

Duluth Public Schools

Independent School District #709

Duluth, Minnesota

FINANCIAL STATEMENTS

Year Ended June 30, 2007



**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

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DULUTH, MINNESOTA**

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**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

ORGANIZATION
JUNE 30, 2007

School Board Directors

		<u>Term Expires</u>
Ann Wasson	Chairperson	12/31/2009
Thomas Hustad	Vice Chairperson	12/31/2007
Tim Grover	Clerk of the Board	12/31/2007
Mike Akervik	Treasurer	12/31/2007
Mary Cameron		12/31/2009
Laura Condon		12/31/2009
Nancy Nilsen		12/31/2009

Ex Officio Members

Superintendent
Keith Dixon, Appointed July, 2005
Deputy Clerk
William Hanson, Appointed July, 2003

Dean R. Ager, CPA
Thomas L. Sykes, CPA
Michael S. Altman, CPA
Deborah J. Medlin, CPA
Darla R. Benoit, CPA
Ronald E. Peterson, CPA
Thomas J. Eling, CPA
William Gravelle, CPA of Counsel

Independent Auditor's Report

November 20, 2007

To the School Board
Independent School District No. 709
Duluth, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 709, Duluth, Minnesota (District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2007, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 10 and pages 48 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

Eikel & Schilling Ltd.

REQUIRED
SUPPLEMENTARY
INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 709 – DULUTH PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007

As management of Independent School District No. 709 (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2007.

FINANCIAL HIGHLIGHTS

- The District continues to meet its fund balance policy goal of 10% of unrestricted expenditures from selected funds.
- The District’s total net assets of governmental activities increased \$2.3 million, primarily due to a combination of increasing capital assets and reduced longer-term liabilities (severance liability and long-term debt).
- General revenues accounted for \$83.5 million, or 72% of all fiscal year 2007 revenues. This represents an increase of \$2.4 million versus the prior year. Program specific revenues of \$31.7 million (charges for services, grants and contributions) accounted for 28% of total fiscal 2007 revenues. This represents a decrease of \$2.3 million versus the prior year.
- The District spent approximately \$112.9 million on governmental activities. This represents a decrease of \$0.5 million (equal to 0.5%) versus prior year.
- Among major funds, the General fund had \$99.6 million in revenues, consisting mainly of state aids and local property taxes, and \$105.4 million in expenditures. This deficit of \$5.8 million was partially offset by proceeds of 1.1 million from an insurance recovery (construction performance bond).
- General Fund spending was \$4.6 million less than the revised budget of \$110.0 million. Approximately \$2.4 million of the budget relates to open purchase orders, school budgets and referendum spending that will be carried over to FY 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, Required Supplementary Information which includes the Management’s Discussion and Analysis (this section), the Basic Financial Statements, and Supplemental Information. The District’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for all governmental funds. A budgetary comparison statement has been provided for the General fund as required supplementary information.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the major budgetary comparisons.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$3.9 million as of June 30, 2007. This represents the fourth consecutive year that the District has realized positive growth in net assets.

Duluth Public Schools Statement of Net Assets As of June 30,

	2007	2006	Total Percentage Change 2006- 2007
Current and Other Assets	\$57,372,011	\$62,087,889	(7.6%)
Capital Assets	<u>28,292,416</u>	<u>27,005,002</u>	4.8%
Total Assets	\$85,664,427	\$89,092,891	(3.8%)
Long-term Liabilities	\$54,617,092	\$60,403,525	(9.6%)
Other Liabilities	<u>27,138,050</u>	<u>27,062,577</u>	.3%
Total Liabilities	\$81,755,142	\$87,466,102	(6.5%)
Net Assets/(Liabilities)			
Invested in capital assets, net of related debt	\$5,968,184	\$2,252,305	165.0%
Restricted	5,332,839	5,373,252	(0.8%)
Unrestricted	<u>(7,391,738)</u>	<u>(5,998,768)</u>	(23.2%)
Total Net Assets/(Liabilities)	<u>\$3,909,285</u>	<u>\$1,626,789</u>	140.3%

District Assets of \$85.7 million include \$30.7 million in unrestricted cash, \$4.3 million in cash held in escrow for future debt refundings, \$28.3 million in undepreciated capital assets, property tax and state aid receivables of \$21.6 million and \$0.8 million in other assets.

District Liabilities of \$81.8 million include \$25.7 million in Long-term Debt, \$29.0 million in severance liability, \$14.7 million due to employees and vendors for expenditures incurred, but not paid as of fiscal year-end, \$12.2 million for revenues collected for future fiscal years and \$0.2 million of deferred revenue.

**Duluth Public Schools
Change in Net Assets
For the Year ended June 30,**

	<u>2007</u>	<u>2006</u>	Total % Change 2006- <u>2007</u>
Revenues			
Program Revenues			
Charges for Services	\$6,759,454	\$8,842,424	(23.6%)
Operating grants and contributions	24,906,809	25,178,348	(1.1%)
General Revenues			
Property taxes	10,840,876	8,239,135	31.6%
State aids	69,448,823	71,369,348	(2.7%)
Other	<u>3,220,295</u>	<u>1,491,170</u>	116.0%
Total Revenues	\$115,176,257	\$115,120,425	0.0%
 Expenses			
Administration	\$5,165,867	\$4,953,787	4.3%
District support services	7,201,352	5,845,060	23.2%
Elementary and secondary regular instruction	43,609,499	47,332,702	(7.9%)
Vocational education instruction	2,984,495	2,871,756	3.9%
Special education instruction	19,756,971	20,515,551	(3.7%)
Instructional support services	5,536,538	4,732,386	17.0%
Pupil support services	7,790,668	7,893,425	(1.3%)
Sites and buildings	10,224,635	9,586,011	6.7%
Fiscal and other fixed cost programs	282,979	352,589	(19.7%)
Food service	2,912,780	2,891,966	0.7%
Community service	6,535,646	5,470,957	19.5%
Interest and fiscal charges on long-term debt	<u>892,331</u>	<u>1,031,909</u>	(13.5%)
Total expenses	<u>\$112,893,761</u>	<u>\$113,478,099</u>	(0.5%)
 Change in net assets (liabilities)	 <u>\$2,282,496</u>	 <u>\$1,642,326</u>	 39.0%
 Beginning of year net assets (liabilities) (restated)	 <u>\$1,626,789</u>	 <u>\$(15,537)</u>	 10,570.4%
End of year net assets (liabilities) (restated)	<u>\$3,909,285</u>	<u>\$1,626,789</u>	140.3%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

GENERAL FUND

The General Fund fund balance decreased \$4.7 million as follows:

Unreserved / undesignated fund balance decreased by \$1.4 million from \$8.4 million to \$7.0 million. The District continues to meet the goals established by its policy on fund balance.

Designated fund balances decreased by \$0.2 million, due to a \$0.3 million decrease in school carryover funds, along with a \$0.2 million decrease in severance-insurance premiums. These reductions were partially offset by increases of \$0.3 million in student transportation and \$0.1 million in student activities.

Reserved fund balances decreased by \$3.2 million due primarily to decreases in the operating capital reserve of \$1.9 million, the bus purchase reserve (eliminated via statute) of \$0.5 million and the reemployment reserve of \$0.3 million.

BUDGET REVISIONS

General fund (which includes the District's general, transportation and capital funds) adopted revenue budget of \$99.8 million was revised upward to \$103.1 million as a result of a \$1.6 million increase in grant and restricted program budgets due to new grants and carryover of unrealized funding from fiscal year 2006. In addition, there was an increase of \$0.9 million for unbudgeted revenue available through a federal settlement with Microsoft and \$0.8 million available from a contractor's performance bond.

General fund adopted expenditure budget of \$102.3 million was increased by \$7.7 million to \$110.0 million. Again, we added \$1.6 million due to additional or carryover grant and restricted program revenues, and \$1.7 million from the Microsoft settlement and collection against the performance bond. In addition, we added \$4.4 million for General and Capital fund carryovers.

VARIANCES TO FINAL REVISED BUDGET

General fund revenues were \$3.5 million less than the revised budget. A significant portion of this variance related to restricted program revenues where program activities were not initiated. These revenues will be realized in FY 08.

General fund spending was \$4.6 million less than the revised budget. Grants and restricted programs spending was approximately \$1.6 million less than revised budget, and these funds will be carried over and rebudgeted in fiscal 2008. Nearly \$2.4 million of unspent funds for open purchase orders, school budgets, staff development, and referendum spending will also be carried over into fiscal 2008. The remaining \$0.6 million of significant favorable spending variances were related to special education.

CAPITAL ASSETS

In fiscal 2007, the District acquired \$5.0 million of new capital assets. Large items included ongoing facilities improvements, school bus purchases, and technology equipment. Depreciation of \$1.7 million was taken on existing items. As of June 30, 2007, the district had capital items costing \$55.8 million, which had an undepreciated value of \$28.3 million. Most of the capital investment is in buildings and equipment.

LONG-TERM LIABILITIES

At year-end, the district had \$26.8 million of outstanding bonds payable and certificates of participation. After subtracting escrow funds set aside to pay principal on refinanced debt, the net outstanding amount is \$22.5 million, down \$2.6 million from last year. The District's debt rating from Moody's is unchanged at A3. State statute limits the District's debt to 10% of the fair market value of property in the District. This sets the District debt limit at approximately \$574.3 million as of June 30, 2007.

The remainder of long-term liabilities in the \$27.8 million recognized for severance benefits. This represents a decrease of \$3.2 million versus prior year.

ECONOMIC AND BUDGETARY FACTORS

Factors affecting the District's future financial condition include the following:

Declining enrollment – as the population of school-age children residing in the District declines, District revenues decline, as most of our funding is based on the number of pupils served in the District.

School choice – in addition to population decline, more residents have chosen educational options other than the District. Increases in charter schools, home schooling and private school enrollment has contributed to pupil and corresponding revenue loss.

State Budget – the current economic forecast for the state of Minnesota is more positive than in the recent past. Since K-12 education makes up over 40% of state spending and because State revenues account for over 71% of the District's revenues, the District may well be impacted by decisions made relative to education spending.

Medical Insurance – premiums continue to increase at significant rates, due to increased utilization of prescription drugs and medical services. Premium rates have nearly doubled in the last 6 years, despite efforts to curtail the increases (bidding, changes in co-pays).

Retiree benefits (severance) – this large liability exceeds the amounts currently set aside to pay these benefits upon retirements. This may impact the General fund, as interest earned on any invested funds will accrue to the trust for severance and not be available as General fund revenue.

DISTRICT FINANCIAL CONTACT

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives and utilizes. Should you have questions about this report, or need additional information, please contact:

Bill Hanson, Executive Director of Business Services, ISD #709
215 N. 1st Avenue East, Duluth, MN 55802
or call 218-336-8704

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

Exhibit 1

**Statement of Net Assets
June 30, 2007**

	Governmental Activities
Assets	
Cash and temporary investments	\$ 30,698,710
Receivables	
Taxes	9,634,094
Accounts and interest receivable	123,241
Due from other governmental units	11,867,640
Inventory	404,903
Prepayments	137,655
Unamortized discounts	157,003
Restricted assets	
Cash and investments for debt service	4,348,765
Capital assets, net of depreciation	
Capital assets not being depreciated	2,590,097
Capital assets being depreciated	25,702,319
Total assets	\$ 85,664,427
Liabilities	
Salaries payable	\$ 11,931,986
Accounts and contracts payable	1,471,210
Accrued interest payable	477,456
Due to other funds	316,310
Due to other governmental units	134,689
Compensated absences	395,999
Deferred revenue	224,139
Taxes levied for subsequent year's expenditures	12,186,261
Long term liabilities	
Due within one year	8,379,462
Due in more than one year	46,237,630
Total liabilities	\$ 81,755,142
Net Assets	
Invested in capital assets, net of related debt	\$ 5,968,184
Restricted for:	
Debt Service payments	5,332,839
Unrestricted	(7,391,738)
Total net assets	\$ 3,909,285
Total liabilities and net assets	\$ 85,664,427

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**Statement of Activities
For the Year Ended June 30, 2007**

Functions/Programs	Expenses
Government Activities	
Administration	\$ 5,165,867
District Support Services	7,201,352
Regular Instruction	43,609,499
Vocational Education Instruction	2,984,495
Special Education Instruction	19,756,971
Instructional Support Services	5,536,538
Pupil Support Services	7,790,668
Sites and Buildings	10,183,899
Fiscal and Other Fixed cost Programs	282,979
Food Service	2,912,780
Community Service	6,535,645
Interest and Fiscal Charges on Long Term Debt	892,331
Total Governmental Activities	<u>\$ 112,853,024</u>

Exhibit 2

Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$	\$ 21,989	\$	\$ (5,143,878)
9,235			(7,192,117)
3,014,279	3,544,073		(37,051,147)
19,073	199,327		(2,766,095)
507,248	10,217,291		(9,032,432)
180,120	2,251,230		(3,105,188)
1,200,586	3,205,947		(3,384,135)
879,837	174,641		(9,129,421)
			(282,979)
			(2,912,780)
908,340	4,683,310		(943,995)
40,736	609,000		(242,595)
<u>\$ 6,759,454</u>	<u>\$ 24,906,809</u>	<u>\$</u>	<u>\$ (81,186,761)</u>
General Revenues			
Taxes			
Property Taxes, levied for General Purposes			\$ 8,209,855
Property Taxes, levied for Community Service			646,506
Property Taxes, levied for Debt Service			1,984,515
State aid-formula grants			69,448,823
Other general revenues			1,663,718
Investments Earnings			1,515,841
Total General Revenues			<u>\$ 83,469,258</u>
Change in net assets			\$ 2,282,496
Net assets - beginning			<u>1,626,789</u>
Net assets - ending			<u>\$ 3,909,285</u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007**

	General	Capital Projects
<u>Assets</u>		
Cash and investments	\$ 26,837,336	\$ 1,027,857
Cash and investments with fiscal agent		
Taxes and credits receivable	7,105,088	
Accounts and interest receivable	115,211	
Due from		
Other Minnesota school districts	712,373	
Department of Education	8,825,288	16,806
Federal through Department of Education	1,293,575	
Federal - direct	33,975	
Other governmental units	89,635	
Inventory	257,184	
Prepayments	137,264	
	\$ 45,406,929	\$ 1,044,663
Total Assets		

Exhibit 3

Debt Service	Other Funds	Total Government Funds
\$ 1,888,396	\$ 945,121	\$ 30,698,710
4,348,765		4,348,765
1,921,213	607,793	9,634,094
	8,030	123,241
		712,373
145,650	371,759	9,359,503
	45,353	1,338,928
	333,226	367,201
		89,635
	147,719	404,903
	391	137,655
\$ 8,304,024	\$ 2,459,392	\$ 57,215,008

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007**

	General	Capital Projects
<u>Liabilities</u>		
Salaries payable	\$ 11,321,282	\$ 21
Accounts payable	998,169	255,613
Due to		
Other funds	219,063	
Other Minnesota school districts	133,270	
Other governmental units	1,419	
Claims payable	54,127	
Construction contracts		55,020
Deferred revenue	431,544	
Taxes levied for subsequent year's expenditures	8,380,627	
Total Liabilities	\$ 21,539,501	\$ 310,654

**Exhibit 3
(Continued)**

<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Government Funds</u>
\$	\$ 610,683	\$ 11,931,986
	108,281	1,362,063
	97,247	316,310
		133,270
		1,419
		54,127
		55,020
87,463	35,664	554,671
<u>2,883,722</u>	<u>921,912</u>	<u>12,186,261</u>
<u>\$ 2,971,185</u>	<u>\$ 1,773,787</u>	<u>\$ 26,595,127</u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007**

	General	Capital Projects
Fund Balance (Deficit)		
Reserved for		
Area learning center	\$ 57,637	\$
First grade preparedness	60,826	
Basic skills programs	312,366	
Cooperative revenue	120,654	
Health and safety	309,910	
Inventory	257,184	
Learning development	197,575	
Gifted and talented	67,845	
Operating capital	2,395,963	
Prepayments	137,264	
Safe schools	35,229	
Severance pay	3,000,000	
Staff development	498,256	
Community education		
Adult basic education		
Early childhood family education		
Alternative facility program		734,009
Bond refunding		
Designated for		
Desegregation	132,867	
Operating capital	1,050,000	
Referendum expenditures	118,297	
School carryover	1,619,369	
Severance-insurance premiums	2,587,116	
Student activities	1,173,805	
Student transportation	1,783,549	
Textbooks	887,787	
Unreserved-undesignated		
General	7,063,929	
Debt service		
Food service		
Community services		
Total Fund Balance	\$ 23,867,428	\$ 734,009
Total Liabilities and Fund Balance	\$ 45,406,929	\$ 1,044,663

**Exhibit 3
(Continued)**

<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$ 57,637
		60,826
		312,366
		120,654
		309,910
	147,719	404,903
		197,575
	42,007	109,852
		2,395,963
	391	137,655
		35,229
		3,000,000
		498,256
	204,179	204,179
	89,260	89,260
	126,761	126,761
		734,009
4,348,765		4,348,765
		132,867
		1,050,000
		118,297
		1,619,369
		2,587,116
		1,173,805
		1,783,549
		887,787
		7,063,929
984,074		984,074
	81,581	81,581
	(6,293)	(6,293)
<u>\$ 5,332,839</u>	<u>\$ 685,605</u>	<u>\$ 30,619,881</u>
<u>\$ 8,304,024</u>	<u>\$ 2,459,392</u>	<u>\$ 57,215,008</u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

Exhibit 4

**Reconciliation of the Balance Sheet to the
Statement of Net Assets
Governmental Funds
June 30, 2007**

Total fund balances - governmental funds \$ 30,619,881

Amounts reported for governmental activities in the statement
of activities are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	55,801,496
Less: accumulated depreciation	(27,509,080)

Long-term liabilities, including bonds payable, are not due and payable in the
current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bond principal payable	(23,020,000)
Certificates of participation	(3,810,000)

Long-term liabilities, including severance payable, are not due and payable in the
current period and therefore are not reported as liabilities in the funds.

(27,787,092)

Long-term liabilities, including compensated absences payable, are not due and payable in the
current period and therefore are not reported as liabilities in the funds.

(395,999)

Delinquent property taxes receivable will be collected this year, but are not available soon
enough to pay for the current period's expenditures, and therefore are deferred in the funds.

330,532

Governmental funds do not report a liability for accrued interest until
due and payable.

(477,456)

Governmental funds report debt issuance premiums and discounts as an other financing
source or use at the time of issuance. Premiums and discounts are reported as an
unamortized asset or liability in the District-wide financial statements.

157,003

Total net assets (liabilities) - governmental activities \$ 3,909,285

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007**

	General	Capital Projects
Revenues		
Local property tax levies	\$ 6,984,177	\$ 1,231,461
Interest income	1,515,841	
Other local and county	4,330,163	3,371
State sources	79,738,268	174,641
Federal sources	6,332,248	
Sales and other conversions of assets	1,794,564	
Total Revenues	\$ 100,695,261	\$ 1,409,473
Expenditures		
Administration	\$ 5,058,431	\$
District support services	5,231,692	
Regular instruction	46,972,936	
Vocational instruction	2,934,317	
Special education instruction	19,720,170	
Community education and services		
Instructional support services	5,482,307	
Pupil support services	7,570,947	
Sites, buildings and equipment	8,850,140	29,309
Fiscal and other fixed cost programs	282,979	
Debt Service		
Principal		
Interest and fiscal charges		
Capital outlay	3,334,797	1,845,931
Total Expenditures	\$ 105,438,716	\$ 1,875,240
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,743,455)	\$ (465,767)
Other Financing Sources (Uses)		
Transfer In	\$	\$
Transfer Out		(40,736)
Interest earned from escrow		
Principal and interest paid from escrow		
Total Other Financing Sources (Uses)	\$	\$ (40,736)
Net change in fund balance	\$ (4,743,455)	\$ (506,503)
Fund Balance		
Beginning of Year	28,610,883	1,240,512
End of Year	\$ 23,867,428	\$ 734,009

Exhibit 5

Debt Service	Other Funds	Total Governmental Funds
\$ 1,982,699	\$ 637,914	\$ 10,836,251
		1,515,841
	939,721	5,273,255
1,459,884	2,169,460	83,542,253
	4,664,631	10,996,879
	1,200,112	2,994,676
<u>\$ 3,442,583</u>	<u>\$ 9,611,838</u>	<u>\$ 115,159,155</u>
		\$ 5,058,431
		5,231,692
		46,972,936
		2,934,317
		19,720,170
	6,478,883	6,478,883
		5,482,307
	2,902,162	10,473,109
		8,879,449
		282,979
2,445,000		2,445,000
1,084,970		1,084,970
	62,071	5,242,799
<u>\$ 3,529,970</u>	<u>\$ 9,443,116</u>	<u>\$ 120,287,042</u>
<u>\$ (87,387)</u>	<u>\$ 168,722</u>	<u>\$ (5,127,887)</u>
\$ 40,736	\$	\$ 40,736
		(40,736)
196,528		196,528
(190,290)		(190,290)
<u>\$ 46,974</u>	<u>\$</u>	<u>\$ 6,238</u>
\$ (40,413)	\$ 168,722	\$ (5,121,649)
<u>5,373,252</u>	<u>516,883</u>	<u>35,741,530</u>
<u>\$ 5,332,839</u>	<u>\$ 685,605</u>	<u>\$ 30,619,881</u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

Exhibit 6

**Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
Governmental Funds
YEAR ENDED JUNE 30, 2007**

Total net changes in fund balances - governmental funds	\$ (5,121,649)
---	----------------

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	2,996,600
Disposal of capital assets	(16,401)
Depreciation expense	(1,692,785)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	2,588,172
--	-----------

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.	37,739
--	--------

Net amortization of premiums and discounts.	(22,770)
---	----------

Payment of severance is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	3,198,261
---	-----------

Payment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	310,704
--	---------

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditure, and therefore are deferred in the funds.	4,625
---	-------

Change in net assets - governmental activities	<u>\$ 2,282,496</u>
--	---------------------

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Exhibit 7

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Pension Trust Fund	Private- Purpose Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 937,660	\$ 148,675	\$ 90,091
Due from other funds	316,310		
	Total Assets	\$ 148,675	\$ 90,091
	\$ 1,253,970	\$ 148,675	\$ 90,091
Liabilities			
Accounts payable	\$	\$	\$ 24
Deferred revenue			90,067
	Total Liabilities	\$	\$ 90,091
	\$	\$	\$ 90,091
Net Assets			
Reserved for endowment	\$	\$ 100,000	\$
Reserved for clock tower		16,366	
Reserved for retirees	1,253,970		
Unreserved - undesignated		32,309	
	Total Net Assets	\$ 148,675	\$
	\$ 1,253,970	\$ 148,675	\$
Total Liabilities and Net Assets	\$ 1,253,970	\$ 148,675	\$ 90,091

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

Exhibit 8

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2007**

	Pension Trust Fund	Private- Purpose Funds
Additions		
Miscellaneous	\$ 316,310	\$
Investment earnings		
Interest	33,234	6,031
Total Additions	\$ 349,544	\$ 6,031
Deductions		
Benefits	\$ 14,424	\$
Changes in net assets	\$ 335,120	\$ 6,031
Net Assets - Beginning	918,850	142,644
Net Assets - Ending	\$ 1,253,970	\$ 148,675

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

1. Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

The District is an instrumentality of the State of Minnesota established to function as an educational institution. The Board of Education consists of elected officials and is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board of Education and is responsible for administrative control of the District.

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

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 include 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.

The financial transactions of student activities are included in the financial statements. Student activities are established by various student organizations (which have District employees as advisors). Amounts are usually generated and spent at the discretion of the student organizations and faculty advisors. The School Board has chosen to directly control the activities.

Basic Financial Statement Presentation

The district-wide financial statements (i.e. the Statement of Net Assets and the 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. The Fiduciary Funds are only reported in the Statements of Fiduciary Net Assets at the fund financial statement level.

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

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

1. Summary of Significant Accounting Policies (Continued)

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 items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net assets are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. The effect of interfund activity has been removed from the district-wide financial statements.

Separate fund financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregate information for the remaining non-major governmental funds is reported in a single column in the fund financial statements.

The fiduciary funds are presented in the fiduciary fund financial statements by type (pension and agency). Since by definition these assets are being held for the benefit of a third party (private parties, pension participants, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the district-wide statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. 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". Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

1. Summary of Significant Accounting Policies (Continued)

2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

Basis of Presentation

The District has established funds to account for and segregate the financial consequences of its various activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and by how such activities are controlled. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

The General Fund of the District accounts for administration, kindergarten through 12th grade instruction, transporting students to and from school, purchases of land, buildings, improvements, equipment, textbooks, major repairs, activities and other costs to the District and related revenues.

The Capital Projects Fund accounts for construction of facility additions financed by levy or bonds.

The Debt Redemption Debt Service Fund accounts for the retirement of bonds issued for kindergarten through 12th grade projects and payments of related interest. The assets of this fund are legally restricted to the aforementioned purpose.

Non-major Governmental Funds

The Food Service Fund accounts for meals provided to students.

The Community Services Fund accounts for instruction of persons not in kindergarten through 12th grades.

Fiduciary Funds

The Private Purpose Funds account for principal and unexpended earnings of the Miller Memorial Playground endowment and the Clock Tower endowment.

Pension Trust Fund accounts for employees' severance for federally funded programs.

The Agency Funds account for assets held for employees and other agencies.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

1. Summary of Significant Accounting Policies (Continued)

Budget Policies and Basis

The School Board is responsible for the budget and for the District's financial performance against the budget. District employees prepare a proposed budget on the modified accrual basis of accounting. The budget is amended and approved by the Board before the beginning of the fiscal year as required by Minn. Stat. § 123.B.77, subd. 4. The Board reviews the District's financial progress against the budget regularly throughout the year.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all funds of the District. For each fund for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of accounting principles generally accepted in the United States of America.

Reported budget amounts represent the originally adopted budget as amended. Expenditures in excess of the budget require approval of the School Board. Employees report significant deviations from budget line amounts to the Board as they are recognized throughout the year. The annual budget is not legally binding on the District unless the District has a total deficit in its K-12 general and operating funds, which exceeds 2.5 percent of expenditures. The budget is adopted through passage of a resolution. The School Board must approve revisions that alter total expenditures of any fund without offsetting revenues.

Cash and Investments

Cash and investments of the individual funds are combined to form a pool, except for the fiduciary funds, and are invested to the extent available in securities as authorized by state law. Investment income is reported in the General Fund. Funds with negative cash balances are not charged interest. Certificates of deposits and securities of the U.S. government and its agencies are recorded at fair value, based on quoted market price. External investment pools and money market funds are recorded at fair value, based on the fair value of the position in the pool. The annuity contract is recorded at cost.

Receivable

Amounts due from individuals and organizations are recorded as receivables at year-end. Receivables are shown net of an allowance for uncollectible accounts. At [June 30, 2007](#), the allowance for uncollectible accounts was \$45,862. The only receivables not expected to be collected within one year are current property taxes receivable.

Inventory

General Fund inventory includes instructional and other materials held in the central storeroom. Inventory in the Food Service Fund consists of food and supplies.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

1. Summary of Significant Accounting Policies (Continued)

The General Fund central storeroom inventory is priced using the weighted average method. All inventories are accounted for using the consumption method. Under the consumption method, expenditures are recognized when inventory is used rather than when purchased. Food and supplies are valued at cost, on a first-in, first-out basis.

Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are reported using the consumption method and recorded as an expenditure at the time of consumption.

Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the district-wide financial statements.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. Capital assets are recorded in the district-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives, ranging from five to fifty years.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

Compensated Absences

The District records a liability for earned but unpaid vacation. Unpaid sick leave does not vest and therefore is not accrued. Sick pay is recognized when paid, and unused balances are used in severance calculations.

Long-term Liabilities

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

1. Summary of Significant Accounting Policies (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. That portion of the fund balance not reserved is reported as unreserved fund balance, and is available for budgeting in future period. Fund balance designations represent that portion of fund balance the District has set aside for planned future expenditures.

Variance From State Reporting Requirements

Inventory – The Minnesota Department of Education has not defined a reserve for inventory account in its Uniform Financial Accounting and Reporting Standards (UFARS). However, the District has reported a reserve for inventory of \$404,903 on the combined balance sheet in accordance with accounting principles generally accepted in the United States of America.

Prepayments – The Minnesota Department of Education has not defined a reserve for prepayments account in its UFARS. However, the District has reported a reserve for prepayments of \$137,655 on the combined balance sheet in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets represent the difference between assets and liabilities in the district-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the district-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Property Taxes

The property tax calendar in Minnesota follows the calendar year. Taxes are levied in December of the year prior to collections and becomes a lien on January 1 based on the School Board's certification and property values as of the previous January 1. Taxes are due May 15 and October 15 to the county as agent for the District. The county remits taxes to the District in June, November, and January.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

2. Cash and Investments

Deposits

Minn. Stat. § 118A.04 authorizes the District to deposit its cash and to invest in financial institutions designated by the District's Board. Minnesota statutes require that all District deposits be covered 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.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District requires collateral for deposits over FDIC insurance amounts. As of [June 30, 2007](#), the District's deposits were not exposed to custodial credit risk.

Investments

Minn. Stat. § 118A.04 and 118A.05 generally authorizes the following types of investments as available to the District:

- (1) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by subd. 6;
- (2) Shares of a Minnesota joint powers investment trust or shares of an investment company that is registered under the Federal Investment Company Act of 1940 pursuant to the restrictions of Minn. Stat § 118A.05 subd. 4;
- (3) General obligations of the State of Minnesota and its municipalities; and in certain state agency and local obligations of Minnesota or other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) Time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers' acceptances of United States banks;
- (5) Commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less; and
- (6) Guaranteed investment contracts (gic's) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories;
- (7) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers; and
- (8) Securities lending agents under the provisions of Minn. Stat. § 118A.05 subd.3.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

2. Cash and Investments (Continued)

The Minnesota School District Liquid Asset Fund (MSDLAF) is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position on the pool is the same as the value of the pool shares.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District has the following investments at **June 30, 2007**:

Investment Type	Fair Value	Less Than 1 Year	1-3 Years	Over 3 Years
Government Agencies	\$ 16,593,373	\$ 8,791,082	\$ 761,262	\$ 7,041,029
External Investment Pool	14,264,644	14,264,644		
Money Market Funds	118,048	118,048		
Annuity Contract	937,660	937,660		
Commercial Paper	199,498	199,498		
Total Investments	\$ 32,113,223	\$ 24,310,932	\$ 761,262	\$ 7,041,029

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the District's policy to invest only in securities that meet the ratings requirements set by state statute.

The District's exposure to credit risk as of **June 30, 2007** is as follows:

S&P Rating	Fair Value
AAA	\$ 18,160,807
Not rated	13,952,416
Total	\$ 32,113,223

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. At **June 30, 2007**, none of the District's investments were subject to custodial credit risk.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer. The District had no investment in any one issuer, excluding government securities and external investment pools, which exceeded 5 percent of the District's total investments.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

2. Cash and Investments (Continued)

The District's total cash and investments as of June 30, 2007 are as follows:

Petty Cash	\$ 4,605
Deposits	4,106,073
Investments	<u>32,113,223</u>
Total	<u><u>\$ 36,223,901</u></u>

Presented in the basic financial statements as follows:

Statement of Net Assets	
Cash and temporary investments	\$ 30,698,710
Restricted Assets:	
Cash and investments for debt service	4,348,765
Statement of Fiduciary Net Assets	
Cash and Cash Equivalents	
Pension Trust Fund	937,660
Private Purpose Funds	148,675
Agency Funds	<u>90,091</u>
Total Cash and Investments	<u><u>\$ 36,223,901</u></u>

3. Taxes and Credits Receivable

Current taxes and credits receivable represent the uncollected balance of the 2006 levy, collectible in 2007, including related state property tax relief aid. Delinquent taxes receivable represent taxes due from levies of the prior six years. At June 30, 2007, property taxes and credits receivable consisted of:

<u>Fund</u>	<u>Current</u>	<u>Delinquent</u>	<u>Total</u>
General	\$ 6,885,526	\$ 219,562	\$ 7,105,088
Debt Redemption Debt Service	1,833,749	87,464	1,921,213
Community Services Fund	<u>584,287</u>	<u>23,506</u>	<u>607,793</u>
Total	<u><u>\$ 9,303,562</u></u>	<u><u>\$ 330,532</u></u>	<u><u>\$ 9,634,094</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

4. Inventory

Inventory at June 30, 2007, consisted of:

General Fund - supplies	\$ 257,184
Food Service Fund - food	147,719
Total	\$ 404,903

5. Capital Assets

A summary of the changes in capital assets is as follows:

	Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
Capital assets, not being depreciated				
Land	\$ 1,475,893	\$ -	\$ -	\$ 1,475,893
Constr. work in proc.	1,975,272	1,114,203	(1,975,271)	1,114,204
Total capital assets, not being depreciated	\$ 3,451,165	\$ 1,114,203	\$ (1,975,271)	\$ 2,590,097
Capital assets, being depreciated				
Land improvements	\$ 5,796,994	\$ 211,000	\$ -	\$ 6,007,994
Buildings	37,732,933	1,778,935	-	39,511,868
Furniture & Equipment	6,655,544	1,867,733	(831,740)	7,691,537
Total capital assets, being depreciated	\$ 50,185,471	\$ 3,857,668	\$ (831,740)	\$ 53,211,399
Less: Accumulated Depreciation	(26,631,634)	(1,692,785)	815,339	(27,509,080)
Capital assets, being depreciated, net	\$ 23,553,837	\$ 2,164,883	\$ (16,401)	\$ 25,702,319
Total capital assets, net of depreciation	\$ 27,005,002	\$ 3,279,086	\$ (1,991,672)	\$ 28,292,416

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 69,836
District Support Services	314,741
Elementary and Secondary Regular Instruction	13,594
Vocational Educational Instruction	3,627
Special Education Instruction	4,106
Instructional Support Services	14,255
Pupil Support Services	225,030
Sites and Buildings	1,047,596
Total	\$ 1,692,785

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

6. Lease Obligations

Operating Leases

The District is committed under various operating leases for building space, parking facilities, and equipment. Rent expense for the year ended June 30, 2007, was \$232,159.

Future minimum lease payments under operating leases, which are not reflected in these financial statements, consist of the following at June 30, 2007:

<u>Year Ending June 30</u>	
2008	\$ 373,916
2009	181,562
2010	181,711
2011	141,865
2012	<u>142,023</u>
Total	<u><u>\$1,021,077</u></u>

7. Long-Term Liabilities

Certificates of Participation

The District entered into an installment purchase contract for \$6,500,000 to provide financing for the construction of a secondary technical center. The installment purchase contract requires annual payments of \$190,000 to \$575,000, plus 4.8 to 6.0 percent interest through March 1, 2015.

On November 1, 2001, the District issued \$5,885,000 Refunding Certificates of Participation 2001 bonds to refund in advance the 2005 through 2015 maturities totaling \$4,645,000 beginning March 1, 2002 through the March 1, 2005 call date. The debt is secured by the title to the land and a security interest in all project equipment or other property.

The annual requirements to amortize the principal and interest are:

<u>Year Ended June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 560,328	\$ 400,000	\$ 160,328
2009	560,528	415,000	145,528
2010	563,928	435,000	128,928
2011	571,528	460,000	111,528
2012	578,128	485,000	93,128
2013-2015	<u>1,764,600</u>	<u>1,615,000</u>	<u>149,600</u>
Total	<u><u>\$ 4,599,040</u></u>	<u><u>\$ 3,810,000</u></u>	<u><u>\$ 789,040</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

7. Long Term Liabilities (Continued)

Bonds Payable

\$6,665,000 General Obligation School Building Bonds (Series 2000A) due in annual installments of \$345,000 to \$650,000 plus 4.6 to 5.5 percent interest through February 1, 2008, when the proceeds of the General Obligation School Building Refunding Bonds (Series 2001B) will be used to refund the 2009 through 2016 maturities.	\$ 4,785,000
\$6,875,000 General Obligation School Building Refunding Bonds (Series 2001A) due in annual installments of \$500,000 to \$780,000 plus 3.65 to 4.65 percent interest from August 1, 2001 through February 1, 2014.	4,740,000
\$13,710,000 General Obligation School Building Refunding Bonds (Series 2001B) due in annual installments of \$300,000 to \$2,080,000 plus 3.5 to 5.0 percent interest from August 1, 2002 through February 1, 2016. \$4,610,000 of the proceeds were placed in escrow and invested in U.S. government securities. This amount plus interest earned on the investments will be sufficient to pay the 2009 through 2016 maturities of the General Obligation School Building Bonds (Series 2000A).	12,365,000
\$2,180,000 General Obligation School Building Refunding Bonds (Series 2003) due in annual installments of \$250,000 to \$360,000 plus 1.15 to 3.20 percent interest from August 1, 2004 through February 1, 2011.	1,130,000
	<hr/>
Total	<u><u>\$ 23,020,000</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

7. Long Term Liabilities (Continued)

The annual requirements to amortize bonds and interest are:

<u>Year Ended June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 7,527,632	\$ 6,510,000	\$ 1,017,632
2009	2,968,775	2,270,000	698,775
2010	2,950,795	2,340,000	610,795
2011	2,963,005	2,445,000	518,005
2012	3,034,525	2,615,000	419,525
2013-2016	<u>7,430,270</u>	<u>6,840,000</u>	<u>590,270</u>
Total	<u>\$ 26,875,002</u>	<u>\$ 23,020,000</u>	<u>\$ 3,855,002</u>

Changes in long-term debt for the year ended June 30, 2007, are:

	<u>Balance June 30, 2006</u>	<u>Increase</u>	<u>Payments/ Adjustments</u>	<u>Balance June 30, 2007</u>
Certificates of participation	\$ 4,195,000	\$	\$ 385,000	\$ 3,810,000
Bonds payable	25,080,000		2,060,000	23,020,000
Capital lease	143,172		143,172	-
Severance obligation	<u>30,985,353</u>		<u>3,198,261</u>	<u>27,787,092</u>
Total	<u>\$ 60,403,525</u>	<u>\$ -</u>	<u>\$ 5,786,433</u>	<u>\$ 54,617,092</u>

The following is a summary of current (due in one year or less) and the long-term portion (due in more than one year) of long-term debt as of June 30, 2007:

	<u>Certificates of Participation</u>	<u>Bonds Payable</u>	<u>Severance Obligation</u>	<u>Total</u>
Current portion	\$ 400,000	\$ 6,510,000	\$ 1,469,462	\$ 8,379,462
Long-term portion	3,410,000	16,510,000	26,317,630	46,237,630
Total	<u>\$ 3,810,000</u>	<u>\$ 23,020,000</u>	<u>\$ 27,787,092</u>	<u>\$ 54,617,092</u>

Legal Debt Margin

The District's legal debt limit is 10% of the fair market value of the property within the District. The District's legal debt margin at June 30, 2007 is approximately \$574,259,537.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

8. Compensated Absences

Vacation and sick leave are earned based on various bargaining unit contracts and length of service as follows:

	<u>Vacation</u>	<u>Sick Leave</u>
Teachers	None	10 days per year
Administrative	10 - 25 days per year	10 - 13 days per year
Maintenance	2 - 5 weeks per year	18 days per year
Non-certified	0 - 6 weeks per year	13-18 days per year

At June 30, 2007, \$395,999 has been included in the district-wide financial statements.

9. Severance Obligations

Most full-time employees of the District are eligible for severance pay upon retirement based on contractual agreements. At June 30, 2007, 319 active employees were eligible for severance benefits. Severance benefits vest at age 55 and are computed using salary rate, age, sick days accumulated, years of service, and in some cases unused vacation pay. The severance obligation recorded represents lump sum payment obligations for vested employees at June 30, 2007, along with payment obligations for non-vested employees that are considered likely to be paid out at termination.

In the governmental fund financial statements, the District has established a reserve fund balance for severance pay in the amount of \$3,000,000. As required by UFARS, the balance of the reserve represents the District's estimate of severance payments to be made in the 2006-2007 school year. Severance is recorded as an expenditure when paid.

The District remits the lump sum severance benefit to the Minnesota State Retirement System Health Care Savings Plan upon the retirement of the employee. For the majority of District employees (60%) the full amount of the severance is sent to the state plan. For the remaining 40% of the employees the District pays a portion of the severance benefit to the state Health Care Savings Plan and retains a portion for the employees to use to pay future health insurance premiums.

The District pays health insurance for these retirees and surviving spouses to the extent of the retiring employee's severance account as required by collective bargaining agreements. The liability for this benefit is estimated to be \$5,174,232 for retirees (included in severance obligation) and \$12,248,210 for qualifying employees. As allowed by UFARS, the District has designated \$2,587,116 that represents one-half of the total severance obligations for post employment health care benefits. During 2007, 61 retirees received a total benefit of \$1,507,635.25. The District funds these expenditures as paid except for the severance for employees of federal programs, which is funded through the Pension Trust Fund.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

9. Severance Obligations (Continued)

Severance benefit obligation sent to state (HCSP)	\$ 11,618,620
Retained severance benefit obligations for retirees	5,174,232
Retained severance benefit obligations for qualified employees	<u>12,248,210</u>
Total termination benefits payable	\$ 29,041,062
Amount deposited in Pension Trust Fund	<u>(1,253,970)</u>
Total	<u><u>\$ 27,787,092</u></u>

10. Interfund Transactions

Individual fund receivable and payable balances at June 30, 2007:

	Receivable	Payable
General Fund	\$ -	\$ 219,063
Community Service		97,247
Fiduciary Funds		
Pension Trust	<u>316,310</u>	
Total Funds	<u><u>\$ 316,310</u></u>	<u><u>\$ 316,310</u></u>

These amounts represent federal severance calculation.

Transfers between funds

Transfer Out	
Capital projects fund	(40,736)
Transfer In	
Debt service fund	40,736

The amount represents unspent proceeds from the sale of bonds associated with the construction of the Secondary Technical Center.

11. Net Assets/Fund Balances

The following funds had a fund balance deficit at June 30, 2007

Community Service Fund - Unreserved	6,293
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**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

12. Pension Plans

Substantially all employees of the District are required by State law to belong to pension plans administered by the Duluth Teachers' Retirement Fund Association (DTRFA) or the Public Employees Retirement Association (PERA).

1. Duluth Teachers' Retirement Fund Association

a. Plan Description

Certified employees of the District are covered by defined benefit plans administered by the DTRFA. DTRFA administers cost sharing, multiple employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 354A, 356, 356A, 317A and the Articles of Incorporation and bylaws of the Association.

DTRFA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits vest after three years of credited service and are established by Articles of Incorporation and bylaws, and by State Statute. The defined retirement benefits are based on a member's highest 5-year average salary, age, and years of credit at termination of service.

Association members may be eligible for benefits under three different plans depending on year of hire. Members in all three plans are covered by Social Security.

Old Plan Covers Association members hired prior to July 1, 1981. Normal retirement benefits are earned at age 60, or age plus service totals 90. Retirement benefits vest after 10 years or age 60. The annual normal retirement benefit is equal to 1.45 percent of the member's high five-year average salary multiplied by the number of years of credited service. Early retirement benefits are available at age 55 with 10 or more years of credited service with a .25 percent per month early retirement deduction under age 60. Old plan members may elect Tier I or Tier II plans if they produce a higher annual retirement benefit.

Tier I Plan Covers Association members hired or rehired after June 30, 1981, and before July 1, 1989. Normal retirement benefits are earned at age 65, or at age 62 with at least 30 years of service, or if age plus service totals 90. Retirement benefits vest after 3 years of service or at age 65. The annual retirement benefit is equal to 1.20 percent for each of the first ten years of service credit and 1.70 percent for each subsequent year of service credit multiplied by the high five successive years average salary. Early retirement benefits are available at age 55 with three or more years of credited service or at any age with 30 or more years of credited service with a .25 percent per month early retirement deduction under the normal retirement age. Tier I Plan members may elect the Tier II Plan if it produces a higher annual retirement benefit.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

12. Pension Plans (Continued)

Tier II Plan Covers Association members hired or rehired after June 30, 1989. Normal retirement benefits are tied to the Social Security normal retirement age, but in no event is normal retirement age higher than age 66. Retirement benefits vest after 3 years or at normal retirement age. The annual normal retirement benefit is equal to 1.70 percent for all years of credited service multiplied by the high five successive years of average salary. Early retirement benefits are available at age 55 with three or more years of credited service with an actuarial equivalence early retirement reduction under normal retirement age.

Under all plans, members may elect to receive their pension benefits in the form of a single-life annuity, a joint and survivor annuity or a life and term certain annuity, and have the option of electing Social Security actuarial income leveling. Terminating members may receive a refund of their contributions with interest computed at 6 percent or may elect an augmented deferred retirement benefit if retirement benefits have vested.

There are different types of annuities available to members upon retirement. A normal 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 reduce the monthly normal annuity amount, because the annuity is payable over joint lives or a term certain. Members may also leave their contributions in the fund upon termination of service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who terminate service, but before retirement benefits begin.

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

DTRFA issues a financial report that includes financial statements and required supplementary information and makes it available to the public by written request to DTRFA, 625 East Central Entrance, Duluth, MN 55811 or by calling (218) 722-2894.

b. Funding Policy

Minnesota Statutes Chapter 354A sets the rates for employers and employee contributions. These statutes are established and amended by the state legislature. The District contributions to the pension plans are equal to the amount required by state statutes. DTRFA members are required to contribute 5.5% of their annual covered salary. The District is required to contribute 5.79% of annual covered payroll. The District's contributions for the years ending **June 30, 2007**, 2006, 2005 were \$2,835,993, \$2,741,973, and \$2,741,014 respectively equal to the contractually required contributions for each year as set by state statute.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

12. Pension Plans (Continued)

2. Public Employees Retirement Association

a. Plan Description

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

PERA-eligible employees belong to the Coordinated Plan. The Coordinated Plan, created in 1968, is designed to work in conjunction with Social Security – members of the Coordinated Plan contribute to both PERA and Social Security (FICA and Medicare). For this Plan the total employer contribution is comprised of two components: 1) a match to the employee contribution, and 2) an additional employer contribution.

PERA provides retirement benefits as well as disability benefits to members and the option to elect to provide benefits to survivors upon death of eligible members. Benefits are based on the member's accumulated service credit, the person's age at the time of retirement, and his or her high-five salary (the average salary a member received during the five highest-paid consecutive years of public service) and a plan-specific multiplier. In general, an eligible member must earn a minimum of three years of service to become vested (eligible to receive a monthly pension upon retirement).

Two methods are used to compute benefits for PERF's Coordinated Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2).

Under Method 1, for each of an eligible member's first 10 years of service, the member will earn 2.2 percent of his or her high five-year average salary. For each year of service exceeding 10, the member will earn 2.7 percent. The Rule of 90 allows early retirement with no reduction to the pension if the sum of the member's age and years and months of service totals at least 90. If the member does not qualify for the Rule of 90, or is not age 65, the pension will be reduced by 3 percent for each year the member is under the age of 65. The reduction is from age 62 if the member has 30 or more years of service.

Under Method 2, an eligible member's benefit is computed using a level formula of 2.7 percent of the member's high five-year average salary for each year of service. There is no Rule of 90 or 3 percent per year early retirement reduction factor. Instead, there is an actuarial reduction, which is about 6 percent per year for each year that the member retires before qualifying for full Social Security benefits (currently age 65, capped at age 66).

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

12. Pension Plans (Continued)

There are different types of annuities available to members upon retirement. A normal 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 are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF. That report may be obtained on the web at mnpera.org, or by writing to PERA, 60 Empire Drive, Suite 200, St. Paul, MN 55103-1855 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 the statutes. PERA Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 5.75% respectively, of their annual covered salary. The District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, and 6.25% for Coordinated Plan PERF members. The District contributions for the years ending June 30, 2007, 2006, and 2005 were \$1,036,831, \$953,133, and \$920,016 respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statute.

13. Commitments

At [June 30, 2007](#), the District had commitments under various construction and service contracts totaling \$26,000.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

14. 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; injuries to employee health and dental; and natural disasters. Risks of loss related to employee dental claims are self-insured. Risk of loss associated with workers' compensation claims are insured through participation in the Minnesota School Boards Association Insurance Trust. All other risks of loss are insured by the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the past three fiscal years.

The Minnesota School Boards Association Insurance Trust is a public entity risk pool currently operated as a common risk management and insurance program for member school districts. The District pays an annual premium based on annual payroll rates and an experience modification factor for workers' compensation coverage.

Effective January 1994, the District changed to self-insuring employee dental claims. Risk management activities for employee dental claims are accounted for in the District's General Fund. Claims, expenditures, and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have occurred but have not been reported. Changes in the balances of the dental claims liability during the years ending June 30, 2007 and 2006 were as follows:

	July 1	Claims and Changes in Estimates	Claim Payments	June 30
2006	\$ 81,861	\$ 716,587	\$ 711,571	\$ 86,877
2007	\$ 86,877	\$ 670,629	\$ 737,910	\$ 19,596

15. Contingent Liabilities

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

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's counsel the resolution of these matters will not have a material adverse effect of the financial conditions of the District.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

16. New Accounting Standards Pertaining to Other Post-Employment Benefits

Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, was recently issued and is effective for the District for the fiscal year ending June 30, 2008. The standard will require the District to have an actuarial valuation of its plan. Implementation of the new standard will require restatement of the district wide financial statements. The exact effect of the new standard on the District's financial statements is unknown at this time.

17. Significant Event

Long-range facilities plan

At the June 17, 2007 board meeting, the board adopted a long-range facilities plan known as the "Red Option" and approved a resolution financing the plan. The plan calls for the closure of certain buildings, disposal and acquisition of property, renovation of buildings, new construction, and the selling of bonds. The plan is expected to be completed over a period of five years at an estimated cost of \$257 million dollars.

Bond refunding

On November 20, 2007 the Board adopted a resolution providing for the issuance, sale and delivery of \$4,125,000 General Obligation School Building Refunding Bonds, Series 2007 maturing on or after February 1, 2014. The refunding will result in a net present value savings of \$90,428.

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

Statement A-1

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006**

	Budget		Actual	Variance	Prior Year Actual
	Original	Final		(Unfavorable)	
Revenues					
Local property tax levies	\$ 8,265,213	\$ 8,265,213	\$ 6,984,177	\$ (1,281,036)	\$ 4,343,651
Interest income	972,037	960,500	1,515,841	555,341	1,099,354
Other local and county	4,924,617	5,488,265	4,330,163	(1,158,102)	5,999,027
State sources	79,036,831	80,380,474	79,738,268	(642,206)	80,859,818
Federal sources	6,584,837	7,167,729	6,332,248	(835,481)	6,713,555
Sales and other conversions of assets		802,320	1,794,564	992,244	1,046,887
Total Revenues	\$ 99,783,535	\$ 103,064,501	\$ 100,695,261	\$ (2,369,240)	\$ 100,062,292
Expenditures					
Administration	\$ 7,357,569	\$ 7,070,874	\$ 5,058,431	\$ 2,012,443	\$ 4,845,530
District support services	3,325,956	4,791,115	5,231,692	(440,577)	4,083,265
Regular instruction	42,737,020	44,725,153	46,972,936	(2,247,783)	46,124,829
Vocational instruction	2,118,468	2,345,266	2,934,317	(589,051)	2,812,338
Special education instruction	19,334,881	20,178,785	19,720,170	458,615	20,351,323
Instructional support services	4,875,380	7,226,521	5,482,307	1,744,214	4,702,131
Pupil support services	7,316,781	7,765,758	7,570,947	194,811	7,201,837
Sites, buildings and equipment	8,316,641	8,783,269	8,850,140	(66,871)	8,974,195
Fiscal and other fixed cost programs	2,831,118	2,961,335	282,979	2,678,356	344,602
Capital outlay	4,087,309	4,163,654	3,334,797	828,857	3,758,505
Total Expenditures	\$ 102,301,123	\$ 110,011,730	\$ 105,438,716	\$ 4,573,014	\$ 103,198,555
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,517,588)	\$ (6,947,229)	\$ (4,743,455)	\$ 2,203,774	\$ (3,136,263)
Other Financing Sources (Uses)					
Sale of capital assets	\$	\$	\$	\$	\$ 1,195,944
Total Other Financing Sources (Uses)	\$	\$	\$	\$	\$ 1,195,944
Net change in fund balance	\$ (2,517,588)	\$ (6,947,229)	\$ (4,743,455)	\$ 2,203,774	\$ (1,940,319)
Fund Balance					
Beginning of Year			\$ 28,610,883		\$ 30,151,202
Prior Period Adjustment					400,000
Beginning of Year - restated			<u>\$ 28,610,883</u>		<u>\$ 30,551,202</u>
End of Year			<u>\$ 23,867,428</u>		<u>\$ 28,610,883</u>

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement A-2

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006**

	Budget		Actual	Variance Favorable (Unfavorable)	Prior Year Actual
	Original	Final			
Revenues					
Local property tax levies	\$ 1,231,936	\$ 1,231,936	\$ 1,231,461	\$ (475)	\$ 1,231,936
Interest income					4,482
Other local and county			3,371	3,371	
State sources	168,000	174,577	174,641	64	168,064
Total Revenues	\$ 1,399,936	\$ 1,406,513	\$ 1,409,473	\$ 2,960	\$ 1,404,482
Expenditures					
Sites, buildings and equipment	\$ 143,093	\$	\$ 29,309	\$ (29,309)	\$ 63,722
Capital Outlay	2,103,000	2,252,670	1,845,931	406,739	1,623,115
Total Expenditures	\$ 2,246,093	\$ 2,252,670	\$ 1,875,240	\$ 377,430	\$ 1,686,837
Excess (Deficiency) of Revenues Over Expenditures	\$ (846,157)	\$ (846,157)	\$ (465,767)	\$ 380,390	\$ (282,355)
Other Financing Sources (Uses)					
Transfer Out			(40,736)	(40,736)	
Net change in fund balance	\$ (846,157)	\$ (846,157)	\$ (506,503)	\$ 339,654	\$ (282,355)
Fund Balance					
Beginning of Year			1,240,512		1,522,867
End of Year			\$ 734,009		\$ 1,240,512

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement A-3

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT REDEMPTION DEBT SERVICE FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006**

	Budget		Actual	Variance Favorable (Unfavorable)	Prior Year Actual
	Original	Final			
Revenues					
Local property tax levies	\$ 2,806,772	\$ 2,806,772	\$ 1,982,699	\$ (824,073)	\$ 2,336,310
State sources			1,459,884	1,459,884	1,726,042
Total Revenues	\$ 2,806,772	\$ 2,806,772	\$ 3,442,583	\$ 635,811	\$ 4,062,352
Expenditures					
Principal	\$ 2,445,000	\$ 2,445,000	\$ 2,445,000	\$	\$ 2,835,000
Interest and fiscal charges	1,130,946	1,130,946	1,084,970	45,976	1,194,148
Total Expenditures	\$ 3,575,946	\$ 3,575,946	\$ 3,529,970	\$ 45,976	\$ 4,029,148
Excess (Deficiency) of Revenues Over Expenditures	\$ (769,174)	\$ (769,174)	\$ (87,387)	\$ 681,787	\$ 33,204
Other Financing Sources (Uses)					
Transfer In	\$	\$	\$ 40,736	\$ 40,736	\$
Interest earned from escrow	190,290	190,290	196,528	6,238	196,527
Principal and interest paid from escrow	(190,290)	(190,290)	(190,290)		(190,290)
Total Other Financing Sources (Uses)	\$	\$	\$ 46,974	\$ 46,974	\$ 6,237
Net change in fund balance	\$ (769,174)	\$ (769,174)	\$ (40,413)	\$ 728,761	\$ 39,441
Fund Balance					
Beginning of Year			5,373,252		5,333,811
End of Year			\$ 5,332,839		\$ 5,373,252

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement B-1

BALANCE SHEETS
GENERAL FUND
JUNE 30

	2007	2006
<u>Assets</u>		
Cash and investments	\$ 26,837,336	\$ 30,672,022
Taxes and credits receivable	7,105,088	6,348,206
Accounts and interest receivable	115,211	207,604
Due from		
Other funds		288,107
Other Minnesota school districts	712,373	2,580,054
Department of Education	8,825,288	7,579,663
Federal through Department of Education	1,293,575	914,255
Federal - direct	33,975	72,624
Other governmental units	89,635	156,695
Inventory	257,184	262,396
Prepayments	137,264	122,811
	\$ 45,406,929	\$ 49,204,437
<u>Liabilities</u>		
Salaries payable	\$ 11,321,282	\$ 10,731,245
Accounts payable	998,169	994,137
Due to		
Other funds	219,063	
Other Minnesota school districts	133,270	1,051,071
Other governmental units	1,419	3,749
Claims payable	54,127	47,879
Deferred revenue	431,544	555,612
Taxes levied for subsequent year's expenditures	8,380,627	7,209,861
	\$ 21,539,501	\$ 20,593,554
Fund Balance (Deficit)		
Reserved for		
Area learning center	\$ 57,637	\$ 272,721
Bus purchase		540,088
Career tech programs		144,744
First grade preparation	60,826	
Basic skills programs	312,366	460,038
Cooperative revenue	120,654	120,654
Gifted & Talented	67,845	
Health and safety	309,910	309,910
Inventory	257,184	262,396
Learning and development	197,575	147,785
Operating capital	2,395,963	4,302,886
Prepayments	137,264	122,811
Reemployment insurance		345,251
Safe schools	35,229	46,602
Severance pay	3,000,000	3,000,000
Staff development	498,256	541,420
Student transportation safety		15,446
Designated for		
Desegregation	132,867	100,065
Operating capital	1,050,000	1,050,000
Parent involvement		14,676
Referendum expenditures	118,297	242,448
School carryover	1,619,369	1,929,273
Severance-insurance premiums	2,587,116	2,798,698
Student activities	1,173,805	1,041,101
Student transportation	1,783,549	1,516,312
Textbooks	887,787	887,787
Unreserved-undesignated	7,063,929	8,397,771
	\$ 23,867,428	\$ 28,610,883
Total Fund Balance	\$ 23,867,428	\$ 28,610,883
Total Liabilities and Fund Balance	\$ 45,406,929	\$ 49,204,437

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

Statement C-1

**BALANCE SHEETS
CAPITAL PROJECTS FUND
JUNE 30**

	2007	2006
<u>Assets</u>		
Cash and investments	\$ 1,027,857	\$ 2,237,170
Due from		
Department of Education	16,806	77,707
Total Assets	\$ 1,044,663	\$ 2,314,877
<u>Liabilities</u>		
Salaries payable	\$ 21	\$ 73
Accounts payable	255,613	50,046
Construction contracts	55,020	169,866
Deferred revenue		854,380
Total Liabilities	\$ 310,654	\$ 1,074,365
Fund Balance		
Reserved for		
Alternative facility program	\$ 734,009	\$ 1,240,512
Total Fund Balance	\$ 734,009	\$ 1,240,512
End of Year	\$ 1,044,663	\$ 2,314,877

**INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA**

Statement D-1

**BALANCE SHEETS
DEBT REDEMPTION DEBT SERVICE FUND
JUNE 30**

	2007	2006
<u>Assets</u>		
Cash and investments	\$ 1,888,396	\$ 1,926,161
Cash and investments with fiscal agent	4,348,765	4,342,530
Taxes and credits receivable	1,921,213	1,885,278
Due from		
Department of Education	145,650	111,703
Total Assets	\$ 8,304,024	\$ 8,265,672
<u>Liabilities</u>		
Deferred revenue	\$ 87,463	\$ 85,648
Taxes levied for subsequent year's expenditures	2,883,722	2,806,772
Total Liabilities	\$ 2,971,185	\$ 2,892,420
Fund Balance		
Reserved for		
Bond refunding	\$ 4,348,765	\$ 4,342,530
Unreserved-undesignated	984,074	1,030,722
Total Fund Balance	\$ 5,332,839	\$ 5,373,252
End of Year	\$ 8,304,024	\$ 8,265,672

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement E-1

**COMBINING BALANCE SHEET
OTHER FUNDS
JUNE 30, 2007
With Comparative Amounts at June 30, 2006**

	Food Service	Community Services	Totals	
			2007	2006
<u>Assets</u>				
Cash and investments	\$ 126,714	\$ 818,407	\$ 945,121	\$ 530,953
Taxes and credits receivable		607,793	607,793	579,505
Accounts and interest receivable	2,923	5,107	8,030	10,814
Due from				
Department of Education		371,759	371,759	352,850
Federal through Department of Education	31,020	14,333	45,353	238,216
Federal - direct		333,226	333,226	517,549
Other governmental units				1,261
Inventory	147,719		147,719	178,890
Prepayments		391	391	1,199
	\$ 308,376	\$ 2,151,016	\$ 2,459,392	\$ 2,411,237
<u>Liabilities</u>				
Salaries payable	\$ 47,790	\$ 562,893	\$ 610,683	\$ 534,655
Accounts payable	31,286	76,995	108,281	59,059
Due to				
Other funds		97,247	97,247	288,107
Claims payable				2,157
Deferred revenue		35,664	35,664	126,072
Taxes levied for subsequent year's expenditures		921,912	921,912	884,304
	\$ 79,076	\$ 1,694,711	\$ 1,773,787	\$ 1,894,354
Fund Balance (Deficit)				
Reserved for				
Inventory	\$ 147,719	\$	\$ 147,719	\$ 178,890
Prepayments		391	391	1,199
School readiness		42,007	42,007	24,607
Community education		204,179	204,179	353,935
Adult basic education		89,260	89,260	94,444
Early childhood family education		126,761	126,761	112,664
Unreserved-undesignated	81,581	(6,293)	75,288	(248,856)
	\$ 229,300	\$ 456,305	\$ 685,605	\$ 516,883
End of Year	\$ 308,376	\$ 2,151,016	\$ 2,459,392	\$ 2,411,237

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement E-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OTHER FUNDS**

YEAR ENDED JUNE 30, 2007

With Comparative Actual Amounts for the Year Ended June 30, 2006

	Food Service	Community Services	Totals	
			2007	2006
Revenues				
Local property tax levies	\$	\$ 637,914	\$ 637,914	\$ 295,603
Other local and county	6,876	932,845	939,721	957,876
State sources	167,842	2,001,618	2,169,460	2,469,143
Federal sources	1,712,123	2,952,508	4,664,631	3,516,586
Sales and other conversions of assets	1,199,612	500	1,200,112	1,121,176
Total Revenues	\$ 3,086,453	\$ 6,525,385	\$ 9,611,838	\$ 8,360,384
Expenditures				
Community education and services	\$	\$ 6,478,883	\$ 6,478,883	\$ 5,460,144
Pupil support services	2,902,162		2,902,162	2,890,790
Capital outlay	5,309	56,762	62,071	11,989
Total Expenditures	\$ 2,907,471	\$ 6,535,645	\$ 9,443,116	\$ 8,362,923
Deficiency of Revenues Over Expenditures	\$ 178,982	\$ (10,260)	\$ 168,722	\$ (2,539)
Other Financing Sources				
Sale of capital assets	\$	\$	\$	\$ 696
Total Other Financing Sources	\$	\$	\$	\$ 696
Net change in fund balance	\$ 178,982	\$ (10,260)	\$ 168,722	\$ (1,843)
Fund Balance				
Beginning of Year	50,318	466,565	516,883	518,726
End of Year	\$ 229,300	\$ 456,305	\$ 685,605	\$ 516,883

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement E-3

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOOD SERVICE FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006**

	Budget		Actual	Variance Favorable (Unfavorable)	Prior Year Actual
	Original	Final			
Revenues					
Other local and county	\$ 1,500	\$ 1,500	\$ 6,876	\$ 5,376	\$ 2,641
State sources	133,000	133,000	167,842	34,842	147,891
Federal sources	1,568,600	1,568,600	1,712,123	143,523	1,669,880
Sales and other conversions of assets	1,176,693	1,176,693	1,199,612	22,919	1,121,176
Total Revenues	\$ 2,879,793	\$ 2,879,793	\$ 3,086,453	\$ 206,660	\$ 2,941,588
Expenditures					
Pupil support services	\$ 2,879,793	\$ 2,874,483	\$ 2,902,162	\$ (27,679)	\$ 2,890,790
Capital outlay		5,310	5,309	1	1,176
Total Expenditures	\$ 2,879,793	\$ 2,879,793	\$ 2,907,471	\$ (27,678)	\$ 2,891,966
Excess (Deficiency) of Revenues Over Expenditures	\$	\$	\$ 178,982	\$ 178,982	\$ 49,622
Other Financing Sources					
Sale of capital assets	\$	\$	\$	\$	\$ 696
Total Other Financing Sources	\$	\$	\$	\$	\$ 696
Net change in fund balance	\$	\$	\$ 178,982	\$ 178,982	\$ 50,318
Fund Balance					
Beginning of Year			50,318		-
End of Year			\$ 229,300		\$ 50,318

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

Statement E-4

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMMUNITY SERVICES FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006**

	Budget		Actual	Variance Favorable (Unfavorable)	Prior Year Actual
	Original	Final			
Revenues					
Local property tax levies	\$ 852,766	\$ 852,766	\$ 637,914	\$ (214,852)	\$ 292,962
Other local and county	876,349	896,073	932,845	36,772	957,876
State sources	1,734,009	1,727,286	2,001,618	274,332	2,321,252
Federal sources	1,794,346	6,173,861	2,952,508	(3,221,353)	1,846,706
Sales and other conversions of assets			500	500	
Total Revenues	\$ 5,257,470	\$ 9,649,986	\$ 6,525,385	\$ (3,124,601)	\$ 5,418,796
Expenditures					
Community education and services	\$ 5,563,315	\$ 9,863,623	\$ 6,478,883	\$ 3,384,740	\$ 5,460,144
Capital outlay	17,350	122,758	56,762	65,996	10,813
Total Expenditures	\$ 5,580,665	\$ 9,986,381	\$ 6,535,645	\$ 3,450,736	\$ 5,470,957
Net change in fund balance	\$ (323,195)	\$ (336,395)	\$ (10,260)	\$ 326,135	\$ (52,161)
Fund Balance					
Beginning of Year			466,565		518,726
End of Year			\$ 456,305		\$ 466,565

STUDENT ACTIVITIES

**INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA**

Statement F-1

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
STUDENT ACTIVITIES ACCOUNTS AND CERTAIN CURRICULAR AND CO-CURRICULAR ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
High Schools				
Central	\$ 123,951	\$ 421,056	\$ 391,046	\$ 153,961
Denfeld	206,914	611,153	592,734	225,333
East	210,422	859,595	805,523	264,494
Secondary Technical Center	90,163	95,104	91,690	93,577
Total High Schools	\$ 631,450	\$ 1,986,908	\$ 1,880,993	\$ 737,365
Middle Schools				
Morgan Park	\$ 88,168	\$ 109,541	\$ 116,898	\$ 80,811
Ordean	64,538	109,828	99,371	74,995
Woodland	43,235	104,989	110,705	37,519
Total Middle Schools	\$ 195,941	\$ 324,358	\$ 326,974	\$ 193,325
Elementary Schools				
Congdon Park	\$ 5,684	\$ 32,445	\$ 32,489	\$ 5,640
Grant	12,833	7,845	9,335	11,343
Homecroft	8,802	17,083	16,525	9,360
Lakewood	10,311	14,304	14,885	9,730
Laura MacArthur	21,908	37,385	38,673	20,620
Lester Park	9,361	51,149	37,706	22,804
Lincoln Park	29,907	35,797	32,194	33,510
Lowell	21,092	42,301	43,645	19,748
Nettleton	24,614	27,514	20,327	31,801
Piedmont	6,467	23,252	22,568	7,151
Rockridge	1,903	8,971	8,244	2,630
Stowe	32,806	23,435	22,191	34,050
Total Elementary Schools	\$ 185,688	\$ 321,481	\$ 298,782	\$ 208,387
ALC	\$ 2,898	\$ 230	\$ 496	\$ 2,632
Barnes Early Childhood	805	1,001	631	1,175
Merritt Creek Academy	-	2,781	412	2,369
Public School Stadium	1,844	13,514	13,668	1,690
Unity	21,307	4,620	1,170	24,757
Woodland Hills	1,162	2,773	1,830	2,105
Total Student Activities	\$ 1,041,095	\$ 2,657,666	\$ 2,524,956	\$ 1,173,805
District Funds				
Co-curricular	\$ 826,242	\$ 2,255,880	\$ 2,104,554	\$ 977,568
Extra-curricular	214,853	401,786	420,402	196,237
Total Funds	\$ 1,041,095	\$ 2,657,666	\$ 2,524,956	\$ 1,173,805

**INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA**

Statement G-1

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
CENTRAL HIGH SCHOOL-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Co-curricular				
Advance Placement	\$ 299	\$ 724	\$ 544	\$ 479
Art	5	1,765	1,770	-
Arts Literacy	-	2,000	616	1,384
Athletics	7,387	158,762	141,115	25,034
B. P. A.	986	9,865	9,380	1,471
Basketball-Boys	1,704	11,104	10,661	2,147
Basketball-Girls	744	4,824	4,322	1,246
Biology	327	-	64	263
Cross Country	1,439	4,588	5,352	675
Danceline	1,914	1,371	827	2,458
Debate	16	-	-	16
Drama	6,342	16,032	19,544	2,830
Education MN Found Grnt	2,730	-	2,730	-
Football	2,787	7,630	7,858	2,559
Forensics	1,964	-	-	1,964
General Fund (Site)	4,589	45,319	42,147	7,761
Grants	1,184	3	15	1,172
Guidance	1,701	1,744	2,612	833
Habitat	311	1,075	1,032	354
Home Economics	50	-	-	50
Industrial Arts	-	3,337	3,337	-
Library	925	915	294	1,546
Media	112	-	-	112
Music				
Band	9,363	13,134	9,553	12,944
Band Uniforms	5,895	-	1,278	4,617
Jazz Ensemble	1,192	545	-	1,737
Orchestra	3,418	13,080	9,996	6,502
Pop Concert	3,831	12,704	14,079	2,456
Vocal	1,023	29,024	22,086	7,961
Ninth Gr. Civility Project	268	200	468	-
Physical Fitness	407	170	170	407
Rockets	66	995	928	133
School within a School	2	1,500	519	983
Scotland Trip	96	-	-	96
Soccer-Boys	4,643	4,178	3,428	5,393
Soccer-Girls	2,683	2,000	3,188	1,495
Stage	1,050	-	-	1,050
Susan Lovald Memorial	1	-	-	1
Swim Girls	1,225	4,606	3,942	1,889
Tennis-Girls	312	1,130	1,214	228
Topics in Biology	35	-	-	35
Transcripts	816	393	151	1,058
Transportation	14	-	14	-
Volleyball	2,499	5,534	5,364	2,669
Yearbook	8,153	8,416	5,799	10,770
Total Co-curricular	\$ 84,508	\$ 368,667	\$ 336,397	\$ 116,778

INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA

Statement G-1
(Continued)

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
CENTRAL HIGH SCHOOL-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Extra-curricular				
Aero Club	\$ 65	\$ -	\$ -	\$ 65
Asian Club	-	982	527	455
American Field Service	69	-	-	69
Cheerleaders	1	14,384	12,059	2,326
Class of				
2002	302	-	-	302
2006	502	-	-	502
2007	59	5,640	5,129	570
2008	-	590	588	2
Close Up	2,859	7,607	9,958	508
Enterprise Prep	-	1,550	839	711
French Club	940	480	1,073	347
Key Club	410	3,372	3,129	653
Leadership	82	-	82	-
Math Department	11	-	-	11
M.M.R.	510	349	185	674
National Honor Society	1,909	430	241	2,098
Native American	6	-	-	6
Pep-booster Club	667	406	1,035	38
Pride	5	-	5	-
Prom	3,282	5,587	4,548	4,321
SADD	140	-	-	140
Scholarship Fund	22,771	4,265	7,250	19,786
Spanish	794	-	14	780
Stories of Service	-	984	-	984
Student Council	1,900	5,307	6,328	879
Toyota Grant for Educ.	603	456	1,059	-
WECEP	1,556	-	600	956
Total Extra-curricular	\$ 39,443	\$ 52,389	\$ 54,649	\$ 37,183
Total Student Activities	\$ 123,951	\$ 421,056	\$ 391,046	\$ 153,961

**INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA**

Statement G-2

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
DENFELD HIGH SCHOOL-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Co-curricular				
Anatomy	\$ 1,640	\$ 429	\$ 821	\$ 1,248
Art	2,693	1,587	1,822	2,458
Athletics	75,329	240,899	201,465	114,763
Autistic Cookie	104	10,178	9,950	332
Biology Olson	636	-	-	636
Ceramics	93	195	132	156
Chemistry	768	1,435	6,381	(4,178)
Choir	2,919	27,502	25,437	4,984
Danceline	976	4,370	4,794	552
Drafting	-	2,468	240	2,228
English	118	-	-	118
Fitness Class	787	-	-	787
General Fund	30,432	47,064	43,808	33,688
Glass Art	7	-	-	7
Guidance	2,635	6,789	5,899	3,525
Home Ec	100	616	616	100
Kids Come First	12	-	-	12
Lab Science	213	-	-	213
Life Skills	80	342	248	174
Math Department	563	-	3	560
Media	681	765	31	1,415
Music				
Band	9,439	48,288	56,756	971
Orchestra	17,492	21,864	23,071	16,285
Newspaper	2,409	1,448	2,352	1,505
NHS	-	1,633	1,300	333
One Act Helbacka	1,169	-	1,169	-
Participation Fee	(1,275)	73,554	72,519	(240)
Physical Education	549	-	-	549
Physics	4,994	12,572	12,269	5,297
Play Production-Overland	947	-	-	947
Play Production-Lofald	(101)	5,421	4,209	1,111
PSS	-	17,745	9,106	8,639
Recycle	406	22	285	143
Science 9	379	-	-	379
Science-Heistad	-	15	-	15
Service Learning	342	-	-	342
Speech	500	9,490	10,177	(187)
Stage and Auditorium	8,428	4,930	6,165	7,193
Stained Glass	-	800	655	145
Star Program	466	-	-	466
Team Sports	282	-	-	282
Woodworking	(100)	5,087	5,012	(25)
Yearbook	3,213	9,515	9,034	3,694
Total Co-curricular	\$ 170,325	\$ 557,023	\$ 515,726	\$ 211,622

INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA

Statement G-2
(Continued)

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
DENFELD HIGH SCHOOL-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Extra-curricular				
American Field Service	\$ 28	\$ -	\$ -	\$ 28
Cheerleaders	6,675	4,075	11,188	(438)
Class of				
2006	495	-	617	(122)
2007	527	2,916	3,219	224
2008	2,098	247	2,098	247
2009	157	1,466	1,230	393
2005	-	751	147	604
DECA	(1,194)	5,692	6,985	(2,487)
French Club	1,938	1,221	832	2,327
German	2,312	2,815	3,231	1,896
Key Club	1,208	1,645	1,461	1,392
Link	(42)	-	-	(42)
Parking Pass	5,358	1,740	7,098	-
Pictures	162	-	-	162
P.R.I.D.E	107	-	-	107
Prom	(3,253)	5,273	1,338	682
Random Acts of Kindness	11	267	312	(34)
Retain Wall	10,906	-	10,678	228
Rotarian	(76)	600	-	524
SALF	-	200	-	200
Smoothies	-	247	-	247
Spanish Club	951	390	1,347	(6)
Spirit Pac	4,606	24,585	24,608	4,583
Student Abroad	-	-	-	-
Student in Need	3,616	-	619	2,997
Task Force	(1)	-	-	(1)
Total Extra-curricular	\$ 36,589	\$ 54,130	\$ 77,008	\$ 13,711
Total Student Activities	\$ 206,914	\$ 611,153	\$ 592,734	\$ 225,333

**INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA**

Statement G-3

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
EAST HIGH SCHOOL-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Co-curricular				
Advance Placement	\$ 3,705	\$ 1,865	\$ 2,749	\$ 2,821
Art Fund	823	6,142	6,532	433
Athletics	42,151	278,825	262,473	58,503
A-V/Theater	-	2,500	-	2,500
Baseball	979	13,719	8,424	6,274
Biochemistry	702	-	-	702
Biology	1,560	3,903	1,683	3,780
Book Fund	976	464	224	1,216
Boys' Basketball	6,317	6,340	6,207	6,450
Bus Pass	-	1,000	500	500
Chemistry & Physics	3,363	15,599	16,141	2,821
Choralaires	165	2,597	2,611	151
Civics	558	773	494	837
Debate	1,953	-	-	1,953
DECA	2,844	8,028	10,872	-
Drama	8,929	13,585	14,077	8,437
Eastside Steppers	1,430	30,892	25,190	7,132
Explorations	244	-	-	244
Football	8,086	7,885	8,896	7,075
Foreign Language	709	-	125	584
General fund	13,066	38,577	34,795	16,848
Girls' Basketball	1,776	4,524	2,711	3,589
Girls' Hockey	362	1,409	94	1,677
Girls' Softball	655	5,659	5,079	1,235
Girls' Swim	1,019	17,406	17,159	1,266
Girls' Tennis	-	1,785	1,764	21
Golf Teams	157	6,179	5,182	1,154
Guidance	906	6,975	5,112	2,769
Health Fund	208	-	-	208
Hockey Alumni Fund	1,221	216	1,276	161
Hockey Jerseys	100	191	151	140
Hounds Helping Hands	-	500	104	396
Industrial Education	1,152	4,006	4,101	1,057
Language Arts	-	5,693	4,956	737
Library-Media	2,321	978	3,177	122
Mathematics Club	110	-	-	110
MMMI	427	5,886	5,352	961
Multi-Handicap	106	-	-	106
Music				
Music Department	1,000	10,265	9,365	1,900
Band	4,453	77,140	75,003	6,590
Orchestra	6,755	34,559	36,326	4,988
Orchestra-Performance	2,676	14,345	12,012	5,009
Vocal	1,730	110,411	102,319	9,822
Newspaper	3,332	8,796	9,500	2,628
Ordean Field	-	93	-	93
Photography	204	-	204	-

**INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA**

**Statement G-3
(Continued)**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
EAST HIGH SCHOOL-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Physical Education	\$ 1,199	\$ -	\$ 338	\$ 861
Physical Science	-	915	306	609
PSS Advertising	2,671	-	-	2,671
SAD	2	11,832	-	11,834
Scholarship	925	-	-	925
Social Studies	419	-	385	34
Speech	1,786	-	-	1,786
Track Fund	2,861	1,100	3,387	574
Volleyball	893	4,421	4,172	1,142
Work Experience	333	-	260	73
Yearbook	23,249	9,310	6,165	26,394
Total Co-curricular	\$ 163,568	\$ 777,288	\$ 717,953	\$ 222,903
Extra-curricular				
A.D.E.E.D.A.	\$ 94	\$ -	\$ 94	\$ -
American Field Service	337	-	60	277
American Indian	225	-	225	-
Association	8,271	15,498	18,654	5,115
Cheerleaders	2,434	11,951	13,663	722
Civility	751	-	-	751
Class of				
2006	6,196	-	6,196	-
2007	2,188	8,867	9,252	1,803
2008	-	9,900	7,663	2,237
East Travel Club	-	840	-	840
East Wellness	110	-	-	110
FHA-New Horizons	-	311	305	6
French Club	604	310	670	244
Grants	322	-	115	207
Green Club	24	-	-	24
Key Club	460	2,969	1,849	1,580
Knowledge Bowl	532	240	660	112
Mathematics Club	81	-	10	71
Mike White Memorial	15	-	15	-
National Honor Society	448	1,378	1,623	203
Need Fund	12,724	18,443	10,951	20,216
P.R.I.D.E	26	28	54	-
Rachel Bonzo Mem	829	-	405	424
Recycling	62	-	-	62
Scott Anderson	955	-	176	779
Spanish	992	-	-	992
STAR Program	958	-	321	637
Student Council	7,216	11,572	14,609	4,179
Sunshine Fund	-	-	-	-
Total Extra-curricular	\$ 46,854	\$ 82,307	\$ 87,570	\$ 41,591
Total Student Activities	\$ 210,422	\$ 859,595	\$ 805,523	\$ 264,494

INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA

Statement G-4

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
SECONDARY TECHNICAL CENTER-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Co-curricular				
BPA	\$ 5,145	\$ 7,285	\$ 7,576	\$ 4,854
Duluth Future Farmers of America	6,421	9,124	9,410	6,135
General Fund	45,199	15,927	10,140	50,986
Hero Childcare	3,899	4,330	5,678	2,551
Hero Food Service	1,280	-	1,280	-
Hero Hosa	7,279	13,067	17,107	3,239
Hero Interior De	425	-	-	425
Hero Waiter/Wait	2,463	8,552	7,573	3,442
Kinder Korner	4,076	6,760	7,134	3,702
Naval Science-NJROTC	3,113	19,885	20,891	2,107
NJROTC	12	1,200	571	641
Parking Permits	4,224	1,120	710	4,634
Small Engine Repair	554	1,212	-	1,766
Tony Leone VICA	2,530	2,500	-	5,030
Vica	1,907	4,142	3,620	2,429
Yearbook	136	-	-	136
Total Co-curricular	\$ 88,663	\$ 95,104	\$ 91,690	\$ 92,077
Extra-curricular				
Student Emergency	\$ 1,500	\$ -	\$ -	\$ 1,500
Total Extra-curricular	\$ 1,500	\$ -	\$ -	\$ 1,500
Total Student Activities	\$ 90,163	\$ 95,104	\$ 91,690	\$ 93,577

INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA

Statement G-5

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
MORGAN PARK MIDDLE SCHOOL-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Co-curricular				
Art	\$ 338	\$ -	\$ -	\$ 338
Athletics	267	-	-	267
Awards	68	-	-	68
Band Rental	-	2,465	2,440	25
Book	1,165	50	11	1,204
General Fund	31,154	17,935	22,573	26,516
Home Economics	183	55	15	223
Industrial Education	2,309	3,168	3,167	2,310
Library-Media	929	292	246	975
Library-Donation	1,185	-	-	1,185
Music				
Band	7,149	22,007	25,768	3,388
Choir	7,077	21,187	21,069	7,195
Orchestra	11,268	4,185	3,534	11,919
Newspaper	93	-	-	93
Orchestra Rental	545	1,528	2,073	-
Physical Education	1,724	792	921	1,595
Rockets	20	-	-	20
UMD Environmental	31	-	-	31
Yearbook	3,071	3,820	3,837	3,054
Total Co-curricular	\$ 68,576	\$ 77,484	\$ 85,654	\$ 60,406
Extra-curricular				
Dance Club	\$ 25	\$ -	\$ -	\$ 25
English Trip	385	785	805	365
Garden club	148	695	671	172
Homebase	3,946	-	220	3,726
Sixth Grade	1,388	13,318	12,828	1,878
Eighth Grade Party	290	818	805	303
Ski Club	62	1,800	1,312	550
Spanish Club	252	-	95	157
Student Council	977	1,144	1,081	1,040
Track	-	252	252	-
Trip Fund	11,817	12,025	12,655	11,187
WECEP	302	1,220	520	1,002
Total Extra-curricular	\$ 19,592	\$ 32,057	\$ 31,244	\$ 20,405
Total Student Activities	\$ 88,168	\$ 109,541	\$ 116,898	\$ 80,811

INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA

Statement G-6

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
ORDEAN MIDDLE SCHOOL-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Co-curricular				
Art	\$ 353	\$ -	\$ 351	\$ 2
Band	4,993	9,986	8,038	6,941
Discipline Reward	52	-	52	-
General Fund	21,056	17,104	14,110	24,050
Library-Media	2,572	295	417	2,450
Life Skills/Home	13	-	13	-
Life Skills/Indu	2,995	2,525	5,520	-
Knowledge Bowl	193	520	495	218
Music				
Orchestra	5,103	16,023	15,125	6,001
Vocal	1,040	5,187	4,195	2,032
Physical Education	3,071	2,146	3,261	1,956
Science	2,390	240	612	2,018
Sixth Grade	883	10,027	6,942	3,968
WECEP	1,478	1,264	1,498	1,244
Yearbook	7,127	7,995	6,828	8,294
Total Co-curricular	\$ 53,319	\$ 73,312	\$ 67,457	\$ 59,174
Extra-curricular				
Drama Club	\$ 8,987	\$ 33,364	\$ 27,656	\$ 14,695
Garden Club	11	-	11	-
Lego League	1,090	-	1,090	-
Ski Club	396	3,150	2,649	897
Student Council	224	2	-	226
Tea Time	508	-	505	3
World Language	3	-	3	-
Total Extra-curricular	\$ 11,219	\$ 36,516	\$ 31,914	\$ 15,821
Total Student Activities	\$ 64,538	\$ 109,828	\$ 99,371	\$ 74,995

INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA

Statement G-7

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
WOODLAND MIDDLE SCHOOL-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Co-curricular				
5 and 6 Musical	\$ 760	\$ -	\$ -	\$ 760
Art 5-6	523	16,648	16,704	467
Art 8	1,241	2,381	3,490	132
Book Account	2,398	-	-	2,398
General Fund	(180)	9,627	9,009	438
Grants	620	-	-	620
Heart Monitors	485	-	331	154
Home Economics	1,885	1,008	97	2,796
Industrial Education	281	4,866	4,839	308
Library-Media	1,258	408	174	1,492
Music				
Band	5,034	15,106	15,890	4,250
Orchestra	9,928	8,472	9,604	8,796
Vocal	6,109	12,620	17,935	794
Peer Mediation	-	-	-	-
Phys Ed Locks	198	647	617	228
Play Production	901	-	53	848
Science Department	841	-	-	841
Yearbook	3,680	6,890	6,693	3,877
Total Co-curricular	\$ 35,962	\$ 78,673	\$ 85,436	\$ 29,199
Extra-curricular				
Grade 6	\$ 775	\$ 15,364	\$ 14,152	\$ 1,987
Grade 7	1,359	964	1,359	964
Grade 8	-	2,226	2,106	120
After School Ski	3	740	630	113
Buzz Club	2	-	-	2
Chess Club	100	-	-	100
French Club	945	-	850	95
Holm Team	35	-	-	35
Integration	200	-	-	200
PTSA Student Account	(114)	852	251	487
Spanish Club	105	-	62	43
Special Ed Store	341	327	442	226
Stamp Club	85	100	92	93
Student Council	1,887	3,094	2,920	2,061
Swim Team	8	403	410	1
Think or Sink	81	50	130	1
Track and Field	18	372	378	12
Video	-	1,048	906	142
Winter Survival	1,263	576	581	1,258
Woodland Environmental	180	200	-	380
Total Extra-curricular	\$ 7,273	\$ 26,316	\$ 25,269	\$ 8,320
Total Student Activities	\$ 43,235	\$ 104,989	\$ 110,705	\$ 37,519

INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA

Statement G-8

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCE
ELEMENTARY SCHOOLS, UNITY AND PUBLIC SCHOOL STADIUM-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Activity	Cash Balance 6/30/2006	Receipts and Transfers In	Disbursements and Transfers Out	Cash Balance 6/30/2007
Congdon Park				
Co-curricular	\$ 5,592	\$ 12,745	\$ 12,800	\$ 5,537
Extra-curricular	92	19,700	19,689	103
Total	\$ 5,684	\$ 32,445	\$ 32,489	\$ 5,640
Grant				
Co-curricular	\$ 10,012	\$ 6,857	\$ 8,057	\$ 8,812
Extra-curricular	2,821	988	1,278	2,531
Total	\$ 12,833	\$ 7,845	\$ 9,335	\$ 11,343
Homecroft				
Extra-curricular	\$ 8,802	\$ 17,083	\$ 16,525	\$ 9,360
Total	\$ 8,802	\$ 17,083	\$ 16,525	\$ 9,360
Lakewood				
Co-curricular	\$ 7,164	\$ 9,384	\$ 9,769	\$ 6,779
Extra-curricular	3,147	4,920	5,116	2,951
Total	\$ 10,311	\$ 14,304	\$ 14,885	\$ 9,730
Laura MacArthur				
Co-curricular	\$ 15,757	\$ 31,253	\$ 32,730	\$ 14,280
Extra-curricular	6,151	6,132	5,943	6,340
Total	\$ 21,908	\$ 37,385	\$ 38,673	\$ 20,620
Lester Park				
Co-curricular	\$ 9,136	\$ 30,025	\$ 28,465	\$ 10,696
Extra-curricular	225	21,124	9,241	12,108
Total	\$ 9,361	\$ 51,149	\$ 37,706	\$ 22,804
Lincoln Park				
Co-curricular	\$ 25,548	\$ 27,424	\$ 23,713	\$ 29,259
Extra-curricular	4,359	8,373	8,481	4,251
Total	\$ 29,907	\$ 35,797	\$ 32,194	\$ 33,510
Lowell				
Co-curricular	\$ 8,334	\$ 22,394	\$ 21,809	\$ 8,919
Extra-curricular	12,758	19,907	21,836	10,829
Total	\$ 21,092	\$ 42,301	\$ 43,645	\$ 19,748

INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA

Statement G-8
(Continued)

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCE:
ELEMENTARY SCHOOLS, UNITY AND PUBLIC SCHOOL STADIUM-STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

<u>Activity</u>	<u>Cash Balance 6/30/2006</u>	<u>Receipts and Transfers In</u>	<u>Disbursements and Transfers Out</u>	<u>Cash Balance 6/30/2007</u>
Elementary (Continued)				
Nettleton				
Co-curricular	\$ 14,112	\$ 17,129	\$ 5,908	\$ 25,333
Extra-curricular	10,502	10,385	14,419	6,468
Total	\$ 24,614	\$ 27,514	\$ 20,327	\$ 31,801
Piedmont				
Co-curricular	\$ 5,839	\$ 14,023	\$ 12,844	\$ 7,018
Extra-curricular	628	9,229	9,724	133
Total	\$ 6,467	\$ 23,252	\$ 22,568	\$ 7,151
Rockridge				
Co-curricular	\$ 1,903	\$ 8,971	\$ 8,244	\$ 2,630
Total	\$ 1,903	\$ 8,971	\$ 8,244	\$ 2,630
Stowe				
Co-curricular	\$ 32,806	\$ 23,435	\$ 22,191	\$ 34,050
Total	\$ 32,806	\$ 23,435	\$ 22,191	\$ 34,050
Total Elementary	\$ 185,688	\$ 321,481	\$ 298,782	\$ 208,387
ALC				
Extra-curricular	\$ 2,898	\$ 230	\$ 496	\$ 2,632
Barnes Early Childhood				
Co-curricular	\$ 805	\$ 1,001	\$ 631	\$ 1,175
Merritt Crk Academy				
Co-curricular	\$ -	\$ 2,781	\$ 412	\$ 2,369
Public School Stadium				
Co-curricular	\$ 1,844	\$ 13,514	\$ 13,668	\$ 1,690
Unity				
Co-curricular	\$ 21,307	\$ 4,620	\$ 1,170	\$ 24,757
Woodland Hills				
Co-curricular	\$ 1,162	\$ 2,773	\$ 1,830	\$ 2,105
Total Student Activities	\$ 213,704	\$ 346,400	\$ 316,989	\$ 243,115

**INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA**

**SCHEDULE OF CASH RECEIPTS
SECONDARY SCHOOLS - STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

<u>Receipts</u>	<u>Central</u>	<u>Denfeld</u>	<u>East</u>	<u>Secondary Technical Center</u>
Advertising	\$ 4,286	\$ 9,120	\$ 18,651	\$ -
Book fines	-	108	768	-
Concession Sales	6,633	12,634	20,387	-
Donations	13,597	24,079	66,570	22,310
Fund Raising	81,287	107,662	75,837	32,722
Gate Admissions	92,439	49,327	178,659	761
Interest	2,994	7,586	4,686	1,684
Library Fines	408	341	113	-
Miscellaneous	58,320	61,290	241,804	19,930
Participation Fees	(932)	67,315	(134)	85
Picture and Yearbook Sales	1,870	2,861	4,640	-
School Store	25,519	24,222	60,831	-
Testing	522	1,050	3,443	-
Vending Machines	26,009	24,575	19,668	10,377
Total Classified by Source	\$ 312,952	\$ 392,170	\$ 695,923	\$ 87,869
Unclassified *	108,104	218,983	163,672	7,235
Total Receipts	<u>\$ 421,056</u>	<u>\$ 611,153</u>	<u>\$ 859,595</u>	<u>\$ 95,104</u>

* Includes transfers between school site activities' accounts, participation fees, reimbursement transactions, and fund raising receipts reported net of related disbursements.

Schedule H-1

Morgan Park	Ordean	Woodland	Total
\$ -	\$ 665	\$ -	\$ 32,722
204	212	14	1,306
-	-	-	39,654
1,281	10,222	9,256	147,315
45,475	8,793	41,163	392,939
-	28,520	-	349,706
876	472	1,033	19,331
102	274	89	1,327
2,268	27,780	-	411,392
25,383	155	7,829	99,701
4,959	9,840	8,348	32,518
1,220	1,264	3,910	116,966
-	-	-	5,015
7,191	3,976	6,791	98,587
\$ 88,959	\$ 92,173	\$ 78,433	\$ 1,748,479
20,582	17,655	26,556	562,787
\$ 109,541	\$ 109,828	\$ 104,989	\$ 2,311,266

**INDEPENDENT SCHOOL DISTRICT 709
DULUTH, MINNESOTA**

**SCHEDULE OF CASH DISBURSEMENTS
SECONDARY SCHOOLS - STUDENT ACTIVITIES ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Disbursements	Central	Denfeld	East	Secondary Technical Center
Consulting/Fees For Service	\$ 36,359	\$ 25,109	\$ 37,611	\$ 228
Fees and Admissions	38,043	52,405	79,441	26,424
General Supplies	57,738	145,611	191,651	2,856
Instructional Supplies	54,774	579	37,753	25,821
Library Books	92	-	190	-
Materials For Resale	29,890	30,871	45,116	11,188
Memberships	3,649	7,827	5,618	1,813
Miscellaneous	14,736	32,185	28,939	733
Postage and Express	300	-	1,262	-
Testing	-	531	1,637	-
Telephone	-	692	-	-
Transportation	6,481	34,365	-	-
Travel In-District	16,559	9,777	19,067	1,022
Travel Out-of-District	24,324	33,798	193,564	14,371
Total Classified by Object	\$ 282,945	\$ 373,750	\$ 641,849	\$ 84,456
Unclassified *	108,101	218,984	163,674	7,234
Total Expenditures	\$ 391,046	\$ 592,734	\$ 805,523	\$ 91,690

* Includes transfers between school site activities' accounts, reimbursement transactions, and fund raising receipts reported net of related disbursements.

Schedule H-2

<u>Morgan Park</u>	<u>Ordean</u>	<u>Woodland</u>	<u>Total</u>
\$ 5,343	\$ 8,986	\$ 7,780	\$ 121,416
25,699	15,322	13,870	251,204
17,123	16,802	14,843	446,624
-	10,508	1,091	130,526
126	107	-	515
32,155	8,902	29,465	187,587
-	3,843	-	22,750
3,340	6,578	3,537	90,048
198	36	-	1,796
-	-	-	2,168
-	-	-	692
12,188	9,806	11,012	73,852
310	826	2,407	49,968
(165)	-	145	266,037
\$ 96,317	\$ 81,716	\$ 84,150	\$ 1,645,183
20,581	17,655	26,555	562,784
\$ 116,898	\$ 99,371	\$ 110,705	\$ 2,207,967

INDEPENDENT SCHOOL DISTRICT NO. 709
DULUTH, MINNESOTA

UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2007

01 GENERAL FUND

Total revenues	100,695,261
Total expenditures	105,438,716

Reserved:

403 Staff development	498,256
406 Health and safety	309,910
407 Capital project levy	
408 Cooperation programs	120,654
409 Deferred maintenance	
410 Unemployment compensation	
411 Severance pay	3,000,000
412 Bus purchase	
414 Operating debt	
416 Levy reduction	
419 Encumbrances	
423 Certain teacher programs	
424 Operating capital	2,395,963
426 \$25 Taconite	
427 Disabled accessibility	
428 Learning and development	197,575
433 Student transport safety	
434 Area learning center	57,637
435 Contracted alt. programs	
436 State approved alt. program	
438 Grad stand. gifted & tal.	67,845
439 Grad standards	
441 Basic skills programs	312,366
442 Class size reduction	
443 Telecommunication access cost	
445 Career and technical programs	
446 First grade preparedness	60,826
449 Safe schools levy	35,229
450 Prekindergarten	

Unreserved:

418 Designated - Severance Ins. Prem	2,587,116
422 Unreserved/Undesignated	14,224,049

02 FOOD SERVICE

Total revenues	3,086,453
Total expenditures	2,907,471

Reserved:

411 Severance	
419 Encumbrances	

Unreserved:

418 Severance-Ins. Premium	
422 Unreserved/Undesignated	229,300

04 COMMUNITY SERVICE

Total revenues	6,525,385
Total expenditures	6,535,646

Reserved:

411 Severance	
419 Encumbrances	
426 \$25 taconite	
431 Community education	204,179
432 Early childhood and family educatic	126,761
444 School readiness	42,007
447 Adult basic education	89,260

Unreserved:

418 Designated-Severance Ins. Prem	
422 Unreserved/Undesignated	(5,902)

06 BUILDING CONSTRUCTION

Total revenues	1,409,473
Total expenditures	1,875,239

Reserved:

407 Capital projects levy	
409 Alternative facility program	734,010
419 Encumbrances	

Unreserved:

422 Unreserved/Undesignated	
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07 DEBT SERVICE

Total revenues	3,442,583
Total expenditures	3,529,970

Reserved:

425 Bond refundings	4,348,765
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Unreserved:

422 Unreserved/Undesignated	984,074
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08 TRUST

Total revenues	355,575
Total expenditures	14,425

Reserved:

419 Encumbrances	
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Unreserved:

422 Unreserved/Undesignated	1,402,644
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09 AGENCY*Reserved:*

419 Encumbrances	
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Unreserved:

422 Unreserved/Undesignated	
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20 INTERNAL SERVICE

Total Revenue	
Total Expenditures	

Reserved:

419 Encumbrances	
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Unreserved:

422 Unreserved/Undesignated	
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