1,405,372,260	\$ 1,335,384,015	\$ 1,231,239,255	\$ 1,216,439,475	\$ 1,144,034,700
271,482,317	275,887,816	288,702,791	281,423,825	276,558,698	264,065,648
<u>\$ 1,106,663,983</u>	<u>\$ 1,129,484,444</u>	<u>\$ 1,046,681,224</u>	<u>\$ 949,815,430</u>	<u>\$ 939,880,777</u>	<u>\$ 879,969,052</u>
19.70%	19.63%	21.62%	22.86%	22.74%	23.08%

Legal Debt Margin Calculation for Fiscal Year 2013

Market value	\$ 7,626,898,000
Debt limit (15% of market value)	1,144,034,700
Debt applicable to limit	
General obligation bonds	269,700,000
Less amount set aside for repayment of general obligation debt	<u>(5,634,352)</u>
Total net debt applicable to limit	<u>264,065,648</u>
Legal debt margin	<u>\$ 879,969,052</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Cities Located Within ISD No. 833 (1)			Total ISD No. 833 Population (3)	School Enrollment (4)	Washington County Unemployment Rate (5)
	Population (2)	Personal Income (2)	Per Capita Personal Income			
2004	95,342	\$ 3,942,487,042	\$ 41,351	90,505	15,851	3.9 %
2005	101,116	4,351,021,480	43,030	94,245	16,127	3.4
2006	102,716	4,582,982,488	44,618	94,245	16,472	3.5
2007	104,990	4,971,381,490	47,351	95,957	16,618	4.1
2008	106,269	5,166,479,973	48,617	96,369	16,767	4.9
2009	107,615	4,972,673,920	46,208	97,257	16,727	7.5
2010	110,176	5,243,055,488	47,588	97,406	16,864	6.8
2011	111,650	5,529,242,950	49,523	92,998	17,150	6.5
2012	113,207	N/A	N/A	93,972	17,477	5.5
2013	N/A	N/A	N/A	93,972	17,593	4.9

N/A – Not Available

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

Sources:

- (1) Includes cities of Cottage Grove, St. Paul Park, Newport, and Woodbury
- (2) Bureau of Economic Analysis
- (3) Annual school district census and U.S. Census
- (4) ISD No. 833
- (5) Minnesota Department of Employment and Economic Development

INDEPENDENT SCHOOL DISTRICT NO. 833

Principal Employers
Prior Year and Seven Years Ago

Employer	2012			2006		
	Employees	Rank	Percent of Employment	Employees	Rank	Percent of Employment
Independent School District No. 833	2,929	1	36.83 %	2,448	1	34.76 %
HealthEast Woodwinds Hospital	1,070	2	13.46	766	3	10.88
Bailey Nurseries, Inc.	800	3	10.06	950	2	13.49
3M Company	730	4	9.18	745	4	10.58
Renewal by Anderson	450	5	5.66	400	5	5.68
Woodbury Health Care Center	450	6	5.66	370	7	5.25
Ecowater Systems	440	7	5.53	341	8	4.84
Target	430	8	5.41	377	6	5.35
YMCA	351	9	4.41	–	–	–
Northern Tier Energy (Marathon Petroleum)	302	10	3.80	306	10	4.34
Assurant	–	–	–	340	9	4.83
Total	<u>7,952</u>		<u>100.00 %</u>	<u>7,043</u>		<u>100.00 %</u>

Note 1: The most recent data available is from 2012.

Note 2: Information prior to 2006 is not readily available.

Note 3: The statistic for total cities employment is not available; therefore, the percentage represents the percentage of the top 10 listed.

Source: Minnesota Department of Employment and Economic Development and the District's Human Resource Department.

INDEPENDENT SCHOOL DISTRICT NO. 833

Employees by Classification
Last Ten Fiscal Years

Employees (1)	Fiscal Year			
	2004	2005	2006	2007
District directors/superintendent	20	16	16	17
Principals	34	32	32	32
Teachers, nurses, and counselors	1,032	1,021	1,026	1,095
Coordinators, supervisors, specialists, and technical support	201	201	201	205
Paraprofessionals	332	291	271	273
Food service	111	130	128	129
Custodians	99	91	94	94
Bus drivers and mechanics	168	143	161	184
Community education leads and assistants	16	22	22	22
Total	2,013	1,947	1,951	2,051

N/A – Not Available

- (1) This schedule is a headcount based on contract group; if an employee has multiple contract groups, they are reflected multiple times. Full and part-time employees count the same.

2008	2009	2010	2011	2012	2013
16	15	14	15	15	14
38	40	40	41	41	41
1,183	1,205	1,209	1,250	1,267	1,280
242	238	234	237	235	240
304	321	327	324	337	348
122	115	139	145	140	148
104	106	115	116	117	121
186	200	206	199	203	206
22	22	22	22	22	20
<u>2,217</u>	<u>2,262</u>	<u>2,306</u>	<u>2,349</u>	<u>2,377</u>	<u>2,418</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year			
	2004	2005	2006	2007
Standardized tests				
MCA Reading (1) (3)				
Grade 3	77 %	81 %	87 %	85 %
Grade 4 (2)	N/A	N/A	N/A	75
Grade 5	79	83	83	79
Grade 6 (2)	N/A	N/A	N/A	75
Grade 7	73	75	78	74
Grade 8 (2)	N/A	N/A	N/A	77
Grade 10	83	87	73	70
MCA Math (1)				
Grade 3	78	83	84	84
Grade 4 (2)	N/A	N/A	N/A	77
Grade 5	77	83	59	58
Grade 6 (2)	N/A	N/A	N/A	69
Grade 7	72	83	72	66
Grade 8 (2)	N/A	N/A	N/A	67
Grade 11	80	78	38	38
ACT				
Average composite score	22.4	22.8	22.8	23.8

N/A – Not Available

- (1) Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.
- (2) Test first administered in fiscal year 2006–2007.
- (3) New test administered in fiscal year 2012–2013.

2008	2009	2010	2011	2012	2013
83 %	84 %	84 %	87 %	85 %	65 %
78	79	80	83	86	60
78	80	82	87	86	71
76	81	77	81	82	65
71	76	75	78	81	64
73	73	75	82	83	68
78	84	81	86	87	74
85	88	91	80	79	81
78	82	86	75	81	83
71	74	78	61	65	72
74	71	73	57	68	65
65	74	71	60	65	68
65	65	70	65	69	73
39	49	56	65	56	68
22.9	23.0	23.0	23.4	23.6	23.5

INDEPENDENT SCHOOL DISTRICT NO. 833

School Facilities
as of June 30, 2013

Facility	Use	Constructed	Acres	Classrooms	Square Footage	Capacity*	Enrollment (1)
Armstrong Elementary	School	1969/1987/2001	12.00	28	70,403	620	378
Cottage Grove Elementary	School	2002	35.00	34	93,000	725	547
Crestview Elementary	School	1963/1970/1990/ 1999/2001	35.00	35	72,437	780	659
Gordon Bailey Elementary	School	1991/1992/2000	30.00	43	106,734	880	641
Grey Cloud Elementary	School	1991/1992/2001/	41.00	35	92,523	725	653
Hillside Elementary	School	1963/1970/1990/ 2001	16.00	30	66,937	645	490
Liberty Ridge Elementary	School	2003/2013	25.00	54	128,000	1,040	952
Middleton Elementary	School	1991/1992/1999	30.00	43	106,734	880	797
Newport Elementary	School	1955/1970/1990	9.00	18	49,692	375	258
Pine Hill Elementary	School	1960/1967/1970/ 2001	12.00	27	62,479	570	357
Pullman Elementary	School	1960/1970/2002	16.00	27	62,137	570	398
Red Rock Elementary	School	2002	31.00	34	93,000	725	630
Royal Oaks Elementary	School	1966/1970/1990/ 2001	7.00	31	66,937	645	493
Woodbury Elementary	School	1960/1963/1970/ 1989/1990/1999/ 2002	10.00	37	85,802	780	491
Cottage Grove Middle School	School	1995/2004/2007/	72.00	54	192,723	1,330	1,173
Lake Middle School	School	1995/2000	67.00	52	188,000	1,295	1,148
Oltman Middle School	School	1951/1960/1965/ 1973/1974/1995/ 2002	20.00	32	146,848	825	733
Woodbury Middle School	School	1969/1989/2002	16.00	43	172,058	930	916
East Ridge High School	School	2009	58.00	75	381,000	1,875	1,800
Park Senior High School	School	1964/1971/1973/ 1994/2002/2003	51.00	85	336,610	1,920	1,855
Woodbury Senior High School	School	1974/2002/2003	45.00	77	338,006	1,920	1,848
District Service Center	Office/ warehouse	1975	7.00	N/A	51,312	N/A	–
District Program Center	School/ office	1975	7.00	9	52,627	N/A	106

N/A – Not Available

(1) Enrollment data from October 1, 2012

* Capacity is based on student to staff ratios in effect for fiscal year 2013

INDEPENDENT SCHOOL DISTRICT NO. 833

Food Service
School Lunch Program Data
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Average Daily Attendance (1)</u>	<u>Total Lunches Served</u>	<u>Days</u>	<u>Average Daily Participation</u>	<u>Participation as a Percentage of Average Daily Attendance</u>
2004	14,900	1,265,214	173	7,313	49.08 %
2005	15,159	1,281,373	172	7,450	49.14
2006	15,484	1,357,036	172	7,890	50.95
2007	15,621	1,364,665	172	7,934	50.79
2008	15,761	1,427,835	173	8,253	52.37
2009	15,723	1,453,001	171	8,497	54.04
2010	15,852	1,595,427	173	9,222	58.18
2011	16,121	1,681,144	174	9,662	59.93
2012	16,428	1,713,365	174	9,847	59.94
2013	16,537	1,657,164	173	9,579	57.92

(1) Based on State Food and Nutrition Department guidelines; attendance is deemed to be 94 percent of enrollment.

Free Lunch		Reduced Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
151,406	11.97 %	58,840	4.65 %
180,354	14.08	62,809	4.90
206,599	15.22	68,230	5.03
201,439	14.76	83,524	6.12
207,137	14.51	92,794	6.50
218,340	15.03	98,004	6.74
260,093	16.30	89,631	5.62
284,227	16.91	103,884	6.18
327,020	19.09	105,126	6.14
335,781	20.26	104,921	6.33

INDEPENDENT SCHOOL DISTRICT NO. 833

Expenditures per Student (Average Daily Membership)
Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Administration	\$ 304	\$ 315	\$ 349	\$ 376
District support services	189	227	225	201
Elementary and secondary regular instruction	3,825	3,744	4,033	4,353
Vocational education instruction	135	132	145	146
Special education instruction	1,160	1,246	1,349	1,439
Instructional support services	392	374	459	609
Pupil support services	664	644	693	876
Sites and buildings	680	670	763	819
Fiscal and other fixed cost programs	29	32	29	27
Food service	324	334	337	351
Community service	424	467	494	546
Capital outlay	454	368	468	1,347
Debt service	985	997	891	1,072
Total expenditures	<u>\$ 9,565</u>	<u>\$ 9,551</u>	<u>\$ 10,235</u>	<u>\$ 12,162</u>
Average daily membership	<u>15,851.05</u>	<u>16,127.03</u>	<u>16,472.25</u>	<u>16,617.96</u>

Note: Includes all governmental fund expenditures.

2008	2009	2010	2011	2012	2013
\$ 362	\$ 367	\$ 371	\$ 387	\$ 391	\$ 391
229	208	238	229	225	235
4,475	4,727	4,859	5,012	4,998	5,177
156	149	134	116	98	99
1,383	1,411	1,440	1,408	1,358	1,475
508	477	515	509	491	518
904	886	948	1,002	1,000	1,045
895	981	908	979	1,129	1,067
26	16	28	19	23	25
373	387	382	402	419	428
561	591	590	600	651	694
4,042	4,096	1,634	1,115	811	407
1,501	1,439	1,517	1,462	1,508	1,524
<u>\$ 15,414</u>	<u>\$ 15,735</u>	<u>\$ 13,563</u>	<u>\$ 13,241</u>	<u>\$ 13,102</u>	<u>\$ 13,086</u>
<u>16,766.94</u>	<u>16,727.03</u>	<u>16,864.10</u>	<u>17,150.17</u>	<u>17,476.57</u>	<u>17,592.73</u>

INDEPENDENT SCHOOL DISTRICT NO. 833

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	
2004	101.38	1,065.75	7,467.49	7,216.43	15,851.05	18,214.94
2005	102.86	1,089.96	7,598.73	7,335.48	16,127.03	18,526.90
2006	106.47	1,102.00	7,804.01	7,459.77	16,472.25	18,922.60
2007	132.71	1,108.62	7,876.94	7,499.69	16,617.96	19,085.41
2008	140.67	1,108.31	7,895.99	7,621.97	16,766.94	19,344.52
2009	146.66	1,101.05	7,787.71	7,691.61	16,727.03	19,312.60
2010	154.53	1,148.96	7,852.79	7,707.82	16,864.10	19,443.29
2011	169.09	1,106.78	7,939.92	7,934.38	17,150.17	19,827.54
2012	218.11	1,164.59	8,034.05	8,059.82	17,476.57	20,188.71
2013	238.39	1,041.85	8,155.19	8,157.30	17,592.73	20,392.75

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

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

	Pre-Kindergarten	Handicapped Kindergarten	Kindergarten	Elementary 1-3	Elementary 4-6	Secondary
Fiscal 2004 through 2007	1.250	1.000	0.557	1.115	1.060	1.300
Fiscal 2008 through 2013	1.250	1.000	0.612	1.115	1.060	1.300