COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED – JUNE 30, 2014

MONTICELLO SCHOOL DISTRICT

INDEPENDENT SCHOOL DISTRICT #882
302 WASHINGTON STREET, MONTICELLO MN 55362

COMPREHENSIVE ANNUAL FINANCIAL REPORT

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2014

PREPARED BY

BUSINESS OFFICE STAFF

MONTICELLO, MINNESOTA

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INDEPENDENT SCHOOL DISTRICT NO. 882
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INDEPENDENT SCHOOL DISTRICT NO. 882
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INTRODUCTORY SECTION

MONTICELLO PUBLIC SCHOOLS
Independent School District No. 882

302 Washington Street
Monticello, Minnesota 55362 Phone (763) 272-2000
www.monticello.k12.mn.us Fax (763) 272-2009

Date: November 24, 2014

To: Citizens of the School District
Board of Education
Employees of the School District

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 882, Monticello, Minnesota (the District) for the fiscal year ended June 30, 2014 is presented for your information and review. The CAFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. The District administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. Questions and comments are solicited and welcome.

REPORT FORMAT

This CAFR is presented in three main sections: introductory, financial, and statistical. In addition to the information contained in this letter, the introductory section includes the District's organizational chart, and a list of the District's principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and detailed combining and individual statements and schedules. The statistical section includes selected financial and general information presented on a multi-year comparative basis. Where possible, historical data is presented for a 10-year period.

Accounting principles generally accepted in the United States of America require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

DISTRICT ORGANIZATION

The Monticello School District officially organized in 1861 and serves the city of Monticello, and portions of the City of Big Lake, Big Lake Township, City of Ostego, Maple Lake Township and Becker Township. The District is guided by its mission, vision, and goals.

DISTRICT ORGANIZATION (CONTINUED)

Mission

Our district mission is to focus on the learner by clearly defining the knowledge and skills necessary to function in today's society, motivating all learners to reach their maximum potential, providing participatory decision making, creating and sustaining a climate for change, modeling democratic principles, and thereby instilling a lifelong learning in everyone.

Vision

The Monticello School District provides exemplary education programs in a fiscally responsible manner to achieve excellence in the learning experience.

Goals

- Student Achievement – increase student achievement in academics, athletics, and activities.
- Community Relationships – enhance community partnerships.
- Resource Management – maximize effective use of infrastructure, buildings, and grounds.
- Climate and Safety – provide a safe and welcoming environment.
- Fiscal Stability – achieve fiscal stability.
- Employee Excellence – create an environment in which all staff can reach their full potential.

The District enrolled 4,010 ADMs (Average Daily Membership) from a population of over 20,533 citizens residing in a 100 square mile area. During 2013-14, the District operated and owned 5 buildings and leased 1 building with a total square footage of 939,975 square feet having an average age of 30.27 years: 1 high school, 1 alternative high school, 1 middle school, 2 elementary schools, and 1 early childhood building. The District is organized by grade level with elementary schools serving students in kindergarten through Grade 5, middle school serving Grades 6-8, and the high schools serving Grades 9-12.

REPORTING ENTITY

Independent School District No. 882, also known as Monticello Public Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of Monticello Public Schools. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

REPORTING ENTITY (CONTINUED)

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 included 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.

FINANCIAL STATEMENTS

The financial statements contained in this report disclose the financial position of the District as of June 30, 2014, and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of CliftonLarsonAllen LLP performed the audit for the 2013-14 fiscal year ended. Their report is included in the financial section of this report. The auditor has given an unmodified opinion on the District's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statute §6.65. These reports are available in a separate document.

ACCOUNTING AND BUDGETING

A major thrust of the District's accounting system is to provide adequate internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and that the evaluation of the cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

Budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes and School Board policy. The adopted budget serves as the authorizing document for all expenditures, although the School Board approves all checks issued on a monthly basis. The superintendent and business manager are authorized to make financial commitments within budgetary guidelines for contracts not requiring sealed bids. Additional expenditure controls are maintained by the District Office in accordance with state statutes, i.e., the District cannot incur a negative unassigned balance in the General Fund in excess of 2.5% of the preceding year's expenditures. The budget is published annually in the District's legal newspaper to inform residents of the District's financial position and operating plan for the fiscal year. The School Board receives a quarterly report showing the budget to actual balances for revenues and expenditures of the current year and prior year. Program managers receive monthly budget reports via email, which indicate the approved budget on a line item basis; the year-to-date expenditures assigned to those line items; and the percent expended to date. Monthly monitoring of revenues and expenditures by the Business Manager as well as ongoing monitoring by program managers helps to ensure budget integrity and provides an opportunity to detect material budget variances before the end of the fiscal year.

The budget is adopted by the School Board in the spring of each year for the following fiscal year beginning July 1. In the winter, the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures. The revised budget is presented to the School Board for approval. To accurately track and report financial activities with a focus on site-based accounting, approximately 4,500 accounts have been defined in the District's chart of accounts.

FINANCIAL PROSPECTS FOR FUTURE YEARS

The Monticello School Board has focused on rebuilding the unassigned fund balance of the General Fund from its FY 2006 low point of - $426,605, or -1.44% to its current level at June 30, 2014 of $4.5 million, or 11.74% of its General Fund Unassigned expenses according to the School Board policy 714. This turnaround of $5.0 million reflects tough decisions that the School Board and administration have had to make to bring the District back to fiscal health in addition to the voter-approved operating referendum in November 2007 in the amount of $820.99 per pupil unit which increases with inflation. The support shown by the residents has allowed stability in delivery of services to our students for at least the next three years at which time the referendum will need to be addressed.

The District's finances are largely dependent on student enrollment. Monticello has been experiencing relatively flat enrollment from FY 2005 to FY 2014 with enrollment changes ranging from -1% decline to +2% growth over this 10-year period. Based on the number of Wright county births from the previous 5 years and new housing permits in the city of Monticello, this trend is expected to continue for the next five years, resulting in small overall changes in the revenue budget.

ECONOMIC FACTORS

The District is located in Wright County and is approximately 44 miles northwest of the Minneapolis-St. Paul metropolitan area.

The District intentionally focuses efforts of staff and other resources to identify financial resources that are available in order to maximize revenue. With the exception of the voter-approved operating referendum and bond referendum, the District is largely dependent on the state of Minnesota for its revenue authority and state aid. For the past several biennium's, the legislated revenue for education has not been sufficient to meet instructional program needs due to increased costs from inflation and required mandates.

Minnesota's economic and budget outlook improved during this past fiscal year. The state has paid back the Legislature-imposed school aid payment and property tax recognition shifts that reduced cash flows for public school districts. In 2013, the Legislature approved an increase in the general education formula for FY 2014 and FY 2015 of 1.5 percent for each fiscal year. In 2014, the Legislature approved an additional increase in the general education formula for FY 2015 of 0.4 percent. Therefore, the total general education formula adjustment for FY 2015 results in an increase of 1.9 percent.

ECONOMIC FACTORS (CONTINUED)

Numerous factors affect public school finance and are monitored on an on-going basis, such as:

- State aid versus local tax payer funding for programs and services
- Economic factors, such as unemployment and overall revenue collections by the state
- Mandated programs that are not fully funded, such as special education
- Compliance and implementation of governmental pronouncements
- Impact to local tax payers for operating referendum requests
- Increase competition for students from other public schools as wells as charter schools
- Housing development and growth
- Enrollment trends
- Health insurance cost increases
- Pension obligations, both local and state
- Management of federal and other special funded state programs

MAJOR INITIATIVES

During the 2013-2014 school year, the District partnered with the Monticello Food Shelf and Monticello Rotary Club to launch the Weekend Backpack program for elementary students who qualify for free and reduced meals. Nearly 11,000 pounds of food was delivered over the course of the school year. The District started the program at Pinewood elementary sending an average of 188 backpacks home every week, and the program expanded mid-year to Little Mountain elementary increasing the weekly average to 385 backpacks. The District received over $31,000 in donations from Monticello Rotary and other local businesses to help fund the program. The program is expected to expand to the middle school and high school next year.

AWARDS AND ACKNOWLEDGEMENTS

The District received its first financial reporting recognition in 2013 and 2014 from the Minnesota Department of Education through its School Finance Award program. This is the first time the District is submitting for the Comprehensive Annual Financial Report to the ASBO Certificate Program for consideration. This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. In order to receive this award, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

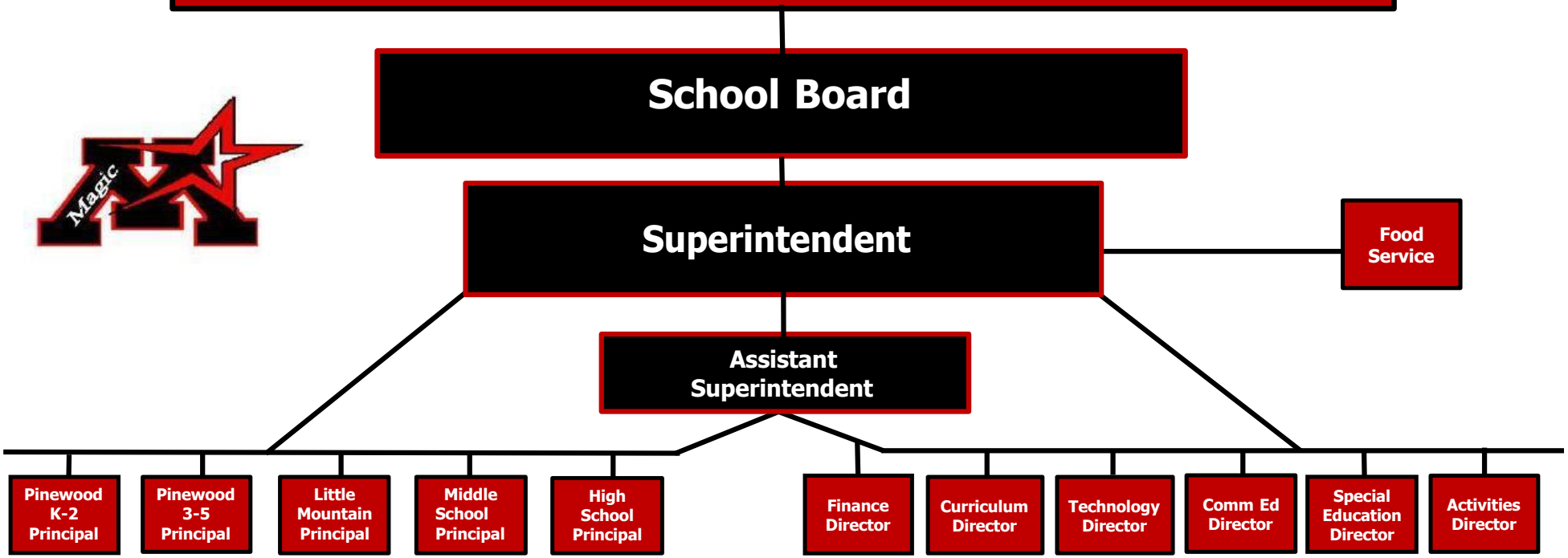
AWARDS AND ACKNOWLEDGEMENTS (CONTINUED)

The time, effort, and attention that go into the timely preparation of a CAFR require the commitment and cooperation of many people. Special appreciation is hereby extended to the District Office staff for the dedication and to the School Board for their encouragement and leadership.

Sincerely,

Tina Burkholder
Business Manager

Monticello School District - Organization Chart



MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2014

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Robbie Smith	01/01/18	Chairperson
Jeff Hegle	01/01/16	Vice Chairperson/Treasurer
Jill Bartlett	01/01/16	Secretary/Clerk
William Spartz	01/01/18	Director
Jim Lindberg	01/01/16	Director
Carol McNaughton	01/01/18	Director

ADMINISTRATION

Jim Johnson	Superintendent
Joe Dockendorf	Assistant Superintendent
Tina Burkholder	Business Manager
Linda Borgerding	Curriculum Director
Joel Lundin	Senior High School Principal
Jeff Scherber	Middle School Principal
Gabe Hackett	Elementary School Principal
Brad Sanderson	Elementary School Principal
Eric Olson	Elementary School Principal
Gary Revenig	Athletic/Activities Director
Jeremiah Mack	Community Education Director
Nan Records	Special Education Director
Susan Heidt	Technology Director
District Offices:	Independent School District No. 882 Monticello Public Schools 302 Washington Street Monticello, MN 55362 (763) 272-2000

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Board of Education
Independent School District No. 882
Monticello Public Schools
Monticello, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 882 (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2014, and the respective changes in financial position and respective budgetary comparisons for General Fund, Food Service Fund, and Community Service Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's 2013 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified audit opinions on those audited financial statements in our report dated November 18, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The uniform financial accounting and reporting standards and the statement of changes in agency fund assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The uniform financial accounting and reporting standards compliance table and the statement of changes in agency fund assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District No. 882's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 24, 2014

REQUIRED SUPPLEMENTARY INFORMATION

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014

This section of Monticello Schools – Independent School District No. 882's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2013-2014 fiscal year include the following:

- The unassigned fund balance for the General Fund was $3,814,657, $717,468 is assigned for special education excess cost revenue and school building carryover and $1,816,655 is committed for severance benefits.
- Net position increased by $3,952,209 from June 30, 2013, with total revenues of $57,175,032 and total expenses of $53,222,823.
- Overall General Fund revenues and other financing sources were $47,911,227 as compared to $47,397,549 of expenditures.
- The District planned an increase in fund balance for the General Fund of $171,696 for the school year. However, the ending fund balance of the General Fund increased $513,678 from the prior year due primarily to an overall increase in federal sources and less Elementary and Secondary Regular Instruction expenditures than expected.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in more detail than the district-wide statements.
- The *governmental funds* statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and deferred inflows of resources and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets and deferred inflows of resources and liabilities – is one way to measure the District's financial health or *position*.

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

In the district-wide financial statements the District's activities are shown in one category:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has two kinds of funds:

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

- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, The District currently has one agency fund for scholarships and the District's Postemployment Benefits Irrevocable Trust Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was $36,641,621 on June 30, 2014. This was an increase of approximately $4.0 million from the prior year (see Table A-1).

Table A-1
The District's Net Position

	Governmental Activities		Percentage
	2014	2013	Change
Current and Other Assets	$ 27,195,936	$ 28,592,323	(4.88)%
Capital and Non-Current Assets	36,225,226	37,802,425	(4.17)
Total Assets	63,421,162	66,394,748	(4.48)
Current Liabilities	12,609,844	16,457,231	(23.38)
Long-Term Liabilities	4,092,299	9,551,458	(57.16)
Total Liabilities	16,702,143	26,008,689	(35.78)
Deferred Inflows of Resources	10,077,398	7,696,647	30.93
Net Position:			
Net Investment in Capital Assets	28,367,492	25,135,009	12.86
Restricted	2,023,358	2,055,494	(1.56)
Unrestricted	6,250,771	5,498,909	13.67
Total Net Position	$ 36,641,621	$ 32,689,412	

The District's change in financial position is the product of many factors. Total net position of the District increased by $3,952,209. Long-term liabilities decreased a net of approximately $5.3 million due to the regular payment of general obligation bond debt. Capital assets decreased approximately $1.6 million due to depreciation expense for the year exceeding the cost of current year additions.

Changes in Net Position

The District's total revenues were $57,175,032 for the year ended June 30, 2014. Property taxes and state formula aid accounted for 63% of total revenue for the year.

Table A-2
Change in Net Position

	Governmental Activities for the Fiscal Year Ended June 30, 2014	Governmental Activities for the Fiscal Year Ended June 30, 2013	Total % Change
Revenues			
Program Revenues			
Charges for Services	$ 4,954,640	$ 4,359,134	13.66 %
Operating Grants and Contributions	15,133,838	14,309,359	5.76
Capital Grants and Contributions	476,050	446,483	6.62
General Revenues			
Property Taxes	8,457,844	10,695,498	(20.92)
Unrestricted State Aid	27,564,512	24,200,096	13.90
Investment Earnings	27,634	42,885	(35.56)
Other	560,514	898,239	(37.60)
Total Revenues	57,175,032	54,951,694	4.05
Expenses			
Administration	1,283,586	1,238,134	3.67
District Support Services	1,018,438	674,478	51.00
Regular Instruction	19,835,124	19,757,587	0.39
Vocational Education Instruction	694,045	824,747	(15.85)
Special Education Instruction	13,944,470	13,076,583	6.64
Instructional Support Services	2,625,955	2,804,514	(6.37)
Pupil Support Services	3,640,273	3,408,107	6.81
Sites and Buildings	4,129,356	3,684,303	12.08
Fiscal and Other Fixed Cost Programs	172,537	171,889	0.38
Food Service	1,780,814	1,733,824	2.71
Community Service	2,745,243	2,527,475	8.62
Unallocated - Depreciation	1,102,165	1,102,166	-
Interest and Fiscal Charges on Long-Term Liabilities	250,817	477,787	(47.50)
Total Expenses	53,222,823	51,481,594	3.38
Increase in Net Position	3,952,209	3,470,100	
Net Position - July 1	32,689,412	29,219,312	
Ending Net Position	$ 36,641,621	$ 32,689,412	

The total cost of all programs and services, including interest and fiscal charges, was approximately $53.2 million. Total revenues exceeded expenses, increasing net position $3,952,209 over last year.

The cost of all *governmental* activities this year was $53,222,823 as shown in Figure A-1.

- Some of the cost was paid by the users of the District's programs ($4,954,640).
- The federal and state governments subsidized certain programs with grants and contributions ($15,609,888).
- A significant portion of governmental activities was paid for with $8,457,844 in property taxes, $27,564,512 of unrestricted state aid based on the statewide education aid formula, and with investment earnings and other general revenues.

Figure A-1
Sources of District's Revenues for Fiscal 2014

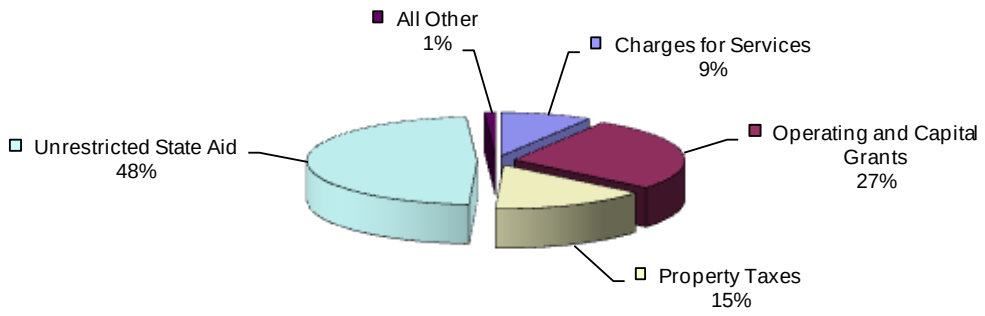
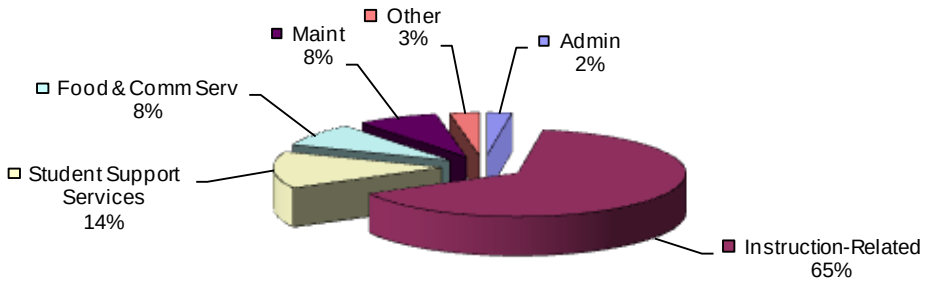


Figure A-2
District Expenses for Fiscal 2014



Typically the District does not include in an analysis of all governmental funds a breakout of expenditures as depicted in Figure A-2. To do so distorts the latitude available to the District to allocate resources to instruction. All governmental funds includes not only funds received for the general operation of the district, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service, Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction. The preceding graph, by pooling all expenditures, implies that the District does have equal access to all funds to impact classroom instruction. In Minnesota, that is simply not an option. Therefore, a more accurate analysis of resources allocated to instruction should be limited to an analysis of resources received for the general operation of the District and that analysis would show that 70% of those resources are spent on instruction-related and student support services.

Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2014	2013	Change	2014	2013	Change
Administration	$ 1,283,586	$ 1,238,134	3.67 %	$ 1,283,586	$ 1,238,134	3.67 %
District Support Services	1,018,438	674,478	51.00	1,018,438	674,478	51.00
Regular Instruction	19,835,124	19,757,587	0.39	16,916,498	16,776,144	0.84
Vocational Education Instruction	694,045	824,747	(15.85)	675,498	824,747	(18.10)
Special Education Instruction	13,944,470	13,076,583	6.64	1,037,274	1,679,369	(38.23)
Instructional Support Services	2,625,955	2,804,514	(6.37)	2,328,972	2,278,747	2.20
Pupil Support Services	3,640,273	3,408,107	6.81	3,633,451	3,398,601	6.91
Sites and Buildings	4,129,356	3,684,303	12.08	3,940,366	3,607,922	9.21
Fiscal and Other Fixed Cost Programs	172,537	171,889	0.38	172,537	171,889	0.38
Food Service	1,780,814	1,733,824	2.71	(54,836)	(34,656)	58.23
Community Service	2,745,243	2,527,475	8.62	353,529	171,290	106.39
Unallocated - Depreciation	1,102,165	1,102,166	-	1,102,165	1,102,166	-
Interest and Fiscal Charges on Long-Term Liabilities	250,817	477,787	(47.50)	250,817	477,787	(47.50)
Total	$ 53,222,823	$ 51,481,594	3.38	$ 32,658,295	$ 32,366,618	0.90

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of $8,987,612 which is $473,856 above last year's ending fund balance of $8,513,756. Revenues and other financing sources for the District's governmental funds were $57,276,458 while total expenditures and other financing uses were $56,802,602. Other financing sources included proceeds from the sale of equipment.

GENERAL FUND

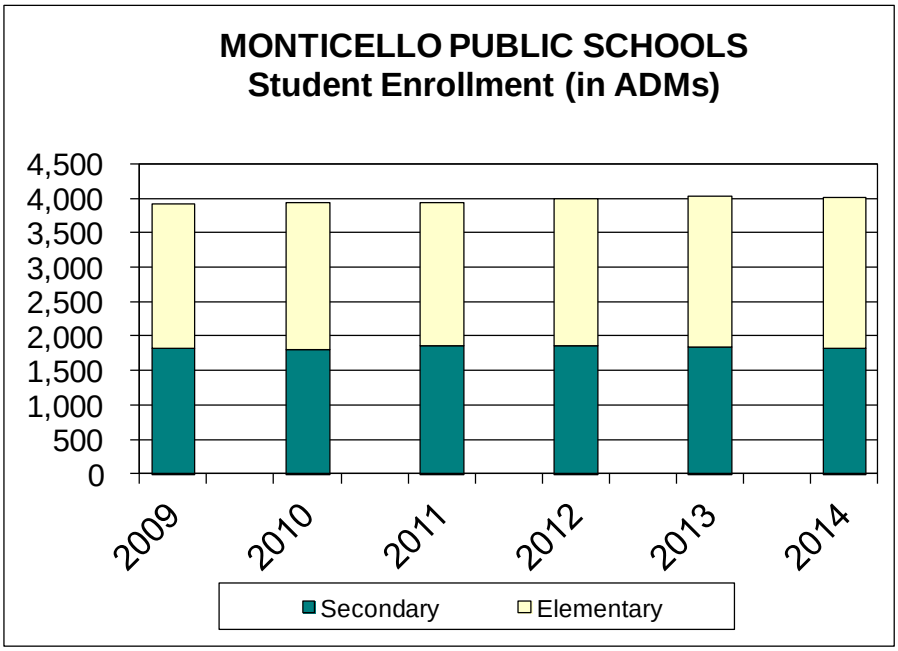
The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects. General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately. The following chart shows that the number of students served has increased over the last couple years.

Table A-4
Six-Year Enrollment Trend
Average Daily Membership (ADM)

	2009	2010	2011	2012	2013	2014
Elementary	2,110	2,128	2,078	2,142	2,200	2,202
Secondary	1,806	1,798	1,843	1,847	1,831	1,808
Total Students for Aid	3,916	3,925	3,921	3,989	4,031	4,010
Percent Change	0.79%	0.24%	-0.10%	1.72%	1.05%	-0.51%



In 2014, the District experienced a slight decrease in enrollment served of 21 ADMs which is a direct reflection of the change in the enrollment options trend. This year less nonresident students are enrolling in the District.

The following schedule presents a summary of General Fund Revenues.

Table A-5
General Fund Revenues

	Year Ended		Change	
Fund	June 30, 2014	June 30, 2013	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	$ 3,676,795	$ 6,094,563	$ (2,417,768)	(39.7)%
Earnings on Investments	19,072	41,930	(22,858)	(54.5)
Other	3,203,189	2,999,415	203,774	6.8
State Sources	37,888,555	33,987,270	3,901,285	11.5
Federal Sources	3,115,771	3,057,659	58,112	1.9
Total General Fund Revenue	$ 47,903,382	$ 46,180,837	$ 1,722,545	3.7

Total General Fund Revenue increased by $1,722,545 or 3.7% from the previous year. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists mostly of state aid revenue. Other state-authorized revenue including operating levy referendum, operating capital revenue and the property tax shift also involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in total revenue.

Local property taxes decreased by $2,417,768 primarily due to the legislative change in the tax shift. State Aid changed to reflect the increase due to the shift in funding. State Special Education revenue increased from the prior year with additional staff, more transportation costs, and additional aid from the State. Investment earnings decreased due to the decrease in the premium on the issuance of general obligation bonds.

Federal sources increased due to slight increases in grants.

The following schedule presents a summary of General Fund Expenditures.

Table A-6
General Fund Expenditures

	Year Ended			
	June 30, 2014	June 30, 2013	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	$ 26,982,657	$ 25,987,669	$ 994,988	3.8 %
Employee Benefits	11,321,907	10,484,157	837,750	8.0
Purchased Services	6,076,236	5,838,509	237,727	4.1
Supplies and Materials	1,396,080	1,552,613	(156,533)	(10.1)
Capital Expenditures	1,406,410	1,583,084	(176,674)	(11.2)
Other Expenditures	214,259	329,013	(114,754)	(34.9)
Total Expenditures	$ 47,397,549	$ 45,775,045	$ 1,622,504	3.5

Total General Fund Expenditures increased $1,622,504 from the previous year. Total General Fund expenditures increased from the prior year due to adding 2.5 teachers, 2 technology support personnel, and the Assistant Superintendent position. Employee benefits also increased with the additional staff in addition to the negotiated contracts and benefit rates.

In 2013-2014, General Fund revenues and other financing sources exceeded expenditures by $513,678. Therefore, total fund balance increased to $7,211,172 at June 30, 2014. The unassigned fund balance increased from $3,330,297 at June 30, 2013 to $3,814,657 at June 30, 2014.

Unassigned fund balance is the single best measure of overall financial health. The unassigned fund balance of $3,814,657 at June 30, 2014 represents approximately four weeks of operations.

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. This budget amendment typically falls into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over, and budgeting for clearing accounts.

- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, changes in student enrollments, staffing changes, and increases in appropriations for significant unbudgeted costs.

Actual revenues and other financing sources were $142,969 more than expected from budget. A large portion of this was due to increased federal sources. The actual expenditures were $199,013 under budget.

FOOD SERVICE FUNDS

Revenues and other financing sources exceeded expenditures in the Food Service Fund by $55,425. Most of this gain came from an employee being on an unpaid leave of absence and 4 employees switching insurance coverages from family to single.

COMMUNITY SERVICE FUNDS

Revenues exceeded expenditures in the Community Service Fund by $25,740. Less revenue was collected from the all day, every day kindergarten program so more expenditures had to be absorbed by the General Fund.

DEBT SERVICE FUNDS

The Debt Service Fund expenditures exceeded revenues by $120,987 in 2013-2014 for the regular debt service account. This was due to less property tax money levied through Reduction for Excess Fund Balance because of high collection rates.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014, the District had invested about $73.6 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was $2,049,726.

Table A-7
The District's Capital Assets

	2014	2013	Percentage Change
Land	$ 5,000	$ 5,000	- %
Construction in Progress	-	103,080	(100.0)
Land Improvements	4,197,204	4,158,144	0.9
Buildings and Improvements	61,917,538	61,671,490	0.4
Equipment	7,496,422	7,305,482	2.6
Less: Accumulated Depreciation	(37,390,938)	(35,440,771)	5.5
Total	$ 36,225,226	$ 37,802,425	(4.2)

Construction – Next Five Years

The District continually monitors growth to plan for needed capacity expansion Current projections suggest that building capacity district-wide appears to be adequate for the next decade.

Long-Term Liabilities

At year-end, the District had $7,359,797 in general obligation bonds outstanding, net bond premium and discount – a decrease of 38.6% from last year – as shown in Note 6 to the financial statements.

Table A-8
The District's Long-Term Liabilities

	2014	2013	Percentage Change
General Obligation Bonds	$ 6,980,000	$ 11,455,000	(39.1)%
Net Bond Premium and (Discount)	379,797	525,782	(27.8)
Obligations Under Capital Leases	362,532	493,917	(26.6)
Sick Leave Payable	189,628	123,439	53.6
Supplemental Pension Benefits Payable	10,341	26,464	(60.9)
Other Postemployment Benefits Payable	1,095,656	1,556,518	(29.6)
Compensated Absences Payable	147,004	122,708	19.8
Total	$ 9,164,958	$ 14,303,828	(35.9)
Long-Term Liabilities:			
Due Within One Year	$ 5,072,659	$ 4,752,370	
Due in More than One Year	4,092,299	9,551,458	
Total	$ 9,164,958	$ 14,303,828	

FACTORS BEARING ON THE DISTRICT'S FUTURE

The passing of an operating referendum in November of 2007 has allowed the District to maintain class size while meeting the goal of enhancing student achievement. However, due to the dependence of schools on legislative funding, it is a challenge to look forward and project what the future may hold for the District beyond the two year legislative biennium.

The District will strive to maintain its long standing commitment to academic excellence and the educational opportunity for students within a framework of financial fiduciary responsibility.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 882, District Office, 302 Washington Street, Monticello, Minnesota 55362.

Bond Ratings

The District's bonds presently carry a Moody's "AA+" rating .

Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15% of the assessed value of all taxable property within the District's corporate limits. Our outstanding debt is significantly below this limit – which is currently $319 million.

BASIC FINANCIAL STATEMENTS

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF NET POSITION
JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	Governmental Activities	
	2014	2013
ASSETS		
Cash and Investments	$ 15,136,477	$ 16,133,539
Receivables:		
Property Taxes	5,366,646	5,542,076
Other Governments	5,213,067	5,357,531
Other	193,605	281,005
Prepaid Items	638,490	563,097
Inventories	74,690	102,910
Equity Interest in Joint Venture	572,961	585,201
Other Assets	-	26,964
Capital Assets:		
Land	5,000	5,000
Construction in Process	-	103,080
Other Capital Assets, Net of Depreciation	36,220,226	37,694,345
Total Assets	63,421,162	66,394,748
LIABILITIES		
Short-Term Borrowing	-	4,200,000
Salaries Payable	5,212,982	4,769,434
Accounts and Contracts Payable	403,480	761,148
Accrued Interest	135,405	236,467
Due to Other Governmental Units	61,383	78,149
Due to Other Minnesota School Districts	854,300	824,935
Severance Payable	104,656	209,719
Unearned Revenue:		
Local Sources	764,979	625,009
Long-Term Liabilities:		
Portion Due Within One Year	5,072,659	4,752,370
Portion Due in More Than One Year	4,092,299	9,551,458
Total Liabilities	16,702,143	26,008,689
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	10,077,398	7,696,647
NET POSITION		
Net Investment in Capital Assets	28,367,492	25,135,009
Restricted for:		
General Fund Operating Capital Purposes	99,400	119,920
General Fund State-Mandated Restrictions	75,871	-
Food Service	104,153	48,728
Community Service	590,966	567,679
Debt Service	1,152,968	1,319,167
Unrestricted	6,250,771	5,498,909
Total Net Position	$ 36,641,621	$ 32,689,412

See accompanying Notes to Basic Financial Statements.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2013)

	2014					2013
		Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Governmental Activities
Governmental Activities						
Administration	$ 1,283,586	$ -	$ -	$ -	$ (1,283,586)	$ (1,238,134)
District Support Services	1,018,438	-	-	-	(1,018,438)	(674,478)
Regular Instruction	19,835,124	601,835	2,296,592	20,199	(16,916,498)	(16,776,144)
Vocational Education Instruction	694,045	-	18,547	-	(675,498)	(824,747)
Special Education Instruction	13,944,470	2,104,156	10,803,040	-	(1,037,274)	(1,679,369)
Instructional Support Services	2,625,955	-	-	296,983	(2,328,972)	(2,278,747)
Pupil Support Services	3,640,273	-	6,822	-	(3,633,451)	(3,398,601)
Sites and Buildings	4,129,356	300	29,822	158,868	(3,940,366)	(3,607,922)
Fiscal and Other Fixed Cost Programs	172,537	-	-	-	(172,537)	(171,889)
Food Service	1,780,814	1,024,734	810,916	-	54,836	34,656
Community Service	2,745,243	1,223,615	1,168,099	-	(353,529)	(171,290)
Interest and Fiscal Charges on Long-Term Liabilities	250,817	-	-	-	(250,817)	(477,787)
Unallocated - Depreciation	1,102,165	-	-	-	(1,102,165)	(1,102,166)
Total School District	$ 53,222,823	$ 4,954,640	$ 15,133,838	$ 476,050	(32,658,295)	(32,366,618)
	General Revenues					
	Property Taxes Levied for:					
	General Purposes				4,238,226	6,022,840
	Community Service				214,829	257,587
	Debt Service				4,004,789	4,415,071
	State Aid Not Restricted to Specific Purposes				27,564,512	24,200,096
	Earnings on Investments				27,634	42,885
	Gain on Sale of Capital Assets				7,845	-
	Miscellaneous				552,669	898,239
	Total General Revenues				36,610,504	35,836,718
	Change in Net Position				3,952,209	3,470,100
	Net Position - Beginning				32,689,412	29,219,312
	Net Position - Ending				$ 36,641,621	$ 32,689,412

See accompanying Notes to Basic Financial Statements.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Debt Service	2014	2013
ASSETS						
Cash and Investments	$ 10,063,981	$ 230,863	$ 1,123,863	$ 3,717,770	$ 15,136,477	$ 16,133,539
Receivables:						
Current Property Taxes	2,606,273	-	132,510	2,471,678	5,210,461	5,284,465
Delinquent Property Taxes	84,538	-	3,668	67,979	156,185	257,611
Due from Other Minnesota School Districts	293,307	-	-	-	293,307	169,616
Due from Minnesota Department of Education	4,092,862	1,409	122,782	1,311	4,218,364	4,631,602
Due from Federal through Minnesota Department of Education	666,475	13,406	4,324	-	684,205	556,313
Due from Other Governmental Units	17,191	-	-	-	17,191	-
Other Receivables	110,541	610	82,454	-	193,605	281,005
Prepaid Items	638,490	-	-	-	638,490	563,097
Inventory	48,631	24,882	1,177	-	74,690	102,910
Total Assets	$ 18,622,289	$ 271,170	$ 1,470,778	$ 6,258,738	$ 26,622,975	$ 27,980,158
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities:						
Short-Term Borrowing	$ -	$ -	$ -	$ -	$ -	$ 4,200,000
Salaries Payable	2,246,633	44,264	43,916	-	2,334,813	2,187,575
Payroll Deductions and Employer Contributions Payable	2,769,008	52,910	56,251	-	2,878,169	2,581,859
Accounts and Contracts Payable	296,540	26,389	80,551	-	403,480	761,148
Due to Other Governmental Units	61,383	-	-	-	61,383	78,149
Due to Other Minnesota School Districts	459,364	-	394,936	-	854,300	824,935
Accrued Interest Payable	-	-	-	-	-	43,750
Severance Payable	104,656	-	-	-	104,656	209,719
Unearned Revenue	691,094	43,454	30,431	-	764,979	625,009
Total Liabilities	6,628,678	167,017	606,085	-	7,401,780	11,512,144
Deferred Inflows of Resources:						
Property Taxes Levied for Subsequent Year	4,697,901	-	273,727	5,105,770	10,077,398	7,696,647
Unavailable Revenue - Delinquent Property Taxes	84,538	-	3,668	67,979	156,185	257,611
Total Deferred Inflows of Resources	4,782,439	-	277,395	5,173,749	10,233,583	7,954,258
Fund Balance						
Nonspendable:						
Prepaid Items	638,490	-	-	-	638,490	563,097
Inventory	48,631	24,882	1,177	-	74,690	102,910
Restricted:						
Staff Development	15,152	-	-	-	15,152	-
Deferred Maintenance	37,203	-	-	-	37,203	-
Health and Safety	23,516	-	-	-	23,516	-
Operating Capital	99,400	-	-	-	99,400	119,920
Community Education Programs	-	-	147,021	-	147,021	172,950
Early Childhood and Family Educations Programs	-	-	68,223	-	68,223	24,680
School Readiness	-	-	44,054	-	44,054	21,907
Adult Basic Education	-	-	177,253	-	177,253	185,290
Other Restricted	-	79,271	149,570	1,084,989	1,313,830	1,388,354
Committed:						
Severance Benefits	1,816,655	-	-	-	1,816,655	-
Assigned:						
ERRP	-	-	-	-	-	278,270
Special Education Excess Cost Revenue	580,082	-	-	-	580,082	342,126
School Building Carryover	137,386	-	-	-	137,386	2,074,684
Unassigned	3,814,657	-	-	-	3,814,657	3,239,568
Total Fund Balance	7,211,172	104,153	587,298	1,084,989	8,987,612	8,513,756
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 18,622,289	$ 271,170	$ 1,470,778	$ 6,258,738	$ 26,622,975	$ 27,980,158

See accompanying Notes to Basic Financial Statements.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

	2014	2013
Total Fund Balance for Governmental Funds	$ 8,987,612	$ 8,513,756
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	5,000	5,000
Construction in Progress	-	103,080
Land Improvements, Net of Accumulated Depreciation	1,429,550	1,520,057
Buildings and Improvements, Net of Accumulated Depreciation	32,724,204	33,915,296
Equipment, Net of Accumulated Depreciation	2,066,472	2,258,992
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.	156,185	257,611
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(135,405)	(192,717)
Other assets are reported as expenditures in the governmental funds.	-	26,964
Equity interests in underlying capital assets of joint ventures are not reported in the funds because they do not represent current financial assets.		
Equity Interest in Joint Venture - Wright Technical Center	572,961	585,201
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	(6,980,000)	(11,455,000)
Unamortized Premiums	(379,797)	(525,782)
Obligations Under Capital Leases	(362,532)	(493,917)
Supplemental Pension	(10,341)	(26,464)
Sick Leave	(189,628)	(123,439)
Other Postemployment Benefits Payable	(1,095,656)	(1,556,518)
Compensated Absences Payable	(147,004)	(122,708)
Total Net Position of Governmental Activities	$ 36,641,621	$ 32,689,412

See accompanying Notes to Basic Financial Statements.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2013)

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Debt Service	2014	2013
REVENUES						
Local Sources:						
Property Taxes	$ 3,676,795	$ -	$ 133,548	$ 4,748,927	$ 8,559,270	$ 10,822,864
Earnings on Investments	19,072	589	1,972	6,001	27,634	42,885
Other	3,203,189	1,024,734	1,279,386	-	5,507,309	5,257,291
State Sources	37,888,555	68,015	1,303,683	13,110	39,273,363	35,156,182
Federal Sources	3,115,771	742,901	42,365	-	3,901,037	3,799,756
Total Revenues	47,903,382	1,836,239	2,760,954	4,768,038	57,268,613	55,078,978
EXPENDITURES						
Current:						
Administration	1,288,619	-	-	-	1,288,619	1,238,962
District Support Services	981,089	-	-	-	981,089	663,804
Regular Instruction	19,848,466	-	-	-	19,848,466	19,463,733
Vocational Education Instruction	697,512	-	-	-	697,512	820,505
Special Education Instruction	13,988,966	-	-	-	13,988,966	12,971,354
Instructional Support Services	1,756,208	-	-	-	1,756,208	1,868,483
Pupil Support Services	3,585,601	-	-	-	3,585,601	3,406,058
Sites and Buildings	3,527,631	-	-	-	3,527,631	3,332,848
Fiscal and Other Fixed Cost Programs	172,537	-	-	-	172,537	171,889
Food Service	-	1,780,814	-	-	1,780,814	1,723,438
Community Service	-	-	2,679,285	-	2,679,285	2,575,700
Capital Outlay	1,406,410	-	55,929	-	1,462,339	1,688,298
Debt Service:						
Principal	131,385	-	-	4,475,000	4,606,385	4,548,262
Interest and Fiscal Charges	13,125	-	-	414,025	427,150	705,644
Total Expenditures	47,397,549	1,780,814	2,735,214	4,889,025	56,802,602	55,178,978
Excess (Deficiency) of Revenues Over (Under) Expenditures	505,833	55,425	25,740	(120,987)	466,011	(100,000)
OTHER FINANCING SOURCES						
Proceeds from Sale of Equipment	7,845	-	-	-	7,845	4,925
Insurance Recovery Proceeds	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	5,970,000
Capital Lease Proceeds	-	-	-	-	-	384,313
Bond Premium (Discount)	-	-	-	-	-	73,276
Payment on Refunded Bonds	-	-	-	-	-	(5,975,000)
Total Other Financing Sources	7,845	-	-	-	7,845	457,514
Net Change in Fund Balances	513,678	55,425	25,740	(120,987)	473,856	357,514
Fund Balances - Beginning	6,697,494	48,728	561,558	1,205,976	8,513,756	8,156,242
Fund Balances - Ending	$ 7,211,172	$ 104,153	$ 587,298	$ 1,084,989	$ 8,987,612	$ 8,513,756

See accompanying Notes to Basic Financial Statements.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2013)

	2014	2013
Net Change in Fund Balance - Total Governmental Funds	$ 473,856	$ 357,514
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital Outlays	472,527	1,192,529
Gain (Loss) on Disposal of Capital Assets	7,845	82
Proceeds from Sales of Capital Assets	(7,845)	(4,925)
Depreciation Expense	(2,049,726)	(2,033,642)
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Other Financing Source - Capital Lease Proceeds	-	(384,313)
Change in Accrued Interest Expense - Capital Leases	6,427	(3,055)
Principal Payments - Capital Leases	131,385	133,262
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
General Obligation Bond Proceeds	-	(5,970,000)
Payment on Refunded Bonds	-	5,975,000
Bond Discount (Premium)	-	(73,276)
Repayment of Bond Principal	4,475,000	4,415,000
Change in Accrued Interest Expense - General Obligation Bonds	50,885	88,444
Write-off of Bond Issuance Costs	(26,964)	(3,517)
Amortization of Bond Premium	145,985	145,985
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 unavailable in the funds.	(101,426)	(127,366)
Net income from the equity interest in joint venture does not provide current financial resources and is not reported as revenue in the funds.	(12,240)	(381)
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	386,500	(237,241)
Change in Net Position of Governmental Activities	$ 3,952,209	$ 3,470,100

See accompanying Notes to Basic Financial Statements.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Over (Under) Final
	Original	Final	Amounts	Budget
REVENUES				
Local Sources:				
Property Taxes	$ 6,061,161	$ 3,838,334	$ 3,676,795	$ (161,539)
Earnings on Investments	5,000	5,000	19,072	14,072
Other	3,234,928	3,276,428	3,203,189	(73,239)
State Sources	34,700,687	37,685,574	37,888,555	202,981
Federal Sources	2,889,577	2,950,922	3,115,771	164,849
Total Revenues	46,891,353	47,756,258	47,903,382	147,124
EXPENDITURES				
Current:				
Administration	1,288,525	1,285,588	1,288,619	3,031
District Support Services	994,211	1,024,219	981,089	(43,130)
Elementary and Secondary Regular Instruction	20,692,636	20,424,340	19,848,466	(575,874)
Vocational Education Instruction	682,132	811,632	697,512	(114,120)
Special Education Instruction	13,528,685	13,773,162	13,988,966	215,804
Instructional Support Services	2,024,002	1,515,199	1,756,208	241,009
Pupil Support Services	3,374,685	3,485,462	3,585,601	100,139
Sites and Buildings	3,509,788	3,466,642	3,527,631	60,989
Fiscal and Other Fixed Cost Programs	177,045	177,045	172,537	(4,508)
Capital Outlay	1,229,055	1,487,888	1,406,410	(81,478)
Debt Service:				
Principal	173,325	131,385	131,385	-
Interest and Fiscal Charges	-	14,000	13,125	(875)
Total Expenditures	47,674,089	47,596,562	47,397,549	(199,013)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(782,736)	159,696	505,833	346,137
OTHER FINANCING SOURCES				
Proceeds from Sale of Equipment	2,000	2,000	7,845	5,845
Insurance Recovery Proceeds	10,000	10,000	-	(10,000)
Total Other Financing Sources	12,000	12,000	7,845	(4,155)
Net Change in Fund Balance	$ (770,736)	$ 171,696	513,678	$ 341,982
FUND BALANCE				
Beginning of Year			6,697,494	
End of Year			$ 7,211,172	

See accompanying Notes to Basic Financial Statements.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MAJOR FOOD SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Over (Under) Final
	Original	Final	Amounts	Budget
REVENUES				
Local Sources:				
Earnings on Investments	$ 200	$ 200	$ 589	$ 389
Other - Primarily Meal Sales	1,054,920	1,020,227	1,024,734	4,507
State Sources	67,545	67,688	68,015	327
Federal Sources	760,763	749,254	742,901	(6,353)
Total Revenues	1,883,428	1,837,369	1,836,239	(1,130)
EXPENDITURES				
Current:				
Food Service	1,845,726	1,834,501	1,780,814	(53,687)
Capital Outlay	25,000	-	-	-
Total Expenditures	1,870,726	1,834,501	1,780,814	(53,687)
Excess of Revenues Over Expenditures	$ 12,702	$ 2,868	55,425	$ 52,557
FUND BALANCE				
Beginning of Year			48,728	
End of Year			$ 104,153	

See accompanying Notes to Basic Financial Statements.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
MAJOR COMMUNITY SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 256,131	$ 131,506	$ 133,548	$ 2,042
Earnings on Investments	4,000	4,000	1,972	(2,028)
Other - Primarily Tuition and Fees	1,195,165	1,313,908	1,279,386	(34,522)
State Sources	1,163,578	1,300,763	1,303,683	2,920
Federal Sources	26,643	42,365	42,365	-
Total Revenues	2,645,517	2,792,542	2,760,954	(31,588)
EXPENDITURES				
Current:				
Community Service	2,673,550	2,704,032	2,679,285	(24,747)
Capital Outlay	31,888	37,585	55,929	18,344
Total Expenditures	2,705,438	2,741,617	2,735,214	(6,403)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (59,921)	$ 50,925	25,740	$ (25,185)
FUND BALANCE				
Beginning of Year			561,558	
End of Year			$ 587,298	

See accompanying Notes to Basic Financial Statements.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Agency Fund	Postemployment Benefits Irrevocable Trust Fund
ASSETS		
Cash and Investments	$ 1,202,023	$ 1,940,955
LIABILITIES		
Accounts Payable	$ 1,202,023	-
NET POSITION		
Held in Trust for Employee Benefits		$ 1,940,955

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2014

	Postemployment Benefits Irrevocable Trust Fund
ADDITIONS	
Earnings on Investments	$ 49,762
Employer Contributions	100,000
Total Additions	149,762
Net Position - Beginning of Year	1,791,193
Net Position - End of Year	$ 1,940,955

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 882 have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. This financial report has been prepared in conformity with GASB Statement No. 34.

B. Financial Reporting Entity

Independent School District No. 882 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. There are no other entities for which the District is financially accountable.

The Student activity accounts of the District are under the Board’s control; therefore, activity is included with the General Fund activity.

C. Basic Financial Statement Presentation

The government-wide financial statements (i.e. the statement of net position 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 Position at the Fund Financial Statement level.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other 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 position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Depreciation expense relating to assets that serve multiple functions is presented as unallocated depreciation in the statement of activities. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: private purpose trust. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

The Trust and Agency Funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used address activities or obligations of the District, these Funds are not incorporated into the government-wide statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and 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" described later in these notes. 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 and GAAP. 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. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements and state aids.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of community education, school readiness, early childhood family education or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes and state aids.

Debt Service Fund

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Funds

Postemployment Benefits Irrevocable Trust Fund

This Fund is used to account for resources set aside and held in an irrevocable trust agreement to be used for postemployment benefits. District contributions to this fund must be expensed to an operating fund.

Agency Fund

This Fund is used to account for resources held by the District in a custodial capacity to be used for scholarships.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board action. Revisions to budgeted amounts must be approved by the Board.

Total fund expenditures in excess of the budget require approval of the Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

The Business Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board.

Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not required for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

Encumbrances represent outstanding purchase orders and unfulfilled commitments that are issued to outside vendors and budgeted in the current year, but do not include amounts that are set up as liabilities, amounts for services to be performed by District employees and purchase orders applicable to the subsequent year's budget. As of June 30, 2014, no outstanding encumbrances existed.

Budgeted amounts include mid-year budget amendments that increased or decreased revenue and expenditure budgets as follows:

Revenues	Original Budget	Amendments	Amended Budget
General Fund	$ 46,891,353	$ 864,905	$ 47,756,258
Special Revenue Funds:			
Food Service Fund	1,883,428	(46,059)	1,837,369
Community Service Fund	2,645,517	147,025	2,792,542
Expenditures			
General Fund	$ 47,674,089	$ (77,527)	$ 47,596,562
Special Revenue Funds:			
Food Service Fund	1,870,726	(36,225)	1,834,501
Community Service Fund	2,705,438	36,179	2,741,617

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments (Continued)

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Investments in external investment pools operated in a manner consistent with the SEC's Rule 2a7 of the Investment Act of 1940 are valued at the pool's share price.

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Expense is allocated over the periods benefitted.

J. Property Taxes

Property tax levies are established by the Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." In the Debt Service Fund, all property taxes collected in a calendar year are recorded as revenue in the fiscal year which begins July 1 of that calendar year.

In accordance with State law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy (frozen at $480,526) for the District. Starting in fiscal year 2011, the shift was expanded to include all other general and community service fund levies. State aids were then reduced by this expanded shift amount, making this portion of the tax shift revenue neutral to school districts. In fiscal year 2014, the shift was reduced to only include the 2000 pay 2001 operating referendum levy. Certain other portions of the District's 2013 pay 2014 levy, normally revenue for the 2014-2015 fiscal year, are also advance recognized at June 30, 2014, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is unavailable because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2014, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. 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 $1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Capital assets are recorded in the government-wide financial statement, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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.

L. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Employee Benefits

Vacation

District employees earn vacation days based upon the number of completed years of service. The District compensates employees for unused vacation upon termination of employment. The amount of compensated absences for vacation is recorded in the statement of net position.

Sick Leave

The District maintains various sick leave plans for its employee groups. District office secretaries, paraprofessionals, custodians, secretaries and food service employees receive payment for a set number of sick days after reaching age 55 and completing 10 years of service. This is paid to employees upon retirement from the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Employee Benefits (Continued)

Severance

The District maintains various severance plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. The related liability was actuarially determined, in accordance with GASB Statement No. 27.

Postemployment Health Care Benefits

Under the terms of certain collectively bargained employment contracts, including the teachers' and administrators' contracts, the District is required to pay the health and dental insurance premiums for retired employees until they reach specified age requirements such as Medicare eligibility. Dental retiree insurance is only given to the administrators. These plans are no longer available to employees hired subsequent to July 1, 2000, based on the collectively bargained employment contracts. GASB Statement No. 45 was implemented prospectively, meaning that the net OPEB obligation was zero at transition. The OPEB liability is being amortized (phased-in) over 30 years as allowed by GASB Statement No. 45.

N. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The District has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting.

O. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance are related to prepaids, inventories, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Budget Committee to assign fund balances more than $25,000 and their intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balance (Continued)

It is also the District's policy to strive to maintain a minimum unassigned General Fund balance of 6% of the annual budget, with a target maximum of 8 – 16% of the expenditure budget in the General Fund. The effective date shall be June 30, the last day of each fiscal year. The fund balance and fund balance guidelines will be reviewed by the School District on an ongoing basis.

P. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Q. Net Position

Net position represents the difference between assets and deferred inflows of resources and liabilities in the government-wide and Fiduciary Fund financial statements. Net investment in capital assets 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 position is reported as restricted in the government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

R. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

No expenditures exceeded budgeted amounts at June 30, 2014.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the School District's Board per the deposit and investment policy.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District has a deposit policy for custodial credit risk which follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The District's deposits in various banks at June 30, 2014 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

With the exception of Fiduciary Funds held in the District's Postemployment Benefits Irrevocable Trust Fund, the District may invest its idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rate "A" or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts 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
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers

Fiduciary Funds held in the District's Postemployment Benefits Irrevocable Trust Fund may be invested as authorized by Minnesota Statutes Chapter 356A.

At June 30, 2014, the District had the following investments:

	Amortized Cost/ Fair Value
MSDLAF	$ 326,532
MSDLAF-MAX	67
MN Investment Shares	4,586,939
Mutual Funds	6,482
Guaranteed Investment Contract	1,940,955
Insurance Annuity	102,552
Negotiable Certificates of Deposit	7,703,880
Total Investments	$ 14,667,407

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The MSDLAF+ is an external investment pool and its investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments.

The MN Trust Investment Share is a money market fund registered under the Investment Act of 1940, meets the conditions of rule 2a-7 of the SEC and holds investments with final maturities less than 13 months.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy states the District shall manage investments in a manner to attain market rate of return through various economic and budgetary cycles, while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements. The District's investment policy also includes structuring the investment portfolio so that funds are available to meet immediate payment requirements. Information about the sensitivity of the fair values of the School District's investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the School District's investments by maturity:

Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
MSDLAF	$ 326,532	$ 326,532	$ -	$ -
MSDLAF-MAX	67	67	-	-
MN Investment Shares	4,586,939	4,586,939	-	-
Mutual Funds	6,482	6,482	-	-
Guaranteed Investment Contract	1,940,955	1,940,955	-	-
Insurance Annuity	102,552	102,552	-	-
Negotiable Certificates of Deposit	7,703,880	7,456,018	247,862	-
Total	$ 14,667,407	$ 14,419,545	$ 247,862	$ -

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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. The District's investment policy states the District may invest its available funds in those instruments specified in Minnesota Statutes 118A.04 and 118A.05. The following chart summarizes year-end ratings for the School District's investments as rated by Moody's Investors Service:

Type	Credit Quality Rating	Amount
MSDLAF	AAAm	$ 326,532
MSDLAF-MAX	AAAm	67
MN Investment Shares	AAAm	4,586,939
Guaranteed Investment Contract	AA	1,940,955
Insurance Annuity	AA	102,552
Mutual Funds	NR	6,482
Negotiable Certificates of Deposit	NR	7,703,880
Total		$ 14,667,407

Concentration of Credit Risk – The District's policy states the District may invest in any one issuer. The District's policy states the District shall diversify its investments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The following is a list of investments which individually comprise more that 5% of the School District's total investments:

Type	Amount	Percentage
American United Life Insurance Company	$ 1,940,955	13.23%

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy states all investment securities purchased by the District shall be held in third-party safekeeping by an institution designated as custodial agent. The custodial agent may be any federal reserve bank, any bank authorized under the laws of the United States or any state to exercise corporate trust powers, a primary reporting dealer in the U.S. government securities to the Federal Reserve Bank of New York, or a securities broker-dealer defined in Minnesota Statutes 118A.06. The institution or dealer shall issue a safekeeping receipt to the District listing the specific instrument, the name of the issuer, the name in which the security is held, the rate, the maturity, serial numbers and other distinguishing marks and other pertinent information.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The deposits and investments are made up of the following:

Deposits	$ 3,612,048
Negotiable Certificates of Deposits	7,703,880
Minnesota School District Liquid Asset Fund (MSDLAF)	326,599
Investments	6,636,928
Total Deposits and Investments	$ 18,279,455

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	$ 15,136,477
Cash and Investments - Statement of Fiduciary Fund Net Position	3,142,978
Total Cash and Investments	$ 18,279,455

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 5,000	$ -	$ -	$ 5,000
Construction in Progress	103,080	-	(103,080)	-
Total Capital Assets, Not Being Depreciated	108,080	-	(103,080)	5,000
Capital Assets, Being Depreciated:				
Land Improvements	4,158,144	39,060	-	4,197,204
Buildings and Improvements	61,671,490	246,048	-	61,917,538
Equipment	7,305,482	290,499	(99,559)	7,496,422
Total Capital Assets, Being Depreciated	73,135,116	575,607	(99,559)	73,611,164
Accumulated Depreciation for:				
Land Improvements	(2,638,087)	(129,567)	-	(2,767,654)
Buildings and Improvements	(27,756,194)	(1,437,140)	-	(29,193,334)
Equipment	(5,046,490)	(483,019)	99,559	(5,429,950)
Total Accumulated Depreciation	(35,440,771)	(2,049,726)	99,559	(37,390,938)
Total Capital Assets, Being Depreciated, Net	37,694,345	(1,474,119)	-	36,220,226
Governmental Activities Capital Assets, Net	$ 37,802,425	$ (1,474,119)	$ (103,080)	$ 36,225,226

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the District as follows:

Governmental Activities	
District Support Services	$ 5,223
Regular Instruction	53,938
Vocational Education Instruction	130
Special Education Instruction	15,369
Instructional Support Services	282,744
Pupil Support Services	33,408
Sites and Buildings	524,348
Community Service	32,401
Unallocated	1,102,165
Total Depreciation Expense, Governmental Activities	$ 2,049,726

NOTE 5 AID ANTICIPATION CERTIFICATES

The District sold aid anticipation certificates dated August 20, 2012, with a value of $4,200,000 at an interest rate of 2.00%. The certificates matured and were repaid on September 20, 2013.

	Beginning Balance	Additions	Retirements	Ending Balance
2012A Aid Anticipation Certificates	$ 4,200,000	$ -	$ 4,200,000	$ -

NOTE 6 LONG-TERM LIABILITIES

The District has issued general obligation school building bonds and has obtained construction loans from the State of Minnesota to finance the construction of capital facilities or to refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies are dedicated for the retirement of these bonds and loans. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

A. Components of Long-Term Debt

				Principal Outstanding	
Issue Date	Net Interest Rate	Original Issue	Final Maturity	Due Within One Year	Total
6/27/2007	4.00% - 4.50%	$ 4,555,000	2/1/2016	$ 555,000	$ 1,795,000
2/24/2010	2.00% - 4.00%	6,960,000	2/1/2021	4,155,000	5,185,000
Total General Obligation Bonds				4,710,000	6,980,000
Bond Premium - Net				77,677	379,797
Lease Purchase Obligations:					
Phone Equipment				62,794	130,426
Cisco Server Lease				75,184	232,106
Total Leases Purchase Obligations				137,978	362,532
Sick Leave Payable				-	189,628
Supplemental Pension Benefits Payable				-	10,341
Other Postemployment Benefits Payable				-	1,095,656
Compensated Absences Payable				147,004	147,004
				$ 5,072,659	$ 9,164,958

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt are as follows:

	General Obligation Bonds Payable		Capital Lease Payable	
Year Ending June 30,	Principal	Interest	Principal	Interest
2015	$ 4,710,000	$ 288,175	$ 137,978	$ 16,723
2016	1,395,000	97,000	144,979	9,724
2017	160,000	35,000	79,575	2,290
2018	165,000	28,600	-	-
2019	175,000	22,000	-	-
2020 - 2021	375,000	22,600	-	-
Total	$ 6,980,000	$ 493,375	$ 362,532	$ 28,737

C. Description of Long-Term Debt

1. General Obligation School Building Bonds

These bonds were issued to finance acquisition and/or construction/improvement of capital facilities. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies are dedicated for the retirement of these bonds. Total deferred tax levies available to retire bond principal and interest payable at June 30, 2014 is $7,847,044. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota Statute.

2. Capital Lease

On October 1, 2007, the District entered into a lease purchase agreement for the acquisition of a phone system. The capital lease obligation and corresponding equipment totaled $455,970. The capital lease agreement includes annual principal and interest payments of $72,840.

On July 1, 2012, the District entered into a lease purchase agreement for the acquisition of a Cisco Edge Networking Gear and additional servers. The capital lease obligation and corresponding equipment totaled $384,313. The capital lease agreement includes annual principal and interest payments of $81,862.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

2. Capital Lease (Continued)

Assets acquired through capital lease are summarized as follows:

Phone System	$ 471,982
Cisco Server	384,313
Less: Accumulated Depreciation	(383,651)
Total	$ 472,644

D. Changes in Long-Term Debt

	June 30, 2013	Net Additions	Retirements	June 30, 2014
Bonds Payable	$ 11,455,000	$ -	$ 4,475,000	$ 6,980,000
Bond Premium	525,782	-	145,985	379,797
Lease Purchase Obligations	493,917	-	131,385	362,532
Sick Leave Payable	123,439	374,168	307,979	189,628
Supplemental Pension Benefits Payable	26,464	136,383	152,506	10,341
Other Postemployment Benefits Payable	1,556,518	1,332,438	1,793,300	1,095,656
Compensated Absences Payable - Net	122,708	250,580	226,284	147,004
Total	$ 14,303,828	$ 2,093,569	$ 7,232,439	$ 9,164,958

NOTE 7 RESTRICTED AND ASSIGNED FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. In addition, certain portions of fund balance have been assigned by the District for use specific purposes. The following is a summary of the restricted and assigned fund balances for the governmental funds.

Restricted and Assigned fund balances at June 30, 2014 are as follows:

	Restricted	Assigned
General Fund:		
Restricted for Staff Development	$ 15,152	$ -
Restricted for Health and Safety	23,516	-
Restricted for Operating Capital	99,400	-
Assigned for Special Education Costs	-	580,082
Assigned for School Building Carryover	-	137,386
Total General Fund	138,068	717,468
Special Revenue Funds:		
Food Service Fund:		
Restricted for Food Service	79,271	-
Community Service Fund:		
Restricted for Community Education Programs	147,021	-
Restricted for Early Childhood and Family Education Programs	68,223	-
Restricted for School Readiness	44,054	-
Restricted for Adult Basic Education	177,253	-
Restricted for Community Service	149,570	-
Total Special Revenue Funds	665,392	-
Debt Service:		
Restricted for Debt Service	1,084,989	-
Total All Funds	$ 1,888,449	$ 717,468

A. Restricted for Health and Safety

Restricted for health and safety represents available resources to be used only to provide for the removal of hazardous substances and other state approved life/health safety projects. Under Minnesota Statute, a deficit in this reserve generates specific future levy authority.

B. Restricted for Operating Capital

Restricted for health and safety represents available resources to be used only to provide for the removal of hazardous substances and other state approved life/health safety projects. Under Minnesota Statute, a deficit in this reserve generates specific future levy authority.

NOTE 7 RESTRICTED AND ASSIGNED FUND BALANCES (CONTINUED)

C. Restricted for Community Education Programs

The fund balance restriction represents accumulated resources available to provide general community education programming.

D. Restricted for Staff Development

Represents unspent staff development revenues set aside from General Education Revenue that were restricted for staff development.

E. Restricted for Deferred Maintenance

Represents accumulated resources available for deferred maintenance.

F. Restricted for Early Childhood and Family Education Programs

This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

G. Restricted for School Readiness

The fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

H. Restricted for Adult Basic Education

The fund balance restriction represents amounts available to fund adult basic education program.

I. Restricted for Other Purposes

Restricted for other purposes represents amounts that can be spend only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

J. Assigned for Potential Special Education Excess Cost Revenue

This assignment represents resources segregated by the District related to the payment of additional special education money from the state.

K. Assigned for School Building Carryover

This assignment represents unspent budget appropriations carried over for the subsequent year.

L. Committed for Separation/Retirement Benefits

This commitment represents resources segregated by the School Board for the payment of retirement benefits.

NOTE 8 RETIREMENT PLANS

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

A. Teacher's Retirement Association (TRA)

1. Plan Description

All teachers employed by the District are covered by a cost sharing, multiple employer defined benefit pension plan administered by the Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356.

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

TRA publicly issues a Comprehensive Annual Financial Report (CAFR) presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at www.tra.state.mn.us. Alternatively, a copy of the report may be obtained by writing TRA at Teachers Retirement Association, 60 Empire Drive Suite 400, St. Paul, MN 55103-1855 or by calling (651) 296-6449 or 1-800-657-3853.

2. Funding Policy

Minnesota Statutes Chapter 354 sets the rates for the employee and employer contributions. These statutes are established and amended by the state legislature. Coordinated and Basic Plan members are required to contribute 6.0% and 9.5%, respectively, of their annual covered salary as employee contributions. The District is required to contribute the following percentages of annual covered payroll: 7.0% for Coordinated Plan members and 10.0% for Basic members.

The District contributions for the years ended June 30, 2014, 2013 and 2012 were $1,551,293, $1,385,484 and $1,255,546, respectively, equal to the required contributions for each year as set by state statute.

NOTE 8 RETIREMENT PLANS (CONTINUED)

B. Public Employees' Retirement Association (PERA)

1. Plan Description

All full-time and certain part-time employees of the District (other than teachers) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees' Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, MN 55103-2088, or by calling (651) 296-7460 or 1-800-652-9026.

2. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plans equal to the amount required by State Statutes. GERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.25%, respectively, of their annual covered payroll in 2013.

The District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERF members and 7.25% for Coordinated Plan members. The District's contributions for the years ended June 30, 2014, 2013 and 2012 were $433,579, $415,890 and $399,051, respectively, equal to the contractually required contributions for each year as set by state statute.

NOTE 8 RETIREMENT PLANS (CONTINUED)

C. Defined Contribution Plan

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the "Plan"). All employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. The District's employer and employee contributions for the year ended June 30, 2014 were $530,712 and $1,042,711, respectively.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District provides postemployment healthcare benefits to certain eligible employees. The District provides these benefits in a single-employer defined benefit healthcare plan administered by the District. All of the postemployment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the District. The District has established an Other Postemployment Benefits Trust Fund to fund these obligations. For fiscal year 2014, the District contributed $100,000 to the plan.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation.

Annual Required Contribution (ARC)	$ 1,355,623
Interest on Net OPEB Obligation	36,978
Adjustment to ARC	(560,163)
Annual OPEB Cost	832,438
Contributions During the Year	(1,188,645)
Increase in Net OPEB Obligation	(356,207)
Net OPEB - Beginning of the Year	1,556,518
Net OPEB - End of the Year	$ 1,200,311

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2012	$ 1,445,719	$ 1,207,126	83.50%	$ 1,239,425
June 30, 2013	1,316,551	999,458	75.91%	1,556,518
June 30, 2014	1,355,623	1,088,645	80.31%	1,200,311

D. Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	$ 1,645,940	$ 13,789,212	$ 12,143,272	11.94%	$ 24,843,560	48.88%

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Funded Status and Funding Progress (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

In the July 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% discount rate which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 8.0% to 5.0% after six years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis over a 30-year period.

NOTE 10 SUPPLEMENTAL BENEFIT PLAN

A. Plan Description

The District provides a defined contribution supplemental pension benefit to certain eligible employees. All of the pension benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

B. Funding Policy

Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The General Fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

The District's annual pension cost (expense) is calculated based on annual required contributions (ARC) of the District, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 27. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual pension cost for the year, the amount actually contributed to the plan, and the changes in the District net pension obligation to the plan:

Annual Required Contribution (ARC)	$ 136,791
Interest on Net Pension Obligation	926
Adjustment to ARC	(1,334)
Annual Pension Cost	136,383
Contributions During the Year	(152,506)
Increase in Net Pension Obligation/ (Asset)	(16,123)
Net Pension (Asset) - Beginning of the Year	26,464
Net Pension Obligation - End of the Year	$ 10,341

The District's annual Pension cost, the percentage of annual Pension cost contributed to the plan, and the net Pension obligation for the fiscal year, and two preceding years is as follows:

Fiscal Year Ended	Annual Pension Cost	Employer Contribution	Percentage of Annual Pension Cost Contributed	Net Pension Obligation (Asset)
June 30, 2012	$ 139,980	$ 12,421	8.87%	$ 71,927
June 30, 2013	135,611	181,074	133.52%	26,464
June 30, 2014	136,791	152,506	111.49%	10,341

NOTE 10 SUPPLEMENTAL BENEFIT PLAN (CONTINUED)

C. Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	$ -	$ 1,472,367	$ 1,472,367	0.00%	$ 10,185,485	14.46%

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment. Amounts determined regarding the funded status of the plan and then annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, included as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2012, actuarial valuation using the projected unit actuarial cost method. The actuarial assumptions included a 3.5% discount rate, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and projected salary increases at 3%.

The actuarial methods and assumptions include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll over a 30-year period.

NOTE 11 JOINT VENTURE AGREEMENT

The District entered into a Joint Venture Agreement in February 1998 between and among eight other area independent school districts and Wright Technical Center No. 996 (WTC), a cooperative center for vocational education, to finance the acquisition and betterment of an addition to the existing WTC facilities.

NOTE 11 JOINT VENTURE AGREEMENT (CONTINUED)

The addition is being financed through capital lease agreements. Each participating district annually authorizes a leasing levy to cover its allocated portion of the lease payment based on the formula set out in the Joint Venture Agreement. Participating districts will also be apportioned operating costs and continuing capital costs for the addition based on the current cost allocation formula.

Separately issued financial statements can be obtained from Wright Technical Center, 1400 Highway 25, North Buffalo, Minnesota 55313-1936.

NOTE 12 OPERATING LEASE

In 2005, the District entered into a ground lease agreement with the Monticello Youth Hockey Association (MYHA) (tenant). The term of the lease commenced on October 1, 2006 and terminates on December 31, 2030, or until the bank debt for the arena that is to be constructed on such land, is paid in full. The ground lease is for a parcel of property on District grounds with an annual payment from the tenant of one dollar. As part of the lease agreement, the tenant agreed to specific construction deadlines related to the building of an arena and ice within the arena, to pay for utility charges and to keep the leased premises in good order, condition and repair. The District agreed to pay any taxes, assessments and other government charges during the life of the lease. Other specific arrangements are defined in the ground lease agreement. Upon termination of the lease, the tenant shall surrender, and the District shall acquire, ownership of all improvements constructed on the leased premises, at no cost to the District.

NOTE 13 RECREATION AGREEMENT

On July 1, 2005, (with an amendment dated June 7, 2006) the District entered into a Recreation Agreement (the Agreement) with the City of Monticello and the MYHA. The purpose of the Agreement is to provide for an agreement on the operations and maintenance of the ice arena, constructed on the leased premises, as described in Note 12 – Operating Lease. As part of the Agreement, the District agrees to manage the arena. The District and MYHA agree to fund operating shortfalls equally, after MYHA advertising revenue has been depleted, with the City and District agreeing to provide funds to MYHA for a portion of the construction costs. The District has agreed to pay, on behalf of MYHA, semiannual payments sent directly to the lender to provide for total payments of sums due under the construction loan and any successor loan as and when due. The City's obligation to fund this construction loan shall be in the maximum amount of $100,000 annually. The District contributed $100,000 in fiscal year 2014 towards the construction loan. There was no shortfall from operations. The District's obligation to MYHA and other specific arrangements are also defined in the Agreement. The term of the Agreement, modified with Amendment No. 1, shall be from October 2006 through September 2030.

REQUIRED SUPPLEMENTARY INFORMATION

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHEDULE OF FUNDING PROGRESS

The following schedules present trend information about the amounts contributed to the Postemployment Healthcare Benefit Plan and the Supplemental Pension Plan by the District:

Schedule of Funding Progress – OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	$ 1,088,220	$ 10,597,150	$ 9,508,930	10.27%	$ 22,249,513	42.74%
7/1/2010	1,069,366	15,176,676	14,107,310	7.05%	22,280,892	63.32%
7/1/2012	1,645,940	13,789,212	12,143,272	11.94%	24,843,560	48.88%

Schedule of Funding Progress – Supplemental Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	$ -	$ 1,572,183	$ 1,572,183	0.00%	$ 22,249,513	7.07%
7/1/2010	-	1,507,614	1,507,614	0.00%	11,834,667 *	12.74%
7/1/2012	-	1,472,367	1,472,367	0.00%	10,185,485	14.46%

* The participant count, from the prior actuary at July 1, 2008, included all active employees in the GASB 45 valuation. The participant count at July 1, 2010 includes only those employees that could become eligible for a GAB 27 severance benefit.

Schedule of Employer Contributions – OPEB

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2010	$ 1,083,866	$ 793,932	73.25%	$ 707,535
June 30, 2011	1,435,010	1,141,713	79.56%	100,832
June 30, 2012	1,445,719	1,207,126	83.50%	1,239,425
June 30, 2013	1,316,551	999,458	75.91%	1,556,518
June 30, 2014	1,355,623	1,088,645	80.31%	1,200,311

SUPPLEMENTARY INFORMATION

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STATEMENT OF CHANGES IN AGENCY FUND
ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2014

	Balance 7/1/2013	Additions	Deletions	Balance June 30, 2014
ASSETS				
Cash and Investments	$ 1,276,075	$ 74,052	$ 148,104	$ 1,202,023
LIABILITIES				
Accounts Payable	$ 1,276,075	$ 74,052	$ 148,104	$ 1,202,023

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2014

	Audit	UFARS	Audit-UFARS
01 GENERAL FUND			
Total Revenues	$ 47,903,382	$ 47,903,381	$ 1
Total Expenditures	47,397,549	47,397,543	6
Nonspendable:			
460 Nonspendable Fund Balance	687,121	687,121	-
Restricted/Reserve:			
403 Staff Development	15,152	15,152	-
405 Deferred Maintenance	37,203	37,203	-
406 Health & Safety	23,516	23,516	-
407 Capital Project Levy	-	-	-
408 Cooperative Rev.	-	-	-
409 Deferred Maintenance	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
419 Encumbrances	-	-	-
423 Certain Teacher Programs	-	-	-
424 Operating Capital	99,400	99,400	-
426 $25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning & Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alt. Programs	-	-	-
436 St. Approved Alt. Prog.	-	-	-
438 Gifted & Talented	-	-	-
441 Basic Skills	-	-	-
443 Telecomm. Access Cost	-	-	-
446 First Grade Preparedness	-	-	-
449 Safe Schools Levy	-	-	-
450 Pre-Kindergarten	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liab. Not in Trust	-	-	-
453 Unfunded Sev & Retirement Levy	-	-	-
Restricted:			
464 Restricted Fund Balance	-	-	-
Committed:			
418 Committed For Separation	1,816,655	1,816,655	-
461 Committed Fund Balance	-	-	-
Assigned:			
462 Assigned Fund Balance	717,468	717,468	-
Unassigned:			
422 Unassigned Fund Balance	3,814,657	3,814,666	(9)
02 FOOD SERVICE			
Total Revenues	1,836,239	1,836,240	(1)
Total Expenditures	1,780,814	1,780,812	2
Nonspendable:			
460 Nonspendable Fund Balance	24,882	24,882	-
Restricted:			
452 OPEB Liab. Not in Trust	-	-	-
464 Restricted Fund Balance	79,271	79,273	(2)
Unassigned:			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenues	2,760,954	2,760,953	1
Total Expenditures	2,735,214	2,735,212	2
Nonspendable:			
460 Nonspendable Fund Balance	1,177	1,177	-
Restricted/Reserve:			
426 $25 Taconite	-	-	-
431 Community Education	147,021	147,021	-
432 E.C.F.E.	68,223	68,223	-
444 School Readiness	44,054	44,054	-
447 Adult Basic Education	177,253	177,253	-
452 OPEB Liab. Not in Trust	-	-	-
Restricted:			
464 Restricted Fund Balance	149,570	149,572	(2)
Unassigned:			
463 Unassigned Fund Balance	-	-	-

	Audit	UFARS	Audit-UFARS
06 BUILDING CONSTRUCTION			
Total Revenues	$ -	$ -	$ -
Total Expenditures	-	-	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted/Reserved:			
407 Capital Projects Levy	-	-	-
409 Alternative Fac. Program	-	-	-
413 Project Funded by COP	-	-	-
Restricted:			
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenues	4,768,038	4,768,039	(1)
Total Expenditures	4,889,025	4,889,025	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted/Reserve:			
425 Bond Refundings	-	-	-
451 QZAB Payments	-	-	-
Restricted:			
464 Restricted Fund Balance	1,084,989	1,084,990	(1)
Unassigned:			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenues	-	-	-
Total Expenditures	-	-	-
422 Net Position	-	-	-
20 INTERNAL SERVICE			
Total Revenues	-	-	-
Total Expenditures	-	-	-
422 Net Position	-	-	-
25 OPEB REVOCABLE TRUST			
Total Revenues	-	-	-
Total Expenditures	-	-	-
422 Net Position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total Revenues	149,762	149,762	-
Total Expenditures	-	-	-
422 Net Position	1,940,955	1,940,955	-
47 OPEB DEBT SERVICE			
Total Revenues	-	-	-
Total Expenditures	-	-	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
425 Bond Refundings	-	-	-
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-

STATISTICAL SECTION (UNAUDITED)

This part of the Monticello Public Schools comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2005	2006	2007	2008
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	$ (389,714)	$ 7,071,769	$ 8,786,289	$ 11,280,973
Restricted	6,616,063	1,051,702	1,371,841	1,027,225
Unrestricted	(609,951)	(1,324,738)	(713,128)	(1,684,493)
Total Governmental Activities Net Position	$ 5,616,398	$ 6,798,733	$ 9,445,002	$ 10,623,705

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 13,100,738	$ 16,123,282	$ 18,464,430	$ 21,653,918	$ 25,135,009	$ 28,367,492
1,652,898	2,056,926	2,663,080	2,562,247	2,055,494	2,023,358
2,329,798	2,303,371	3,073,882	5,003,147	5,498,909	6,250,771
$ 17,083,434	$ 20,483,579	$ 24,201,392	$ 29,219,312	$ 32,689,412	$ 36,641,621

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2005	2006	2007	2008
EXPENSES				
Governmental Activities				
Administration	$ 1,181,958	$ 1,084,690	$ 990,326	$ 1,146,092
District Support Services	998,427	782,346	649,984	621,658
Elementary and Secondary Regular Instruction	15,213,781	15,068,623	15,468,796	16,496,827
Vocational Education Instruction	706,878	456,815	576,116	599,325
Special Education Instruction	9,224,107	10,129,994	10,284,200	10,892,411
Instructional Support Services	1,680,508	1,819,214	1,284,181	1,405,436
Pupil Support Services	2,424,748	2,594,946	2,269,800	2,194,040
Sites and Buildings	2,859,323	3,038,049	4,158,256	3,545,462
Fiscal and Other Fixed Cost Programs	284,358	324,150	319,791	335,295
Food Service	1,438,728	1,444,476	1,504,093	1,614,858
Community Education and Services	1,520,628	1,878,408	2,024,865	2,248,301
Interest and Fiscal Charges on Long-Term Debt	2,391,487	2,128,323	1,150,408	1,257,802
Depreciation not Included in Other Functions	1,189,690	1,172,300	1,131,801	1,120,058
Total Governmental Activities Expenses	41,114,621	41,922,334	41,812,617	43,477,565
PROGRAM REVENUES				
Governmental Activities				
Charges for Services:				
Administration	-	43,954	13,680	-
District Support Services	-	117,369	43,440	-
Elementary and Secondary Regular Instruction	1,181,859	885,109	848,212	571,312
Special Education Instruction	2,122,705	2,594,015	1,074,787	1,422,184
Pupil Support Services	-	-	26,196	-
Sites and Buildings	-	-	-	28,928
Food Service	1,018,762	992,609	1,031,916	1,034,063
Community Education and Services	550,142	865,608	1,014,594	1,074,508
Operating Grants and Contributions	7,827,085	9,867,048	11,368,443	10,028,316
Capital Grants and Contributions	713,523	711,844	444,465	564,436
Total Governmental Activities Program Revenues	13,414,076	16,077,556	15,865,733	14,723,747
Net Expense	(27,700,545)	(25,844,778)	(25,946,884)	(28,753,818)
GENERAL REVENUES				
Governmental Activities				
Taxes:				
Property Taxes, Levied for General Purposes	1,696,083	1,639,858	2,171,900	2,625,226
Property Taxes, Levied for Community Service	3,787,186	113,702	239,076	281,691
Property Taxes, Levied for Debt Service	284,220	3,387,134	3,496,308	3,567,870
General Grants and Aids	20,060,039	20,094,313	20,605,050	23,474,060
Earnings on Investments	494,340	1,222,294	425,381	482,383
Gain on Sale of Capital Assets	291,969	-	-	-
Other General Revenues	410,194	569,798	1,655,438	731,881
Total Governmental Activities	27,024,031	27,027,099	28,593,153	31,163,111
Change in Net Position	$ (676,514)	$ 1,182,321	$ 2,646,269	$ 2,409,293

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 1,124,411	$ 1,149,694	$ 1,184,185	$ 1,216,697	$ 1,238,134	$ 1,283,586
588,469	616,022	833,676	603,853	674,478	1,018,438
16,493,961	18,257,741	18,695,900	19,396,341	19,757,587	19,835,124
524,688	559,909	549,592	569,583	824,747	694,045
10,927,879	13,416,243	13,642,379	12,637,148	13,076,583	13,944,470
2,052,266	2,720,381	2,167,791	2,248,005	2,804,514	2,625,955
2,461,210	2,859,247	2,811,034	3,196,743	3,408,107	3,640,273
3,640,709	3,662,930	3,474,577	3,563,962	3,684,303	4,129,356
122,634	127,487	146,367	161,381	171,889	172,537
1,637,369	1,683,012	1,666,320	1,742,052	1,733,824	1,780,814
2,312,188	2,332,468	2,381,439	2,514,577	2,527,475	2,745,243
1,312,832	1,100,456	822,153	694,614	477,787	250,817
1,120,058	1,120,031	1,120,003	1,111,084	1,102,166	1,102,165
44,318,674	49,605,621	49,495,416	49,656,040	51,481,594	53,222,823
-	-	-	-	-	-
-	-	-	-	-	-
742,633	683,946	684,738	655,047	675,556	601,835
1,500,729	1,684,853	1,839,961	2,236,953	1,533,286	2,104,156
-	-	-	-	4,925	-
194,481	491,828	27,612	16,027	-	300
1,038,445	992,280	977,436	969,110	992,863	1,024,734
981,705	1,003,557	977,332	1,065,495	1,152,504	1,223,615
11,261,504	14,507,859	12,671,828	12,945,144	14,309,359	15,133,838
375,262	373,843	389,154	480,477	446,483	476,050
16,094,759	19,738,166	17,568,061	18,368,253	19,114,976	20,564,528
(28,223,915)	(29,867,455)	(31,927,355)	(31,287,787)	(32,366,618)	(32,658,295)
5,232,133	5,861,403	7,561,018	5,874,159	6,022,840	4,238,226
241,955	243,611	359,136	238,143	257,587	214,829
4,340,505	4,528,185	4,568,134	4,561,832	4,415,071	4,004,789
23,962,390	22,029,016	22,462,895	24,018,379	24,200,096	27,564,512
220,145	81,766	58,189	95,297	42,885	27,634
-	-	-	-	-	7,845
686,516	523,619	635,796	947,078	898,239	552,669
34,683,644	33,267,600	35,645,168	35,734,888	35,836,718	36,610,504
$ 6,459,729	$ 3,400,145	$ 3,717,813	$ 4,447,101	$ 3,470,100	$ 3,952,209

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2005	2006	2007	2008
GENERAL FUND				
Reserved	$ 565,955	$ 427,759	$ 417,013	$ 573,171
Unreserved	199,074	(426,605)	(60,613)	1,109,085
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	$ 765,029	$ 1,154	$ 356,400	$ 1,682,256
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	-	-	-	-
Reserved	30,019,189	1,077,369	4,879,945	1,426,217
Unassigned/ Unreserved, Reported in:				
Special Revenue Funds	45,465	59,915	73,268	84,420
Total All Other Governmental Funds	$ 30,064,654	$ 1,137,284	$ 4,953,213	$ 1,510,637
Unreserved/Unassigned - Operating Account as a % of Total Expenditures	0.27%	-0.95%	-0.13%	2.25%

Note: GASB Statement No. 54 was implemented in year 2011.
Only year 2011 through 2013 are reported in compliance with GASB Statement No. 54. years 2004-2010 are reported as previously stated.

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 350,625	$ 255,713	$ -	$ -	$ -	$ -
2,670,940	2,990,546	-	-	-	-
-	-	250,536	95,469	642,926	687,121
-	-	170,396	119,800	119,920	175,271
-		1,199,356	2,763,239	2,695,080	717,468
-	-	-	-	-	1,816,655
-	-	2,617,289	2,928,881	3,239,568	3,814,657
$ 3,021,565	$ 3,246,259	$ 4,237,577	$ 5,907,389	$ 6,697,494	$ 7,211,172
$ -	$ -	$ 25,472	$ 20,989	$ 23,081	$ 26,059
-	-	2,281,172	2,238,291	1,793,181	1,750,381
1,655,312	433,393	-	-	-	-
107,479	1,694,408	-	(10,427)	-	-
$ 1,762,791	$ 2,127,801	$ 2,306,644	$ 2,248,853	$ 1,816,262	$ 1,776,440
5.09%	5.74%	7.27%	10.32%	5.81%	9.91%

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2005	2006	2007	2008
REVENUES				
Local Sources				
Taxes	$ 5,765,287	$ 5,113,977	$ 5,859,624	$ 6,481,457
Investment Earnings	-	-	-	-
Other	5,822,094	7,338,756	6,128,738	5,409,461
State Sources	25,421,867	27,342,438	29,279,534	31,023,930
Federal Sources	3,134,688	3,282,767	3,143,330	2,978,680
Total Revenues	40,143,936	43,077,938	44,411,226	45,893,528
EXPENDITURES				
Current				
Administration	1,252,062	1,017,871	1,002,197	1,103,536
District Support Services	1,036,371	775,081	635,592	657,224
Elementary and Secondary Regular Instruction	15,000,293	15,250,439	15,418,965	16,052,134
Vocational Education Instruction	712,176	460,359	575,354	598,563
Special Education Instruction	9,272,757	10,009,009	10,380,635	10,682,117
Instructional Support Services	1,563,002	1,778,586	1,318,752	1,799,106
Pupil Support Services	2,478,168	2,558,866	2,318,467	2,241,007
Sites and Buildings	3,778,833	3,770,793	5,626,831	6,612,794
Fiscal and Other Fixed Cost Programs	284,358	324,150	319,791	335,295
Food Service	1,422,630	1,392,910	1,503,260	1,566,992
Community Service	1,554,311	1,868,444	2,032,014	2,236,737
Capital Outlay	-	-	-	-
Debt Service				
Principal	2,030,000	30,780,000	2,535,000	3,309,510
Interest and Fiscal Charges	2,155,474	2,812,813	1,237,832	1,271,729
Total Expenditures	42,540,435	72,799,321	44,904,690	48,466,744
Excess of Revenues Under Expenditures	(2,396,499)	(29,721,383)	(493,464)	(2,573,216)
OTHER FINANCING SOURCES (USES)				
Bonds Issued	23,318,497	-	4,555,000	-
Premium on Bonds Issued	-	-	109,639	-
Debt Service Loans Proceeds	-	-	-	-
Insurance Recovery	-	-	-	
Capital Lease/Certificates of Participation	297,358	30,138	-	455,970
Proceeds from Sale of Assets	291,969	-	-	526
Debt Retirement from Escrow Account	-	-	-	-
Total Other Financing Sources (Uses)	23,907,824	30,138	4,664,639	456,496
Net Change in Fund Balances	$ 21,511,325	$ (29,691,245)	$ 4,171,175	$ (2,116,720)
Debt Services as a Percentage of Noncapital Expenditures	10.10%	46.81%	8.75%	10.33%

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 9,703,188	$ 10,577,164	$ 12,449,939	$ 10,678,274	$ 10,822,864	$ 8,559,270
-	81,766	58,189	95,297	42,885	27,634
5,187,704	4,865,086	5,115,263	5,853,183	5,257,291	5,507,309
32,630,314	29,821,833	30,385,637	33,088,756	35,156,182	39,273,363
2,951,311	7,088,885	5,138,240	4,355,244	3,799,756	3,901,037
50,472,517	52,434,734	53,147,268	54,070,754	55,078,978	57,268,613
1,234,576	1,131,366	1,168,957	1,199,827	1,238,962	1,288,637
611,097	568,712	792,226	591,325	663,804	981,089
18,024,626	18,124,000	18,505,788	19,214,406	19,463,733	19,848,466
523,926	554,937	547,729	567,069	820,505	697,512
11,258,209	13,228,251	13,528,893	12,502,655	12,971,354	13,988,966
2,517,208	1,952,354	1,625,140	1,458,355	1,868,483	1,756,208
2,514,934	2,811,161	2,768,738	3,164,655	3,406,058	3,585,601
3,845,828	3,300,801	2,992,588	3,260,709	3,332,848	3,527,631
122,634	127,487	146,367	161,381	171,889	172,537
1,628,182	1,655,422	1,666,320	1,742,052	1,723,438	1,780,814
2,310,278	2,274,375	2,315,766	2,497,267	2,575,700	2,679,285
-	1,852,359	1,115,665	1,019,954	1,688,298	1,462,339
3,341,596	3,559,763	3,972,712	4,226,150	4,548,262	4,606,385
1,379,570	1,315,506	978,713	877,517	705,644	427,150
49,312,664	52,456,494	52,125,602	52,483,322	55,178,978	56,802,620
1,159,853	(21,760)	1,021,666	1,587,432	(100,000)	465,993
-	-	-	-	5,970,000	-
-	586,467	-	-	73,276	-
-	6,960,000	-	-	-	-
194,481	514,997	27,612	24,589	-	-
237,129	-	120,883	-	384,313	-
-	-	-	-	4,925	7,845
-	(7,450,000)	-	-	(5,975,000)	-
431,610	611,464	148,495	24,589	457,514	7,845
$ 1,591,463	$ 589,704	$ 1,170,161	$ 1,612,021	$ 357,514	$ 473,838
9.81%	9.55%	9.63%	9.87%	9.73%	8.94%

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
TAX CAPACITIES AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

For Taxes Collectible	Residential Property	Commercial Industrial Property	Other Property	Less: Tax Increment Property
2005	$ 8,983,533	$ 4,725,471	$ 5,038,260	$ 635,898
2006	10,125,095	4,700,011	6,203,965	707,150
2007	11,298,463	5,003,947	7,873,943	895,810
2008	11,887,714	4,757,295	9,207,598	1,121,478
2009	12,053,262	5,070,253	9,704,414	1,168,841
2010	11,257,252	5,374,101	9,688,241	1,105,041
2011	10,217,091	6,164,274	8,761,724	970,759
2012	8,896,466	6,325,188	8,505,401	857,311
2013	7,961,021	9,970,792	8,325,133	885,070
2014	8,142,220	9,343,177	8,162,264	790,345

Source: Wright and Sherburne County

Net Taxable Tax Capacity	Total Direct Tax Rate	Estimated Taxable Market Value	Taxable Tax Capacity as a Percentage of Estimated Market Value
$ 18,111,366	26.379%	$ 1,535,690,700	1.18%
20,321,921	24.372%	1,731,335,600	1.17%
23,280,543	23.146%	1,985,898,700	1.17%
24,731,129	25.254%	2,126,596,400	1.16%
25,659,088	26.083%	2,196,562,900	1.17%
25,214,553	24.948%	2,124,228,600	1.19%
24,172,330	27.029%	1,994,425,000	1.21%
22,869,744	28.262%	1,852,291,700	1.23%
25,371,876	26.229%	1,938,427,700	1.31%
24,857,316	28.269%	1,920,071,100	1.29%

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

	2004-2005	2005-2006	2006-2007	2007-2008
GOVERNMENTAL UNIT				
ISD No. 882 (Monticello)	26.379%	24.372%	23.146%	25.254%
Overlapping Governments:				
Wright County	34.414%	32.567%	30.714%	31.648%
Sherburne County	42.028%	41.555%	40.720%	40.675%
City of Monticello	58.651%	51.028%	42.458%	46.942%
City of Otsego	27.555%	27.627%	26.673%	26.501%
City of Big Lake	0.000%	40.842%	40.761%	41.605%
Big Lake Twp	19.391%	18.694%	21.290%	18.809%
Buffalo Twp	21.583%	18.629%	17.658%	20.093%
Clearwater Twp	25.165%	22.786%	21.711%	21.283%
Maple Lake Twp	15.012%	16.105%	14.175%	13.125%
Monticello Twp	10.126%	8.495%	8.080%	7.695%
Silver Creek Twp	28.132%	26.561%	25.801%	23.915%
Hospital District	2.667%	2.330%	2.951%	2.520%
State	51.121%	79.212%	74.000%	64.591%

Source: Wright & Sherburne Counties

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
26.083%	24.948%	27.029%	28.262%	26.229%	28.269%
32.567%	35.819%	39.306%	43.452%	44.288%	43.450%
41.999%	44.519%	46.342%	52.014%	54.420%	54.861%
46.191%	45.822%	46.729%	49.773%	42.262%	44.709%
26.972%	29.342%	34.014%	41.454%	46.229%	44.575%
41.573%	42.713%	43.652%	50.404%	55.198%	60.048%
14.960%	13.798%	14.628%	15.784%	15.306%	15.591%
19.583%	20.701%	23.128%	24.675%	25.514%	25.310%
21.348%	24.068%	25.815%	28.507%	28.574%	27.905%
17.755%	17.826%	19.310%	21.013%	22.328%	22.073%
12.760%	10.398%	16.883%	18.357%	24.483%	24.879%
23.809%	24.016%	25.923%	27.726%	28.286%	32.261%
2.067%	1.754%	1.501%	1.240%	0.608%	0.000%
63.749%	63.636%	68.188%			

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2014			2005		
Taxpayer	Net Tax Capacity	Rank	Percentage Total District Tax Valuation	Net Tax Capacity	Rank	Percentage Total District Tax Valuation
Northern States Power Co.	$ 9,469,396	1	36.51%	$ 4,931,862	1	29.05%
Wal-Mart Real Est. Business Tr.	250,100	2	0.96%			
Target Corporation	201,658	3	0.78%			
Monti-Big Lake Comm Hospital	150,882	4	0.58%			
MLBL, LLC	143,370	5	0.55%			
Minnegasco Inc.	140,800	6	0.54%	106,120	3	0.63%
Home Depot USA Inc.	139,250	7	0.54%			
Muller Fam Theatres of Monti	109,097	8	0.42%			
Ax TC Retail LP	101,598	9	0.39%			
Allete Inc.	94,168	10	0.36%			
BBF Properties Inc				70,204	6	0.41%
Peterson Holdings				129,496	2	0.76%
Jacob Holdings of Monti LLC				93,360	4	0.55%
Tapper, William R & Barbara R				70,244	5	0.41%
Gould Brothers Chevrolet LLP				69,698	7	0.41%
Monticello/Washington Assoc				69,250	8	0.41%
Tomann, Terrance & Mary Fam LTD				68,418	9	0.40%
Wright Co Products Inc				60,476	10	0.36%
Total for Ten Largest Principal Taxpayers	$ 10,800,319			$ 5,669,128		

Source: Current property valuations and net tax capacity values have been furnished by Wright County.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

For Taxes Collectible	Total Tax Levy for Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	$ 5,643,147	$ 5,258,178	93.18%	$ 88,165	$ 5,346,343	94.74%
2006	6,117,877	6,112,781	99.92%	116,494	6,229,275	101.82%
2007	6,653,830	6,643,742	99.85%	175,802	6,819,544	102.49%
2008	9,985,984	9,972,686	99.87%	249,309	10,221,995	102.36%
2009	10,703,071	10,692,038	99.90%	318,623	11,010,661	102.87%
2010	10,425,731	10,414,698	99.89%	248,745	10,663,443	102.28%
2011	10,603,449	10,039,680	94.68%	203,904	10,243,584	96.61%
2012	10,574,134	10,424,507	98.58%	67,689	10,492,196	99.23%
2013	10,778,235	10,648,661	98.80%	38,449	10,687,110	99.15%
2014	10,780,124	5,264,107	48.83%	-	5,264,107	48.83%

Note 1: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the the write-off of delinquent taxes receivable.
Note 2: A portion of the total tax levy is paid through various property tax credits which are paid through state aids.
Note 3: Property taxes are remitted to the District based on a calendar year, the amount stated represents collections through the District's year end of June 30.

Source: State of Minnesota School Tax Report and Wright & Sherburne County Certification report.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	G.O. Bonds	Aid & Tax Anticipation Certificates	Capital Leases	Total Primary Government
2005	$ 62,805,000	$ 4,900,000	$ 262,557	$ 67,967,557
2006	32,025,000	4,305,000	227,152	36,557,152
2007	34,045,000	3,780,000	158,908	37,983,908
2008	30,810,000	4,275,000	537,250	35,622,250
2009	27,675,000	4,360,000	567,783	32,602,783
2010	23,735,000	4,935,000	458,020	29,128,020
2011	19,925,000	5,000,000	416,191	25,341,191
2012	15,875,000	5,000,000	242,866	21,117,866
2013	11,455,000	4,200,000	493,917	16,148,917
2014	6,980,000	-	362,532	7,342,532

* Updated information was not available for these years

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

Estimated Population		Net Bonded Debt per Capita	Percentage of Outstanding Debt to Personal Income
18,500		$ 3,674	14.10%
18,848		1,940	6.94%
18,848	*	2,015	6.72%
19,556		1,822	6.02%
19,556	*	1,667	5.41%
20,466		1,423	4.78%
20,533		1,234	3.58%
20,533	*	1,028	3.12%
20,533	*	786	2.18%
20,533	*	358	N/A

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Net Bonded Debt	Tax Capacity
2005	$ 62,805,000	$ 29,991,721	$ 32,813,279	$ 18,111,366
2006	32,025,000	1,003,353	31,021,647	20,321,921
2007	34,045,000	1,220,274	32,824,726	23,280,543
2008	30,810,000	594,503	30,215,497	24,731,129
2009	27,675,000	1,426,329	26,248,671	25,662,088
2010	23,735,000	1,617,587	22,117,413	25,214,553
2011	19,925,000	1,721,015	18,203,985	24,172,330
2012	15,875,000	1,694,791	14,180,209	22,868,144
2013	11,455,000	1,205,976	10,249,024	25,371,876
2014	6,980,000	1,084,990	5,895,010	24,791,806

* Updated information was not avaialbe for these years.

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

Percentage of Estimated Actual Taxable Value of Property	Estimated Population		Net Bonded Debt per Capita
181.18%	18,500		$ 1,774
152.65%	18,848		1,646
141.00%	18,848	*	1,742
122.18%	19,556		1,545
102.29%	19,556	*	1,342
87.72%	20,466		1,081
75.31%	20,533		887
62.01%	20,533	*	691
40.40%	20,533	*	499
23.78%	20,533	*	287

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	Total Principal	Interest and Other Charges	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2005	$ 2,030,000	$ 2,155,474	$ 4,185,474	$ 35,366,656	11.8%
2006	30,780,000	2,812,813	33,592,813	35,945,154	93.5%
2007	2,535,000	1,237,832	3,772,832	36,583,504	10.3%
2008	3,235,000	1,259,945	4,494,945	37,252,228	12.1%
2009	3,135,000	1,224,868	4,359,868	40,954,219	10.6%
2010	3,450,000	1,208,888	4,658,888	43,825,858	10.6%
2011	3,810,000	893,513	4,703,513	43,406,653	10.8%
2012	4,052,825	773,350	4,826,175	43,407,365	11.1%
2013	4,415,000	624,644	5,039,644	45,775,045	11.0%
2014	4,475,000	414,025	4,889,025	47,397,543	10.3%

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2014
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Wright County	$ 49,475,000	20.73%	$ 10,256,563
Sherburne County	15,075,000	1.79%	269,707
City of Big Lake	22,945,000	0.14%	30,976
City of Monticello	12,590,000	100.00%	12,590,000
City of Otsego	11,675,000	8.93%	1,042,904
Becker Township	230,000	11.84%	27,226
Big Lake Township	543,500	15.20%	82,592
Maple Lake Township	147,000	9.13%	13,426
Subtotal, Overlapping Debt	112,680,500		24,313,395
Independent School District No. 882 - Direct Debt	6,980,000	100.00%	6,980,000
Total Direct and Overlapping Debt			$ 31,293,395

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the government's ability of issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2005	2006	2007	2008
Debt Limit	$ 230,353,605	$ 259,700,340	$ 297,884,805	$ 318,989,460
Total Net Debt Applicable to Limit	62,805,000	32,025,000	34,045,000	30,810,000
Legal Debt Margin	$ 167,548,605	$ 227,675,340	$ 263,839,805	$ 288,179,460
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	27.26%	12.33%	11.43%	9.66%

Note: Under state finance law, the District's outstanding G.O. debt should not exceed 15% of total market property value. By law, the G.O. debt subject to the limitation may be offset by amounts set aside for repaying G.O. bonds.

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 329,484,435	$ 318,634,290	$ 299,163,750	$ 285,943,755	$ 290,764,155	$ 288,010,665
27,675,000	23,735,000	19,925,000	15,875,000	11,455,000	6,980,000
$ 301,809,435	$ 294,899,290	$ 279,238,750	$ 270,068,755	$ 279,309,155	$ 281,030,665
8.40%	7.45%	6.66%	5.55%	3.94%	2.42%

Legal Debt Margin Calculation for Year 2014:

Market Value	$ 1,920,071,100
Debt Limit (15% of Market Value)	288,010,665
Debt Applicable to Limit:	
G.O. Bonds	6,980,000
Total Net Debt Applicable to Limit	6,980,000
Legal Debt Margin	$ 281,030,665

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
DEMOGRAPHIC AND ECONOMIC STATISTICS - INCOME
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	Estimated Population		Personal Income	Per Capita Personal Income
2004	18,500		$ 482,126,761	$ 26,061
2005	18,848		526,581,433	27,938
2006	18,848	*	565,068,818	29,980
2007	19,556		592,183,030	30,281
2008	19,556	*	602,906,656	30,830
2009	20,466		609,120,210	29,763
2010	20,533		708,624,469	34,511
2011 Est	20,533	*	676,893,820	32,966
2012 Est	20,533	*	739,280,159	36,004
2013 Est	20,533	*	N/A	N/A

* Updated information was not available for these years.

N/A : Data not available
Data Sources: Minnesota Department of Employment and Economic Development
Minnesota Department of Education

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
DEMOGRAPHIC AND ECONOMIC STATISTICS - EMPLOYMENT
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	Average Employment Wright County	Average Unemployment Wright County	Average Unemployment State of Minnesota
2004	57,871	5.05%	
2005	60,017	4.36%	4.20%
2006	61,967	4.36%	4.10%
2007	62,810	5.12%	4.60%
2008	63,447	6.07%	5.40%
2009	68,321	9.24%	7.20%
2010	68,915	8.20%	6.70%
2011	69,526	7.11%	6.90%
2012	69,717	6.08%	5.20%
2013	66,565	5.36%	4.80%

Sources: U.S. Census and Minnesota Department of Employment and Economic Development

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2014			2005		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ISD No. 882	985	1	26.88%	538	1	18.02%
CentraCare Health Monticello	525	2	14.32%			
Xcel Energy	500	3	13.64%	411	3	13.76%
Cargil Kitchen Solutions	417	4	11.38%			
Northland Group, Inc	350	5	9.55%			
Wal-Mart	300	6	8.19%			
Target	190	7	5.18%			
Ultra Machining Corp.	198	8	5.40%	120	9	4.02%
Home Depot	100	9	2.73%			
WSI Industries, Inc	100	10	2.73%			
Monticello-Big Lake Community Hospital				425	2	14.23%
Sunny Fresh Foods				341	4	11.42%
Dan & Jerry's Greenhouses				340	5	11.39%
City of Monticello				183	6	6.13%
Cub Foods				123	7	4.12%
Perkins Family Restaurant				122	8	4.09%
Kmart				100	10	3.35%
Maus Foods				95	11	3.18%
Monticello Clinic				95	12	3.18%
Monticello Ford Mercury, Inc				93	13	3.11%
Total	3,665			2,986		

Source: Minnesota Department of Employment and Economic Dvelopment

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
EMPLOYEES BY CLASSIFICATIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

	Employees for Fiscal Year Ended			
Employees	2005	2006	2007	2008
Teachers	308	311	295	297
Principals and District Administration	15	15	14	15
Admin Support, Confidential & Individual	11	11	11	12
Clerical	13	11	11	11
Community Service	4	4	4	4
Custodial	29	29	28	29
Cafeteria	29	30	31	31
Paraprofessionals	96	89	88	96
Total	505	500	482	495

Note 1: This schedule is a headcount based on payroll and seniority schedules. If an employee has more than one contract group its possible they are reflected multiple times. Full and part-time employees count the same.

Source: District Records

Employees for Fiscal Year Ended					
2009	2010	2011	2012	2013	2014
313	314	308	307	319	317
14	14	15	14	16	15
13	15	15	15	17	20
11	11	11	12	11	12
4	5	5	5	6	7
30	28	28	28	29	29
30	31	32	31	32	32
100	110	108	110	110	106
515	528	522	522	540	538

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
STUDENT ENROLLMENT
LAST TEN FISCAL YEARS
(UNAUDITED)

Year Ended June 30,	Average Daily Membership (ADM) (Including Enrollment Option)					Total Pupil Units
	Handicapped and Prekindergarten	Kindergarten	Elementary	Secondary	Total	
2005	56.22	253.13	1,807.97	1,769.94	3,887.26	4,475.78
2006	58.19	268.95	1,789.01	1,806.79	3,922.94	4,513.32
2007	52.95	259.82	1,789.29	1,809.95	3,912.01	4,506.21
2008	48.85	260.42	1,790.26	1,809.29	3,908.82	4,515.42
2009	46.96	273.41	1,789.66	1,805.78	3,915.81	4,515.88
2010	58.57	298.60	1,770.40	1,797.67	3,925.24	4,514.08
2011	61.41	261.78	1,754.83	1,843.24	3,921.26	4,537.99
2012	61.38	313.34	1,767.39	1,846.54	3,988.65	4,587.68
2013	62.67	305.79	1,831.19	1,831.36	4,031.01	4,635.19
2014	68.74	253.17	1,879.73	1,808.09	4,009.73	4,631.91

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
EXPENDITURES PER STUDENT
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2013)
(UNAUDITED)

	State Average	ISD No. 882	
	2013	2013	2014
EXPENDITURES PER STUDENT (ADM) (1)			
General Fund - Operating Account			
District and School Administration	$ 475	$ 264	$ 311
District Support Services	417	270	237
Elementary and Secondary Regular Instruction	4,955	4,718	4,794
Vocational Education Instruction	132	199	169
Special Education Instruction	1,896	3,144	3,379
Instructional Support Services	466	381	424
Pupil Support Services	916	826	866
Sites and Buildings, Fiscal and Other Fixed Cost Programs	838	765	897
Total General Fund - Operating Account	10,095	10,567	11,077
Food Service Special Revenue Fund	497	420	430
Total PK - 12 Operating Expenditures	10,592	10,987	11,507
General Fund - Capital Expenditure Account	570	437	371
Community Service Special Revenue Fund	515	638	661
Capital Projects Fund	673	-	-
Debt Service Fund	1,173	1,222	1,181
Total Expenditures Per Student	$ 13,523	$ 13,284	$ 13,720
ADM Served	844,124	4,125	4,140

Source: Minnesota Department of Education School District Profiles

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
(GENERAL FUND) COST PER PUPIL ON WEIGHTED AVERAGE DAILY MEMBERSHIP
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2005	2006	2007	2008
District and School Administration	$ 1,252,062	$ 1,017,871	$ 1,002,197	$ 1,103,536
District Support Services	1,036,371	775,081	635,592	657,224
Elementary and Secondary Regular Instruction	14,988,929	15,250,439	15,418,965	16,052,134
Vocational Education Instruction	712,176	460,359	575,354	598,563
Special Education Instruction	9,272,757	10,009,009	10,380,635	10,682,117
Instructional Support Services	1,563,002	1,778,586	1,318,752	1,799,106
Pupil Support Services	2,478,168	2,558,866	2,318,467	2,241,007
Sites, Buildings and Equipment	3,778,833	3,770,793	4,613,751	3,696,952
Fiscal and Other Fixed Cost Programs	284,358	324,150	319,791	421,589
Total	$ 35,366,656	$ 35,945,154	$ 36,583,504	$ 37,252,228
Weighted ADM	4,476	4,513	4,506	4,515
District and School Administration	$ 280	$ 226	$ 222	$ 244
District Support Services	232	172	141	146
Elementary and Secondary Regular Instruction	3,349	3,379	3,422	3,555
Vocational Education Instruction	159	102	128	133
Special Education Instruction	2,072	2,218	2,304	2,366
Instructional Support Services	349	394	293	398
Pupil Support Services	554	567	515	496
Sites, Buildings and Equipment	844	835	1,024	819
Fiscal and Other Fixed Cost Programs	64	72	71	93
Total	$ 7,902	$ 7,964	$ 8,118	$ 8,250

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 1,234,576	$ 1,138,623	$ 1,168,954	$ 1,199,831	$ 1,238,964	$ 1,288,895
611,097	594,138	821,096	596,071	666,738	996,061
18,024,626	18,133,156	18,562,587	19,287,538	19,731,629	20,035,453
523,926	554,937	547,727	567,070	820,507	697,512
11,258,209	13,248,689	13,574,249	12,522,266	13,006,471	14,160,588
2,517,208	2,617,214	2,312,497	2,322,271	2,731,848	2,474,474
2,514,934	2,818,189	2,768,736	3,164,653	3,426,332	3,596,695
3,785,711	4,486,808	3,419,240	3,482,119	3,535,937	3,975,334
483,932	234,105	231,567	265,548	232,306	172,537
$ 40,954,219	$ 43,825,859	$ 43,406,653	$ 43,407,367	$ 45,390,732	$ 47,397,549
4,516	4,514	4,538	4,588	4,635	4,632
$ 273	$ 252	$ 258	$ 262	$ 267	$ 278
135	132	181	130	144	215
3,991	4,017	4,090	4,204	4,257	4,325
116	123	121	124	177	151
2,493	2,935	2,991	2,730	2,806	3,057
557	580	510	506	589	534
557	624	610	690	739	776
838	994	753	759	763	858
107	52	51	58	50	37
$ 9,069	$ 9,709	$ 9,565	$ 9,462	$ 9,793	$ 10,233

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
GENERAL FUND – OPERATING ACCOUNT EXPENDITURES BY PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services
2005	$ 1,252,062	$ 1,036,371	$ 14,988,929	$ 712,176	$ 9,272,757	$ 1,563,002
	3.5%	2.9%	42.4%	2.0%	26.2%	4.4%
2006	1,017,871	775,081	15,250,439	460,359	10,009,009	1,778,586
	2.8%	2.2%	42.4%	1.3%	27.8%	4.9%
2007	1,002,197	635,592	15,418,965	575,354	10,380,635	1,318,752
	2.7%	1.7%	42.1%	1.6%	28.4%	3.6%
2008	1,103,536	657,224	16,052,134	598,563	10,682,117	1,799,106
	3.0%	1.8%	43.1%	1.6%	28.7%	4.8%
2009	1,234,576	611,097	18,024,626	523,926	11,258,209	2,517,208
	3.0%	1.5%	44.0%	1.3%	27.5%	6.1%
2010	1,131,366	568,712	18,124,000	554,937	13,228,251	1,952,354
	2.6%	1.3%	41.4%	1.3%	30.2%	4.5%
2011	1,168,957	792,226	18,505,788	547,729	13,528,893	1,625,140
	2.7%	1.8%	42.6%	1.3%	31.2%	3.7%
2012	1,199,827	591,325	19,214,406	567,069	12,502,655	1,458,355
	2.8%	1.4%	44.3%	1.3%	28.8%	3.4%
2013	1,238,962	663,804	19,463,733	820,505	12,971,354	1,868,483
	2.7%	1.5%	42.5%	1.8%	28.3%	4.1%
2014	1,288,637	981,089	19,848,466	697,512	13,988,966	1,756,208
	2.7%	2.1%	41.9%	1.5%	29.5%	3.7%

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Capital Outlay	Total	Percent Increase (Decrease) From Prior Year
$ 2,478,168	$ 3,778,833	$ 284,358	$ -	$ 35,366,656	-3.21%
7.0%	10.7%	0.8%	0.0%	100.0%	
2,558,866	3,770,793	324,150	-	35,945,154	1.64%
7.1%	10.5%	0.9%	0.0%	100.0%	
2,318,467	4,613,751	319,791	-	36,583,504	1.78%
6.3%	12.6%	0.9%	0.0%	100.0%	
2,241,007	3,696,952	421,589	-	37,252,228	1.83%
6.0%	9.9%	1.1%	0.0%	100.0%	
2,514,934	3,785,711	483,932	-	40,954,219	9.94%
6.1%	9.2%	1.2%	0.0%	100.0%	
2,811,161	3,300,801	343,868	1,810,408	43,825,858	7.01%
6.4%	7.5%	0.8%	4.1%	100.0%	
2,768,738	2,992,588	394,279	1,082,315	43,406,653	-0.96%
6.4%	6.9%	0.9%	2.5%	100.0%	
3,164,655	3,260,709	438,873	1,009,491	43,407,365	0.00%
7.3%	7.5%	1.0%	2.3%	100.0%	
3,406,058	3,332,848	386,151	1,623,147	45,775,045	5.45%
7.4%	7.3%	0.8%	3.5%	100.0%	
3,585,601	3,672,141	172,537	1,406,410	47,397,567	3.54%
7.6%	7.7%	0.4%	3.0%	100.0%	

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SCHOOL BUILDING INFORMATION
JUNE 30, 2014
(UNAUDITED)

Facility	Year Constructed	Years of Addition	Grades Housed	Square Footage
Eastview Elementary	1987	-	PK	111,400
Pinewood Elementary	1968		K-5	58,900
Addition #1		1970		20,000
Addition #2		1977		58,900
Addition #3		1986		7,200
Addition #4		2004		3,085
Little Mountain Elementary	1992		K-5	104,450
Monticello Middle School	1954		G6-8	47,000
Addition #1		1957		30,000
Addition #2		1967		45,000
Addition #3		1972		42,000
Addition #4		1976		55,000
Addition #5		1980		25,000
Addition #6		1986		11,000
Addition #7		2004		5,960
Monticello High School	1999		G-9-12	276,000
Addition #1		2004		600
Moose Sherritt Ice Arena	2005			35,880
ALP	2004			2,600

MONTICELLO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 882
SUMMARY OF MEALS SERVED
JUNE 30, 2014
(UNAUDITED)

Meals	Number of Meals Served
Elementary Full Paid Lunch	136,491
Secondary Full Paid Lunch	169,213
Reduced Price Lunch	42,476
Free Lunch	112,578
Adult Lunch	5,700
Total Lunches Served	466,458
Elementary Full Paid Breakfast	5,454
Secondary Full Paid Breakfast	6,848
Reduced Price Breakfast	12,302
Free Breakfast	30,353
Adult Breakfast	64
Total Breakfasts Served	55,021