

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

District Financial Statements

June 30, 2004

(With Independent Auditors' Report Thereon)

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

**Table of Contents**

	<b>Page</b>
<b>I. Financial Section</b>	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Balance Sheet to the Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
Proprietary Fund:	
Statement of Net Assets	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets	20
Statement of Cash Flows	21
Notes to Basic Financial Statements	22
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund and Major Special Revenue Funds	43
Notes to Required Supplementary Information	44
Combining and Individual Fund Statements and Schedules:	
General Fund—General Fund Accounts and Fully Financed General Fund Accounts:	
Combining Balance Sheet	45
Balance Sheet:	
General Fund Accounts	46
Fully Financed General Fund Accounts	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	48
Statement of Revenues, Expenditures, and Changes in Fund Balances—Final Budget and Actual:	
General Fund Accounts	49
Fully Financed General Fund Accounts	50

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

**Table of Contents, continued**

	<b>Page</b>
Community Service Fund:	
Balance Sheet	51
Statement of Revenues, Expenditures, and Changes in Fund Balance	52
Food Service Fund:	
Balance Sheet	53
Statement of Revenues, Expenditures, and Changes in Fund Balance	54
Debt Service Fund:	
Balance Sheet	55
Statement of Revenues, Expenditures, and Changes in Fund Balance—Final Budget and Actual	56
Capital Projects Fund:	
Balance Sheet	57
Statement of Revenues, Expenditures, and Changes in Fund Balance—Final Budget and Actual	58
<b>II. Supplementary Information</b>	
Uniform Financial Accounting and Reporting Standards Compliance Table	59
Fully Financed Fund Program Grant Analysis:	
Statement of Reimbursable Programs' Revenues and Expenditures	60
Community Service Fund—Fully Financed Fund Program Grant Analysis:	
Statement of Reimbursable Programs' Revenues and Expenditures	66



**KPMG LLP**  
4200 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, MN 55402

## **Independent Auditors' Report**

The Board of Education  
Independent School District No. 625  
Saint Paul, Minnesota:

We have audited the accompanying financial statements of the governmental activities, each major fund, and remaining fund information of Independent School District No. 625, Saint Paul, Minnesota (the District) as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and remaining fund information of the District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 43 through 44 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit for the year ended June 30, 2004 was made for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules listed in Section I and the supplementary information listed in Section II of the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2004. The supplementary information listed in Section II of the accompanying table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

We have also previously audited, in accordance with generally accepted auditing standards, the basic financial statements as of and for the year ended June 30, 2003 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. The combining and individual fund financial statements and schedules listed in Section I were subjected to auditing procedures applied in the audit of those basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

KPMG LLP

Minneapolis, Minnesota  
November 1, 2004

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2004

**Introduction**

Our discussion and analysis of Saint Paul Public School's (SPPS) financial performance provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2004. It should be read in conjunction with SPPS' financial statements. The intent of this management discussion and analysis is to look at SPPS' financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of SPPS' financial performance.

SPPS has prepared its annual financial report using the financial reporting model as specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34—*Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* issued in June 1999.

The reporting model is a combination of both government-wide financial statements and fund financial statements. The basic financial statements contain three components:

- 1) Government-wide financial statements including the Statement of Net Assets and the Statement of Activities which provide a broad, long-term overview of SPPS' finances,
- 2) Fund financial statements including the balance sheets that provide a greater level of detail of revenues and expenditures and focus on how well SPPS has performed in the short term in the most significant funds, and
- 3) Notes to the financial statements.

This report presents the financial highlights for 2004 and contains other supplementary information.

**Financial Highlights**

Key financial highlights for 2004 are as follows:

On the district-wide financial statements:

- Total net assets of SPPS increased from \$157.1 million in fiscal year 2003 to \$166.0 million in fiscal year 2004, an increase of \$8.9 million, or 5.7%.
- Total revenue increased \$25.5 million from \$532.3 million in fiscal year 2003 to \$557.8 million in fiscal year 2004, or 4.8%.
- Total expenses increased \$24.2 million from \$524.7 million in fiscal year 2003 to \$548.9 million in fiscal year 2004, or 4.6%.
- The district retired \$26.9 million of outstanding long-term debt and did not issue any new general obligation bonds or certificates of participation.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2004

On the fund financial statements:

- The ending fund balance of all governmental funds of SPPS decreased from \$128.5 million in fiscal year 2003 to \$102.3 million in fiscal year 2004, a decrease of \$26.2 million, or 20.4%.
- The capital project fund balance decreased \$26.9 million, going from \$48.6 million in fiscal year 2003 to \$21.7 million in fiscal year 2004. This decrease is due to two factors: 1) the district spent down a significant portion of the June 30, 2003 balances on capital projects and 2) the district did not issue any new debt to finance additional capital projects.
- The debt service fund balance decreased from \$20.5 million in fiscal year 2003 to \$11.5 million in fiscal year 2004. This decrease of \$9.0 million is primarily related to the pay-off of \$14.0 million of 1994 general obligation bonds. The proceeds to pay off this debt were part of the June 30, 2003 fund balance.
- The general fund balance increased \$8.2 million, going from \$54.2 million in fiscal year 2003 to \$62.4 million in fiscal year 2004. The general fund unreserved undesignated fund balance accounted for \$3.2 million of the \$8.2 million increase.

**Overview of the Financial Statements`**

The financial section of the annual report consists of five parts—Independent Auditors' Report, MD&A, Basic Financial Statements, Required Supplementary Information, and Combining and Individual Fund Statements and Schedules. 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 financial 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.

Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

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

**District-wide Financial Statements**

The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2004

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District's property tax base, enrollment changes, legislative changes 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, state aids, grants, and charges for services finance most of these activities.

<b>Figure A-1</b>			
<b>Net assets</b>			
<i>(In millions)</i>			
<b>Governmental activities</b>			
	<b>2004</b>	<b>2003</b>	<b>% Change</b>
Current assets	\$ 197.9	216.6	(8.6%)
Other noncurrent assets	24.9	53.4	(53.4%)
Capital assets, net	362.5	352.7	2.8%
Total assets	\$ 585.3	622.7	(6.0%)
Current liabilities	\$ 149.9	168.7	(11.1%)
Long-term liabilities	269.4	296.9	(9.3%)
Total liabilities	\$ 419.3	465.6	(9.9%)
Net assets:			
Invested in capital assets, net of related debt	\$ 93.1	72.4	28.6%
Restricted for:			
Debt service fund	11.5	20.5	(43.9%)
Capital projects fund	6.9	18.9	(63.5%)
Other activities	28.5	27.4	4.0%
Unrestricted	26.0	17.9	45.3%
Total net assets	\$ 166.0	157.1	5.7%

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2004

- **Total assets** decreased due to significant decreases in other noncurrent assets
- **Current assets** decreased due primarily to a reduction in cash payments from the state of \$11.4 million. This reduction is the result of the property tax shift whereby the district was required by law to early recognize tax receipts as revenue in fiscal year 2004 and the state in turn reduced its state aid payments to the district by a like amount.
- **Noncurrent assets** decreased mainly due to reduction of \$28.4 million in facility and renovation funds. These funds were used in fiscal year 2004 to pay for capital projects and deferred maintenance. These funds were part of the June 30, 2003 net assets.
- **Current liabilities** decreased due primarily to a \$20.0 million reduction in short-term borrowing.
- **Long-term obligation** decreased primarily due to a combination of paying off existing bonded debt and not issuing any new bonded debt.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2004

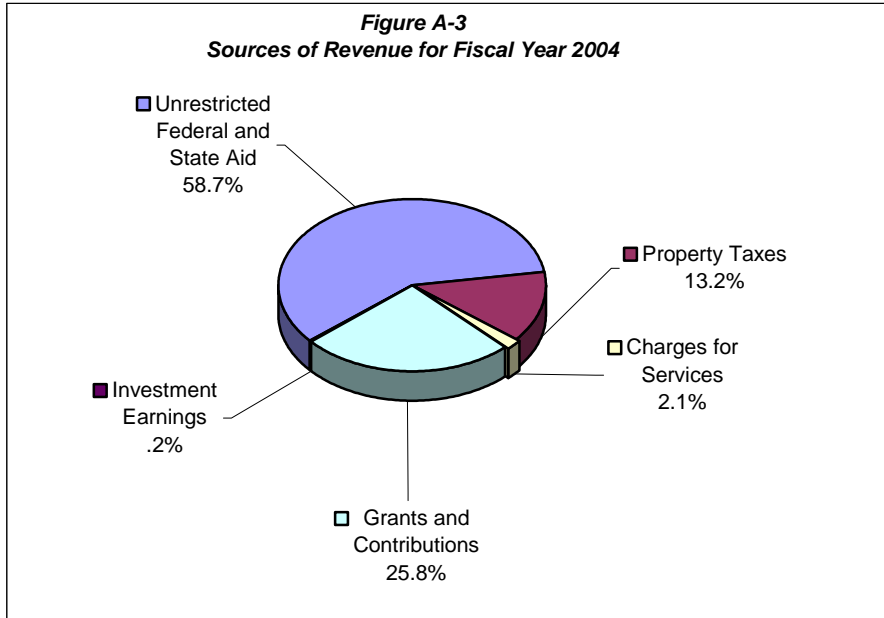
<b>Figure A-2</b>			
<b>Change in net assets</b>			
<i>(In millions)</i>			
	<b>Governmental Activities</b>		
	<b>2004</b>	<b>2003</b>	<b>% Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 11.8	11.2	5.4%
Operating grants and contributions	143.7	139.0	3.4%
Total program revenues	155.5	150.2	3.5%
General revenues:			
Property taxes levied for general purposes	42.8	20.5	108.8%
Property taxes levied for debt services	25.3	20.8	21.6%
Property taxes levied for community service	5.3	3.1	71.0%
Federal and state aid not restricted to specific purposes	327.6	336.5	(2.6%)
Investment earnings	1.3	1.2	8.3%
Total general revenues	402.3	382.1	5.3%
Total revenues	557.8	532.3	4.8%
<b>Expenses:</b>			
Instruction	347.6	321.1	8.3%
Support services:			
Pupil support	60.2	64.0	(5.9%)
District administration	17.2	16.9	1.8%
Sites and buildings	46.1	47.0	(1.9%)
Instructional support	28.6	27.0	5.9%
District support	11.8	10.7	10.3%
Community education services	22.3	24.2	(7.9%)
Interest and fiscal costs on long-term debt	15.1	13.8	9.4%
Total expenses	548.9	524.7	4.6%
Change in net assets	\$ 8.9	7.6	17.1%

**Revenues:** SPPS' total revenues were \$557.8 million for the year ended June 30, 2004. Federal and state aid and property taxes accounted for 72% of total revenue for the year (see Figure A-3). Another 26% came from grants and contributions, and 2% from charges for services and investment earnings. As a percentage of the total revenue property tax revenue increased by 4.8% from 8.4% of revenue in fiscal year 2003 to 13.2% in fiscal year 2004 and, correspondingly, federal and state aid decreased by 4.5% from 63.2% in fiscal year 2003 to 58.7% in fiscal year 2004.

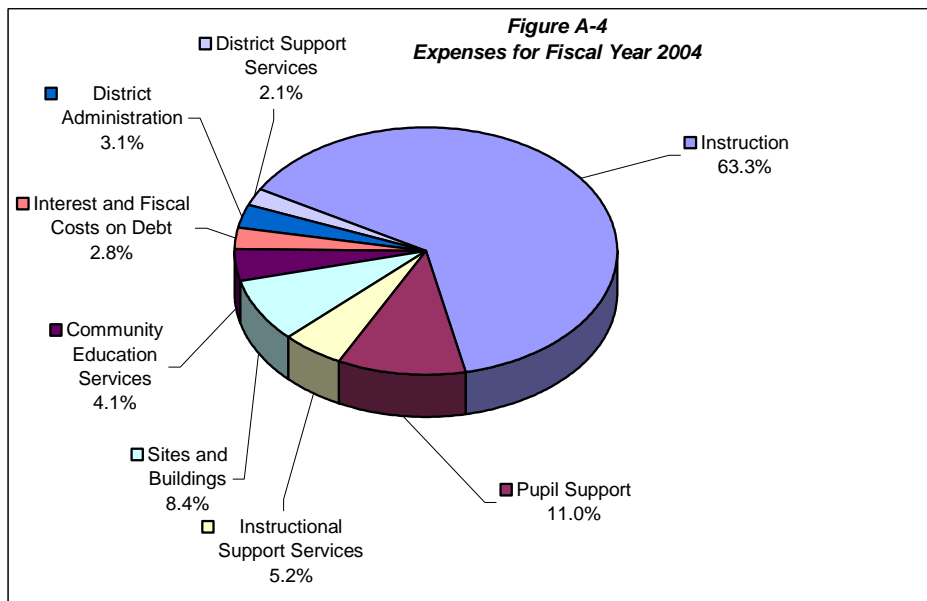
**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2004



**Expenses:** The total cost of all programs and services was \$548.9 million. The District's expenses for classroom instruction and caring for students is 80%, which consists of the following three programs: instruction, instructional support, and pupil support. The District's administration activities accounts for just 3% of total costs. Employees' salaries and related benefits accounts for the vast majority of costs.



**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2004

**Capital Assets**

At June 30, 2004, SPPS had \$362.4 million invested in a broad range of capital assets, including land, land improvements, buildings, building improvements, equipment, and construction in progress. This amount represents a net increase of (including additions and depreciation) \$9.7 million or an increase of 2.8%.

<b>Figure A-5</b>			
<b>Capital assets</b>			
<i>(Net of depreciation in millions)</i>			
	<b>Governmental activities</b>		
	<b>2004</b>	<b>2003</b>	<b>% Change</b>
Land	\$ 26.0	26.0	0.0%
Land improvements	9.5	9.0	5.6%
Buildings	317.9	311.2	2.2%
Building improvements	142.9	130.3	9.7%
Equipment	10.6	10.1	5.0%
Construction in progress	16.8	14.4	16.7%
Total	523.7	501.0	4.5%
Less accumulated depreciation	(161.2)	(148.3)	8.7%
Total capital assets, net	\$ 362.5	352.7	2.8%

Capital assets increased due to major additions and/or capital repairs to existing buildings. No new buildings were started or built during fiscal year 2004.

**Long-term Debt**

As of June 30, 2004, SPPS had \$285.0 million in general obligation bonds and other long-term debt outstanding, which represents a decrease of \$26.9 million, or 8.6%, from last year.

<b>Figure A-6</b>			
<b>Outstanding long-term debt</b>			
<i>(In millions)</i>			
	<b>Governmental activities</b>		
	<b>2004</b>	<b>2003</b>	<b>% Change</b>
General obligation bonds	\$ 211.2	233.4	(9.5%)
Certificates of participation	73.3	77.5	(5.4%)
Note payable	0.4	0.5	(20.0%)
Capital lease payable	0.1	0.5	(80.0%)
	\$ 285.0	311.9	(8.6%)

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2004

During fiscal year 2004, SPPS retired \$14.0 million of 1994 general obligation bonds. The proceeds to retire the debt came from a fiscal year 2003 issuance of \$13.4 million in general obligation refunding bonds. In addition, the District retired \$8.2 million of other general obligation bonds and \$4.2 million of certificates of participation. In fiscal year 2004, the District did not issue any new long-term debt.

SPPS currently has legislative authority to annually issue \$15 million in capital bonds and \$11 million in alternative bonds to be used for capital projects and deferred maintenance.

**Fund Financial Statements**

SPPS' Fund financial statements provide detailed information about the most significant funds—not the SPPS as a whole. The SPPS' Governmental Funds use the following accounting approach: Governmental Funds—All of SPPS' services are reported in Governmental Funds. Governmental Fund reporting focuses on showing how money flows into and out of Funds and the balances left at year-end that are available for spending. They are reported using *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The Governmental Fund statements provide a detailed *short-term view* of SPPS' operations and the services it provides. Governmental Fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance SPPS' programs. We describe the relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and Governmental Funds on the reconciliation of the Governmental Funds.

**Governmental Revenues**

The following table presents a summary of general operating fund, food service fund, community service fund, debt service fund, and capital project fund revenues, and other financing sources by type for the year ended June 30, 2004. It also depicts the amount and percentage increases and decreases in relation to prior year revenues and other financing sources.

**Figure A-7  
Revenues and Other Financing Sources  
(In millions)**

<u>Local sources</u>	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Property taxes	\$ 73.5	45.6	61.2%
County and other	18.0	17.6	2.3%
State aids	400.4	413.1	(3.1%)
Federal aids	61.0	52.2	16.9%
Investment earnings	0.9	1.2	(25.0%)
Sales and conversion of assets	3.7	3.8	(2.6%)
Subtotal	<u>557.5</u>	<u>533.5</u>	4.5%
Other financing sources (uses), net	<u>(12.7)</u>	<u>65.7</u>	(119.3%)
Total	<u>\$ 544.8</u>	<u>599.2</u>	(9.1%)

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2004

Total revenues and other financing sources decreased by \$54.4 million or 9.1% from the previous year. This significant decrease was primarily due to the district not issuing any new bonds in fiscal year 2004. In fiscal year 2003, the District issued \$52.0 million in new general obligation bonds and another \$37.0 million in refunding bonds. In fiscal year 2004, the State funding formula shifted to more reliance on property taxes and less reliance on state aid.

**Governmental Expenditures**

The following table represents a summary of general operating fund, food service fund, community service fund, debt service fund, and capital project fund expenditures for the year ended June 30, 2004, and the percentage increase and decrease in relation to prior year amounts.

**Figure A-8  
Expenditures  
(In millions)**

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
District administration	\$ 16.9	16.9	0.0%
District support services	11.3	10.6	6.6%
Regular instruction	240.5	228.9	5.1%
Vocational instruction	3.1	3.6	(13.9%)
Exceptional instruction	92.3	79.1	16.7%
Community education	22.1	24.2	(8.7%)
Instructional support services	28.3	27.0	4.8%
Pupil support services	60.0	64.5	(7.0%)
Sites, buildings, and equipment	68.2	65.9	3.5%
Debt service	28.3	25.6	10.5%
Total	<u>\$ 571.0</u>	<u>546.3</u>	<u>4.5%</u>

Total governmental expenditures increased by \$24.7 million or 4.5% over the previous year. There were adjustments between Exceptional Instruction and Pupil Support Services that reflect a change in accounting reporting. Combining those two categories would reflect an increase of \$8.7 million, a 6% change. Sites, buildings, and equipment expenditures are up due to an increase in capital projects spending. Debt Service expenditures are up due to making interest and principal payments on the \$52 million of general obligation debt issued in fiscal year 2003.

**Budgetary Highlights**

Annual budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America for the General Operating (General Fund, Community Service Fund and Food Service Fund), Debt Service, and Capital Projects funds.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2004

The budgets are prepared by fund. Within the General Fund, allocations are made to schools based mainly on the enrollment projections for the coming fall. Central services allocations are based on historical needs and projections. Budgets are prepared and submitted to the School Board for adoption. The 2003-04 General Operating Fund adopted budget had revenue in excess of expenditures by \$0.9 million. This was a result of a planned restoration of fund balance.

The District revises its budget during the year to reappropriate fund balances, to adjust for enrollment changes, to adjust for economic and legislative changes and to accept additional grants. The final General Fund budget has expenditures in excess of revenues by \$6.2 million due to reappropriating June 30, 2003 reserved and designated fund balances.

Actual General Fund expenditures were \$27.5 million under budget. The majority of this is due to either unspent grants or schools and programs reserving or designating unspent resources to help finance next year's operations.

**Requests for Information**

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of SPPS' finances and to show SPPS' accountability for the money it receives. Additional details can be requested by mail at the following address:

Saint Paul Public Schools  
Business Office  
360 Colborne Street  
Saint Paul, Minnesota 55102  
Or visit our website at: <http://www.spps.org>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Statement of Net Assets

June 30, 2004

		<u>Governmental activities</u>
<b>Assets</b>		
Current assets:		
Cash and short-term investments	\$	23,381,797
Cash with fiscal agent		2,035,626
Taxes receivable, net		48,836,659
Due from other governmental units		117,231,131
Other receivables		2,345,852
Inventories		2,293,995
Prepaid expenses		890,416
Interest receivable		950,099
Total current assets		<u>197,965,575</u>
Noncurrent assets:		
Facility and renovation funds		21,896,217
Bond issuance costs		908,983
Unamortized bond discounts, net of premiums		2,049,756
Capital assets		523,757,622
Less accumulated depreciation		<u>(161,295,662)</u>
Total noncurrent assets		<u>387,316,916</u>
Total assets	\$	<u><u>585,282,491</u></u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$	14,588,452
Accrued expense		37,303,393
Compensated absences		14,598,575
Due to other governmental units		4,371,706
Amounts held for school activities		2,350,510
Deferred revenue—property tax		57,660,929
Deferred revenue—other		4,184,050
Long-term obligations		14,769,655
Capital lease payable		64,879
Total current liabilities		<u>149,892,149</u>
Noncurrent liabilities:		
Unamortized bond premiums		49,749
Long-term obligations		<u>269,371,882</u>
Total noncurrent liabilities		<u>269,421,631</u>
Total liabilities	\$	<u><u>419,313,780</u></u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$	93,079,879
Restricted for:		
Debt service fund		11,447,991
Capital projects		6,909,507
Other activities		28,526,701
Unrestricted		<u>26,004,633</u>
Total net assets	\$	<u><u>165,968,711</u></u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Statement of Activities

Year ended June 30, 2004

Functions/programs	Expenses	Program revenues		Net (expenses) revenue and changes in net assets
		Charges for services	Operating grants and contributions	Total governmental activities
Governmental activities:				
Regular instruction	\$ 251,984,531	111,210	46,494,988	(205,378,333)
Exceptional instruction	92,572,106	3,360,346	47,979,979	(41,231,781)
Vocational instruction	3,130,827	—	1,380,950	(1,749,877)
Community education services	22,267,714	4,633,700	10,919,339	(6,714,675)
Sites and buildings	46,051,677	60,200	1,357,670	(44,633,807)
Instructional support	28,571,276	5,000	2,402,864	(26,163,412)
Pupil support	60,256,156	3,641,129	28,821,919	(27,793,108)
District support	11,815,762	—	—	(11,815,762)
District administration	17,153,068	—	—	(17,153,068)
Interest and fiscal costs on long-term debt	15,133,719	—	4,367,115	(10,766,604)
Total governmental activities	<u>\$ 548,936,836</u>	<u>11,811,585</u>	<u>143,724,824</u>	<u>(393,400,427)</u>
General revenues:				
Taxes:				
Property taxes levied for general purposes				42,777,642
Property taxes levied for debt services				25,340,205
Property taxes levied for community services				5,266,909
Federal and state aid not restricted to specific purposes				327,595,241
Investment earnings				1,333,361
Subtotal, general revenues				<u>402,313,358</u>
Changes in net assets				8,912,931
Net assets, beginning of year				<u>157,055,780</u>
Net assets, end of year				<u>\$ 165,968,711</u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Balance Sheet

Governmental Funds

As of June 30, 2004

Assets	General	Community Service	Food Service	Debt Service	Capital Projects	Total Governmental Funds
Cash and short-term investments (note 2)	\$ 3,903,441	2,129,994	2,968,959	7,829,403		16,831,797
Cash with fiscal agent	—	—	—	2,035,626	—	2,035,626
Facility and renovation funds (note 3)	—	—	—	—	21,896,217	21,896,217
Receivables:						
Property taxes	20,245,680	1,712,567	—	26,878,412	—	48,836,659
Due from other governmental units (note 4)	109,398,512	4,004,149	680,175	3,148,295	—	117,231,131
Interest	946,736	—	—	—	3,363	950,099
Other	—	138,237	18,765	—	2,188,850	2,345,852
Inventories, principally at cost	1,341,124	—	952,871	—	—	2,293,995
Prepaid expenses	413,617	56,884	—	419,915	—	890,416
Total assets	<u>\$ 136,249,110</u>	<u>8,041,831</u>	<u>4,620,770</u>	<u>40,311,651</u>	<u>24,088,430</u>	<u>213,311,792</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 10,480,260	1,072,017	425,812	420,509	2,189,854	14,588,452
Accrued expenses	23,685,746	1,076,712	520,523	—	229,613	25,512,594
Due to other governmental units	4,371,706	—	—	—	—	4,371,706
Amounts held for school activities	2,350,510	—	—	—	—	2,350,510
Deferred revenue:						
Property taxes	29,408,994	2,107,097	—	28,443,151	—	59,959,242
Other	3,582,346	601,704	—	—	—	4,184,050
Total liabilities	<u>73,879,562</u>	<u>4,857,530</u>	<u>946,335</u>	<u>28,863,660</u>	<u>2,419,467</u>	<u>110,966,554</u>
Equity:						
Fund balance (note 7):						
Reserved for:						
Encumbrances	3,243,561	339,451	—	—	—	3,583,012
Adult Basic Education	—	565,824	—	—	—	565,824
Alternative facilities program	—	—	—	—	6,909,507	6,909,507
Severance pay	2,916,671	—	—	—	—	2,916,671
Retiree health insurance	12,678,092	138,960	367,826	—	—	13,184,878
Area Learning Center	2,030,899	—	—	—	—	2,030,899
Reemployment	47,084	—	—	—	—	47,084
School readiness	—	293,939	—	—	—	293,939
Community education	—	821,723	—	—	—	821,723
ECFE	—	1,006,945	—	—	—	1,006,945
Bond refundings	—	—	—	2,035,626	—	2,035,626
Operating capital	4,075,726	—	—	—	—	4,075,726
Inventories and prepaid expenses	1,754,741	56,884	952,871	419,915	—	3,184,411
Unreserved:						
Designated for contractual obligations	188,283	—	—	—	—	188,283
Designated for building construction	—	—	—	—	14,759,456	14,759,456
Designated for next year operations	8,507,743	—	—	—	—	8,507,743
Undesignated	26,926,748	(39,425)	2,353,738	8,992,450	—	38,233,511
Total fund balances	<u>62,369,548</u>	<u>3,184,301</u>	<u>3,674,435</u>	<u>11,447,991</u>	<u>21,668,963</u>	<u>102,345,238</u>
Total liabilities and fund balances	<u>\$ 136,249,110</u>	<u>8,041,831</u>	<u>4,620,770</u>	<u>40,311,651</u>	<u>24,088,430</u>	<u>213,311,792</u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Reconciliation of the Balance Sheet  
to the Statement of Net Assets

June 30, 2004

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

Total fund balances—Governmental Funds		\$ 102,345,238
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental Funds:		
Capital assets	\$ 523,757,622	
Less accumulated depreciation	<u>(161,295,662)</u>	362,461,960
Long-term receivables applicable to governmental activities are not due and collectible in the current period and therefore are not deferred in Governmental Funds.		
Delinquent property taxes		2,298,313
Debt issuance premiums, discounts, and issuing costs are reported as “Other Financing Sources” or expenditures in the Governmental Funds financial statements, but as unamortized assets or liabilities in the District-wide financial statements:		
Prepaid Bond and Certificate of Participation issuing expense	908,983	
Unamortized Bond and Certificate of Participation discounts	2,049,756	
Unamortized Bond and Certificate of Participation premiums	<u>(49,749)</u>	2,908,990
An Internal Service Fund is used by the district’s management to charge the costs of the workers’ compensation insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities.		
Cash and short-term investments	6,550,000	
Accrued expenses	<u>(6,248,694)</u>	301,306
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Bonds payable	211,205,000	
Certificate of Participation payable	73,348,862	
Deferred charge on refunding	(819,782)	
Note payable	407,457	
Accrued interest on the bonds and certificates	5,542,105	
Compensated absences (vacation expense)	3,383,570	
Special termination benefits payable (severance payment)	11,215,005	
Capital leases payable	<u>64,879</u>	<u>(304,347,096)</u>
Net assets of governmental activities		<u>\$ 165,968,711</u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds

Year ended June 30, 2004

	<u>General</u>	<u>Community Service</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:						
Local sources:						
Property taxes	\$ 42,926,775	5,266,909	48,766	25,340,206	—	73,582,656
County and other	10,681,334	6,358,733	—	54,757	850,000	17,944,824
State	383,173,149	9,819,082	950,886	6,481,480	—	400,424,597
Federal	43,051,947	2,823,079	13,869,032	—	1,257,189	61,001,247
Investment earnings	458,177	25,434	23,068	122,300	301,372	930,351
Sales and conversions of assets	15,260	—	3,640,969	—	—	3,656,229
Total revenues	<u>480,306,642</u>	<u>24,293,237</u>	<u>18,532,721</u>	<u>31,998,743</u>	<u>2,408,561</u>	<u>557,539,904</u>
Expenditures:						
Current:						
District administration	16,889,712	—	—	—	—	16,889,712
District support	11,264,783	—	—	—	—	11,264,783
Regular instruction	240,112,052	384,060	—	—	—	240,496,112
Vocational instruction	3,125,117	—	—	—	—	3,125,117
Exceptional instruction	92,279,511	—	—	—	—	92,279,511
Community education services	—	22,097,902	—	—	—	22,097,902
Instructional support	28,335,534	—	—	—	—	28,335,534
Pupil support	41,199,924	966,948	17,789,835	—	—	59,956,707
Sites, buildings, and equipment	38,888,584	—	—	—	29,355,536	68,244,120
Debt service:	—	—	—	—	—	—
Principal payments	—	—	—	13,399,450	—	13,399,450
Interest expense	—	—	—	14,884,739	—	14,884,739
Other debt expense	—	—	—	52,140	—	52,140
Total expenditures	<u>472,095,217</u>	<u>23,448,910</u>	<u>17,789,835</u>	<u>28,336,329</u>	<u>29,355,536</u>	<u>571,025,827</u>
Excess (deficiency) of revenues over (under) expenditures	8,211,425	844,327	742,886	3,662,414	(26,946,975)	(13,485,923)
Other financing sources (uses):						
Interest on proceeds of refunding bonds	—	—	—	403,010	—	403,010
Payment to refunded bond escrow agent	—	—	—	(13,100,000)	—	(13,100,000)
Total other financing sources	—	—	—	(12,696,990)	—	(12,696,990)
Excess (deficiency) of revenue and other financing sources over (under) expenditures	8,211,425	844,327	742,886	(9,034,576)	(26,946,975)	(26,182,913)
Fund balance at beginning of year	54,158,123	2,339,974	2,931,549	20,482,567	48,615,938	128,528,151
Fund balance at end of year	<u>\$ 62,369,548</u>	<u>3,184,301</u>	<u>3,674,435</u>	<u>11,447,991</u>	<u>21,668,963</u>	<u>102,345,238</u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2004

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

Total net change in fund balances—Governmental Funds	\$	(26,182,913)
Capital outlays to purchase or build capital assets are reported in Governmental Funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlays	\$	22,746,383
Depreciation expense		<u>(12,963,694)</u>
		9,782,689
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the General Fund. This consists of current year delinquent property taxes.		
		(93,147)
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Long-term obligations		12,879,294
Payments from refunded bond escrow agent		13,100,000
Capital lease payable		<u>476,787</u>
		26,456,081
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds:		
Decrease in interest expense		524,650
Increase in accrued compensated absences		(1,724,783)
Amortization of current year bond issuance costs, premiums, and discounts		<u>(201,334)</u>
		(1,401,467)
An Internal Service Fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net operating income of the Internal Service Fund is reported with governmental activities.		
		<u>351,688</u>
Change in net assets of governmental activities	\$	<u><u>8,912,931</u></u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Statement of Net Assets

Proprietary Fund

June 30, 2004

		<b>Governmental Activities— Internal Service Fund</b>
	<b>Assets</b>	
Cash and short-term investments		\$ <u>6,550,000</u>
Total assets		\$ <u><u>6,550,000</u></u>
	<b>Liabilities</b>	
Workers' compensation payable		\$ <u>6,248,694</u>
Total liabilities		<u>6,248,694</u>
	<b>Net Assets</b>	
Net assets		
Unrestricted		<u>301,306</u>
Total net assets		<u>301,306</u>
Total liabilities and net assets		\$ <u><u>6,550,000</u></u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Fund

Year ended June 30, 2004

	<b>Governmental Activities— Internal Service Fund</b>
Operating revenues:	
Insurance service fees	\$ 2,404,210
Total operating revenues	<u>2,404,210</u>
Operating expenses:	
Claims expense	<u>2,052,522</u>
Total operating expenses	<u>2,052,522</u>
Change in net assets	351,688
Net assets at beginning of year	<u>(50,382)</u>
Net assets at end of year	<u>\$ 301,306</u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Statement of Cash Flows

Proprietary Fund

Year ended June 30, 2004

	<b>Governmental Activities— Internal Service Fund</b>
Cash flows from operating activities:	
Received from assessments made to other funds	\$ 2,404,210
Workers' compensation payments	<u>(2,404,210)</u>
Net cash provided by operating activities	—
Cash at beginning of year	<u>6,550,000</u>
Cash at end of year	<u><u>\$ 6,550,000</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	\$ 351,688
Adjustment to reconcile net operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Workers' compensation payable	<u>(351,688)</u>
Net cash provided by operating activities	<u><u>\$ —</u></u>

See accompanying notes to basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

**(1) Summary of Significant Accounting Policies**

**(a) Reporting Entity**

Independent School District No. 625 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The Board of Education consists of elected officials and is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board of Education and is responsible for administrative control of the District.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

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

**(b) District-wide and Fund Financial Statements**

The District-wide financial statements (i.e. the statement of net assets and statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other 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 the purpose for which both restricted and unrestricted net assets are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities. The effect of interfund activity has been removed from these statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

Separate fund financial statements are provided for Governmental Funds and proprietary funds. Major individual Governmental Funds are reported as separate columns in the Fund financial statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the financial statement of the Internal Service Fund is consolidated into the governmental column when presented in the District-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

**(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of fiscal year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

In applying the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, the District adopted all applicable GASB pronouncements as well as all Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, with the exception of those pronouncements that conflict with GASB pronouncements. The District has elected not to adopt FASB statements and interpretations issued after November 30, 1989.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

**Funds**

The District reports its financial activities through the use of “fund accounting.” This is a system of accounting wherein transactions are reported in self-balancing sets of accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The existence of the various District funds has been established by the State of Minnesota, Department of Education. A description of the activities of the various funds is provided below.

**Governmental Funds**

The District reports the following 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. In the financial statements, the General Fund includes the Elementary and Secondary General Operating Fund and the Fully Financed Programs Fund, excluding amounts relating to community service fully financed programs, which are included in the Community Service Special Revenue Fund.

*Community Service Special Revenue Fund*—Elementary and Secondary Community Service and Fully Financed Community Service—Activities relating to the adult education programs, recreation and civic programs, and community programs which are fully financed by federal, state, or private grants are accounted for in this fund.

*Food Service Special Revenue Fund*—Activities relating to the school lunch and other related programs are accounted for in this fund.

*Debt Service Fund*—This fund accounts for resources used to repay bond indebtedness incurred to finance major property acquisition, construction, and improvement programs for Elementary and Secondary Schools.

*Capital Projects Fund*—This fund accounts for resources to be used for the acquisition and construction of major capital facilities for Elementary and Secondary Schools.

**Proprietary Fund**

*Internal Service Fund*—This fund accounts for the activities of the District’s workers’ compensation self-insurance program.

**(d) Assets, Liabilities, and Net Assets**

**(i) Cash and Investments**

The District uses pooled cash and investment accounts. Investments in money market instruments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

Investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement. Investment income is allocated to the various funds based upon average monthly cash and investment balances.

Cash overdrafts in certain funds are considered short-term advances from other funds within the pool and are reflected as interfund receivables/payables. The fund incurring the overdraft is charged interest.

For purposes of the statement of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with maturities of three months or less from the date of acquisition.

**(ii) Receivables**

All receivables are shown net of any allowance for uncollectibles. The only receivables not expected to be collected within one year are current property taxes receivable.

**(iii) Inventories**

Inventory is valued at cost (first-in, first-out) or market and charged to expenditures when used. Inventory in the General Fund consists of textbooks and supplies held for consumption. Inventory in the Food Service Fund consists of food and related preparation supplies for the school lunch program.

**(iv) Property Taxes**

Property taxes are levied each December and are certified to Ramsey County for collection in the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. Property taxes are due from taxpayers in two installments payable on May 15 and October 15. The following are the dates the District receives the calendar year 2004 property taxes from Ramsey County:

June 7, 2004	Second half advance of estimated May property tax collections
July 6, 2004	Final May tax settlement
October 26, 2004	First half advance of estimated October property tax collections
November 4, 2004	Second half advance of estimated October property tax collections
December 2, 2004	Final October settlement
January 25, 2005	Final settlement for calendar year

The majority of the District's revenue in the General, Community Service, and Debt Service Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property 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." The 2003 legislation

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

reinstated the old property tax shift for taxes payable in 2004. Districts are required to recognize 48.6% of the tax receipts for the calendar year as revenue for the year ended June 30. State aid is reduced by the amount of revenue recognized early. The remaining portion of the 2004 property taxes is recorded as deferred revenue since the property tax levy collectible in 2004 is intended to finance the subsequent fiscal year. As mandated by legislation, a portion of the property tax levy collectible in 2004, including the TRA benefit levy, is recognized as revenue in fiscal 2004.

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 deferred in the fund-based financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

**(v) Capital Assets**

Capital assets have been acquired for school purposes. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost of purchased or constructed assets. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are recorded in the District-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Capital assets not being depreciated include land and construction in progress. 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 purpose. Estimated useful lives are as follows:

Land improvements	20 years
Buildings	50 years
Building improvements	25 years
Equipment	5 – 20 years

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

**(vi) Long-term Obligations**

In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

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

**(vii) Compensated Absences—Vacation, Sick Leave, and Severance Pay**

Under terms of union contracts, civil service employees are granted vacation and sick leave in varying amounts, portions of which can be carried over to future years. In the event of termination, civil service employees are reimbursed for any vacation earned and unused for the current and prior years. All vacation pay is accrued when incurred in the District-wide financial statements.

Unused sick leave for eligible employees is recorded as severance pay to the extent it is probable that the District will compensate employees for unused sick leave through cash payments upon termination or retirement. Severance pay is reported in the District-wide financial statements. Employees must be 55 years of age or older and must be eligible for pension under provisions of the Saint Paul Teachers Retirement Fund or the Public Employees Retirement Association of Minnesota. Severance pay is calculated at a rate ranging from \$50 to \$175 pay, depending on the bargaining group, for each day of unused sick leave. The maximum amount of money that any employee may obtain through the severance program is \$22,500.

Funding for severance pay is made available through a special levy. Severance pay is recorded as an expenditure when paid. The excess of special levy funding over expenditures for severance pay is recorded as a reservation of fund balance in the General Fund.

**(viii) Fund Balance**

In the Fund financial statements, Governmental Funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose.

**(ix) Net Assets**

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

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

(e) *Use of Estimates*

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

(f) *Reclassification*

Certain 2003 amounts have been reclassified to conform to the 2004 amounts.

(2) **Cash and Short-term Investments**

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the Board of Education. All such depositories are members of the Federal Reserve System.

The following are the components of the District's cash and investments at June 30, 2004:

Cash	\$ 911,572
Investments	<u>22,470,225</u>
	<u>\$ 23,381,797</u>

Minnesota Statutes require that all District deposits be protected by insurance, a surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds and 140% in the case of mortgage notes pledged. Authorized collateral includes certain first mortgage notes, United States direct or guaranteed obligations, general obligations of the State of Minnesota, and other state and local government obligations rated "A" or better by Moody's Investor Service Inc. or Standard & Poor's Corporation. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the District treasurer or in a financial institution other than that furnishing the collateral.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

The District's bank deposits at year-end are covered, as required by Minnesota Statutes, with insurance or collateralized with securities held by its agent, as noted below:

	<b>Bank balances</b>	<b>Carrying amount</b>
(1) Insured or collateralized with securities held by the District or by its agent in the District's name	\$ 3,590,593	(353,428)
(2) Collateralized with securities held by the pledging financial institution's trust department in the District's name	—	—
(3) Uncollateralized	—	—
Cash on hand	—	1,265,000
Totals	\$ 3,590,593	911,572

The District also invests idle funds as authorized by Minnesota Statutes, as follows:

- (a) Direct obligations or obligations guaranteed by the United States or its agencies.
- (b) Shares of investment companies registered under the Federal Investment Company Act of 1940 whose only investments are securities described in (a) above.
- (c) General obligations of the State of Minnesota or any of its municipalities.
- (d) Banker's acceptances of United States banks eligible for purchase by the Federal Reserve System.
- (e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality and maturing in 270 days or less.
- (f) Guaranteed investment contracts issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies or their subsidiaries.
- (g) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. Government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- (h) Future contracts sold under authority of Minnesota Statutes 471.56, subd. 5.

The District's investments are categorized in the following manner to give an indication of the level of risk assumed at year-end:

**Category 1**—This category includes investments that are insured or registered for which the securities are held by the District or its agent in the District's name.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

**Category 2**—This category includes uninsured and unregistered investments for which the securities are held by the banker's or counterparty's trust department or agent in the District's name.

**Category 3**—This category includes uninsured and unregistered investments for which the securities are held by the banker or counterparty or by its trust department or agent but not in the District's name.

At June 30, 2004, the District's short-term investments consist of the following:

	<b>Amount</b>	<b>Category</b>
Commercial paper	\$ 22,357,398	1
Money market account	112,827	
Total short-term investments	\$ 22,470,225	

Short-term investments are recorded at amortized cost, which approximates fair value.

**(3) Facility and Renovation Funds**

At June 30, 2004, \$21,896,217 of cash and short-term government securities were held in escrow accounts for the District. These funds are the proceeds of the certificates of participation and general obligation bonds issued for the District's acquisition and renovation of instructional facilities.

**(4) Receivables**

Receivables due from other governmental units at June 30, 2004 consist of the following:

	<b>General</b>	<b>Community service</b>	<b>Food service</b>	<b>Debt service</b>	<b>Total</b>
Minnesota Department of Education categorical aid	\$ 88,729,120	2,815,886	—	3,148,295	94,693,301
Minnesota Department of Education, principally pass-through federal assistance	16,934,033	823,688	680,175	—	18,437,896
Tuition reimbursement	2,366,801	—	—	—	2,366,801
Federal government direct assistance	902,060	147,152	—	—	1,049,212
Other	466,498	217,423	—	—	683,921
	\$ 109,398,512	4,004,149	680,175	3,148,295	117,231,131

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2004 is as follows:

	<u>Land improvements</u>	<u>Buildings</u>	<u>Building improvements</u>	<u>Equipment</u>	<u>Total</u>
Capital assets being depreciated:					
Cost at June 30, 2003	\$ 9,013,827	311,213,106	130,297,580	10,076,430	460,600,943
Additions and transfers in	<u>522,926</u>	<u>6,701,000</u>	<u>12,623,653</u>	<u>499,275</u>	<u>20,346,854</u>
Cost at June 30, 2004	<u>\$ 9,536,753</u>	<u>317,914,106</u>	<u>142,921,233</u>	<u>10,575,705</u>	<u>480,947,797</u>
			<u>Land</u>	<u>Construction in Progress</u>	<u>Total</u>
Capital assets not being depreciated:					
Cost at June 30, 2003			\$ 26,016,335	14,393,961	40,410,296
Additions and transfers in			—	22,247,108	22,247,108
Deletions and transfers out			—	<u>(19,847,579)</u>	<u>(19,847,579)</u>
Cost at June 30, 2004			<u>\$ 26,016,335</u>	<u>16,793,490</u>	<u>42,809,825</u>

Accumulated depreciation activity for the year ended June 30, 2004 is as follows:

	<u>Land improvements</u>	<u>Buildings</u>	<u>Building improvements</u>	<u>Equipment</u>	<u>Total</u>
Accumulated depreciation at June 30, 2003	\$ 3,394,884	97,924,239	39,479,956	7,532,889	148,331,968
Additions	<u>463,764</u>	<u>6,094,614</u>	<u>5,362,341</u>	<u>1,042,975</u>	<u>12,963,694</u>
Accumulated depreciation at June 30, 2004	<u>\$ 3,858,648</u>	<u>104,018,853</u>	<u>44,842,297</u>	<u>8,575,864</u>	<u>161,295,662</u>
Capital assets net of accumulated depreciation at June 30, 2004	\$ 5,678,105	213,895,253	98,078,936	1,999,841	319,652,135

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

Depreciation expense of \$12,963,694 for the year ended June 30, 2004 was charged to the following governmental functions:

Administration	\$	106,199
District support services		460,796
Elementary and secondary regular instruction		11,747,895
Vocational education instruction		4,638
Special education instruction		154,839
Instructional support services		62,048
Pupil support services		257,126
Sites and buildings		57,562
Community service		112,591
Total depreciation expense	\$	<u><u>12,963,694</u></u>

**(6) Long-term Liabilities**

**(a) Change in Long-term Liabilities**

During the fiscal year ended June 30, 2004, the following changes occurred in long-term liabilities:

	June 30, 2003	Additions	Retirements	June 30, 2004	Within one year
General obligation bonds	\$ 233,405,000	—	(22,200,000)	211,205,000	10,505,000
Certificates of participation	77,535,613	—	(4,186,751)	73,348,862	4,151,956
Note payable	520,156	—	(112,699)	407,457	112,699
Less deferred assets on refunding	(901,760)	—	81,978	(819,782)	—
Total long-term obligations	310,559,009	—	(26,417,472)	284,141,537	14,769,655
Capital lease payable	541,666		(476,787)	64,879	64,879
Severance pay	10,027,558	3,164,058	(1,976,611)	11,215,005	—
Vacation pay	2,846,234	4,464,626	(3,927,290)	3,383,570	—
	\$ 323,974,467	7,628,684	(32,798,160)	298,804,991	14,834,534

Severance and vacation pay are primarily liquidated by the fund incurring the liability.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

**(b) Components of Long-term Liabilities**

**(i) General Obligation Bonds Payable**

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds were issued for school improvement, acquisition, and construction programs. General obligation bonds outstanding at June 30, 2004 include:

<u>Date of issue</u>	<u>Date of final maturity</u>	<u>Coupon rate percentage</u>	<u>Amount of original issue</u>	<u>Bond outstanding June 30, 2004</u>
3/1/1995	2/1/2016	5.5% – 6.5%	\$ 9,000,000	6,825,000
3/1/1995	2/1/2016	5.5% – 6.5%	11,000,000	7,600,000
1/1/1996	2/1/2016	4.7% – 5.7%	9,000,000	6,650,000
1/1/1996	2/1/2016	4.7% – 5.7%	11,000,000	8,100,000
4/1/1996	2/1/2013	3.5% – 5.25%	17,675,000	12,800,000
8/1/1997	2/1/2017	4.5% – 5.75%	11,000,000	8,175,000
3/1/1998	3/1/2019	4.3% – 5.125%	11,000,000	9,450,000
8/1/1998	2/1/2019	4.5% – 5.75%	15,000,000	12,800,000
5/1/1999	2/1/2018	4.25% – 5.0%	11,000,000	8,475,000
11/1/1999	2/1/2020	5.125% – 6.0%	15,000,000	11,710,000
8/1/2000	2/1/2021	5.0% – 6.0%	15,000,000	14,085,000
8/1/2000	2/1/2021	5.0% – 6.0%	11,000,000	10,330,000
3/20/2001	3/20/2011	0 Coupon	6,000,000	6,000,000
8/1/2001	2/1/2021	4.0% – 5.0%	5,000,000	4,250,000
8/1/2001	2/1/2021	4.0% – 5.0%	15,000,000	13,020,000
8/1/2002	2/1/2023	3.0% – 5.0%	11,000,000	10,805,000
8/1/2002	2/1/2023	3.0% – 5.0%	15,000,000	14,770,000
8/1/2002	2/1/2014	3.0% – 4.0%	6,815,000	5,920,000
8/1/2002	2/1/2015	3.0% – 4.2%	13,440,000	13,440,000
3/31/2003	2/1/2024	3.0% – 4.5%	11,000,000	11,000,000
3/31/2003	2/1/2024	3.5% – 4.5%	15,000,000	15,000,000
			<u>\$ 244,930,000</u>	<u>211,205,000</u>

The District's legal debt limit is 15% of the fair market value of the property within the District, totaling \$3,588,976,594 at June 30, 2004. The District's legal debt margin at June 30, 2004 is \$3,350,494,047.

At June 30, 2004, \$43,950,000 of defeased general obligation debt is outstanding.

**(ii) Certificates of Participation**

The District has entered into installment purchase contracts to acquire and renovate facilities for instructional purposes through certificates of participation issued by independent vendors in the District's name. These certificates are full faith and credit obligations of the District and

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

have been recorded as long-term debt issued for capital projects in the financial statements. Certificates of participation outstanding at June 30, 2004 include:

<b>Date of issue</b>	<b>Date of final maturity</b>	<b>Coupon rate percentage</b>	<b>Amount of original issue</b>	<b>Certificates outstanding</b>
2/1/1990	2/1/2010	5.9% – 7.1%	\$ 23,148,543	5,268,543
2/1/1993	2/1/2013	5.7% – 6.375%	4,000,000	2,375,000
1/7/1993	1/1/2017	5.4% – 6.35%	5,603,508	3,645,319
7/1/1995	8/1/2016	5.125% – 6.125%	30,000,000	22,325,000
8/1/1997	2/1/2018	4.65% – 5.625%	16,100,000	13,175,000
5/1/1999	2/1/2019	4.25% – 5.125%	15,000,000	11,850,000
8/1/2002	2/1/2015	2.5% – 4.2%	16,760,000	14,710,000
			<b>\$ 110,612,051</b>	<b>73,348,862</b>

**(c) Minimum Debt Service Payments**

Annual debt service requirements to maturity for the bonds and certificates of participation are as follows:

	<b>Bonds</b>		<b>Certificates</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
Year ending June 30:						
2005	\$ 10,505,000	9,687,285	4,670,563	4,151,956	15,175,563	13,839,241
2006	10,995,000	9,224,485	5,141,146	4,636,141	16,136,146	13,860,626
2007	11,490,000	8,758,428	5,258,173	4,530,268	16,748,173	13,288,696
2008	11,995,000	8,254,641	5,411,738	4,404,821	17,406,738	12,659,462
2009	12,545,000	7,714,666	5,515,484	4,257,372	18,060,484	11,972,038
2010–2014	75,300,000	29,359,298	30,383,132	18,413,399	105,683,132	47,772,697
2015–2019	54,395,000	13,552,161	16,968,625	5,262,533	71,363,625	18,814,694
2020–2024	23,980,000	2,712,680	—	—	23,980,000	2,712,680
	<b>\$ 211,205,000</b>	<b>89,263,644</b>	<b>73,348,861</b>	<b>45,656,490</b>	<b>284,553,861</b>	<b>134,920,134</b>

**(d) Minimum Debt Service Payments for Notes Payable**

Annual debt service payments to maturity for the notes payable are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year ending June 30:			
2005	\$ 112,699	21,543	134,242
2006	112,699	15,518	128,217
2007	112,699	9,493	122,192
2008	34,680	3,468	38,148
2009	34,680	1,734	36,414
	<b>\$ 407,457</b>	<b>51,756</b>	<b>459,213</b>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

**(e) Refunding Bonds**

During fiscal year 2003, the District issued \$13,440,000 in General Obligation Refunding Bonds, Series 2002D. The proceeds were deposited into a sinking fund to finance a crossover debt refunding of G.O. Series 1994B. The sinking funds remained in place until the crossover date of February 2004, at which time the District paid off the outstanding debt.

**(f) Capital Lease Payable**

During fiscal 2002, the District entered into a lease agreement for financing the acquisition of computers. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Equipment	\$	1,411,224
Less accumulated depreciation		1,336,183
Total	\$	75,041

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2004 are as follows:

Year ending June 30, 2005	\$	65,530
Total minimum lease payments		65,530
Less amount representing interest		(651)
Present value of minimum lease payments	\$	64,879

**(7) Reserved Fund Balances**

Certain portions of fund balance are reserved 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. Any such “reserves” which have an accumulated deficit rather than a positive balance at June 30 are included in unreserved fund balance in the District’s financial statements in accordance with generally accepted accounting principles. However, a description of these “deficit balance reserves” is included herein since the District has specific statutory authority to levy taxes for such deficits.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

At June 30, 2004, the District has recorded reserves of fund balances for the following purposes:

	<b>Reserved</b>	<b>“Reserve” account deficit</b>
<b>General Fund:</b>		
Reemployment compensation “reserve” account deficit	\$ 47,084	
Reserved for encumbrances	3,243,561	
Reserved for severance pay	2,916,671	
Reserved for retired health insurance	12,678,092	
Health and safety “reserve” account deficit	—	(245,040)
Reserved for Area Learning Center	2,030,899	
Reserved for operating capital	4,075,726	
Reserved for inventories and prepaids	1,754,741	
Total General Fund	26,746,774	(245,040)
<b>Community Service Fund:</b>		
Reserved for encumbrances	339,451	
Reserved for retiree health insurance	138,960	
Reserved for adult basic education	565,824	
Reserved for community education programs	821,723	
Reserved for early childhood family education programs	1,006,945	
Reserved for school readiness	293,939	
Reserved for prepaid expenses	56,884	
Total Community Service Fund	3,223,726	—
<b>Food Service Fund:</b>		
Reserved for retiree health insurance	367,826	
Reserved for inventories	952,871	
Total Food Service Fund	1,320,697	—
<b>Debt Service:</b>		
Reserved for inventory and prepaids	419,915	
Reserved for bond refundings	2,035,626	
Total Debt Service Fund	2,455,541	—
<b>Capital Projects Fund:</b>		
Reserved for alternative facilities program	6,909,507	
Total all funds	\$ 40,656,245	(245,040)

**(8) Variance from State Reporting Requirements**

Inventories—The Minnesota Department of Education has not defined a reserve for inventory account in its Uniform Financial Accounting and Reporting Standards (UFARS). However, the District has reported a

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

reserve for inventory of \$2,293,995 on the combined balance sheet in accordance with generally accepted accounting principles.

Prepaid expenses—The Minnesota Department of Education has not defined a reserve for prepaid expenses in its UFARS. However, the District has reported a reserve for prepaid expenses of \$890,416 on the combined balance sheet in accordance with generally accepted accounting principles.

**(9) Retiree Health Insurance and Severance Pay**

As allowed by Minnesota law, the District provides group insurance benefits to retired employees, including the extension of such benefits to the retiree's surviving spouse and dependents. Employees who retire before age 65 and meet the eligibility requirements for health insurance shall continue to be provided health insurance contributions by the District until such employees reach 65 years of age. Employees hired into the District before January 1, 1996 and who retire prior to January 1, 1998, upon reaching age 65 and meeting the service eligibility requirements, shall receive at no cost to the retiree, health insurance premium coverage for the remainder of the retiree's and dependent's life. Employees hired into the District before January 1, 1996 and who retire on or after January 1, 1998, upon reaching age 65 and meeting the service eligibility requirements, shall continue to receive the District's contribution toward health insurance premiums for the remainder of the retiree's and dependent's life. Premium contributions for such policy will not exceed \$300 per month for single coverage and \$400 per month for family coverage. Premium contributions for non-Medicare-eligible employees will not exceed \$400 per month for single coverage and \$500 per month for family coverage. Employees hired on or after January 1, 1996 shall not have and acquire in any way any eligibility for District-paid health insurance premium contributions for coverage in retirement at age 65 and over. The District's contributions for retiree group insurance expenditures were \$8,988,482 in 2004 and \$8,103,280 in 2003.

The District also has recorded the total estimated liability of \$11,215,005 for severance pay. Eligible employees may receive up to \$22,500 in severance pay for unused sick leave as more fully explained in note 1d(vii).

**(10) Joint Powers Agreement**

**(a) Metropolitan Learning Alliance**

The District has formed a joint powers entity (Metropolitan Learning Alliance [MLA]) with four metropolitan area districts. The purpose of such agreement is to jointly and cooperatively establish educational programming at the Mall of America for research and development of lifelong learning and outcome-based education. This educational programming is being accomplished in collaboration with the Mall of America business community. The MLA board of trustees consists of 12 members. Five of the members have voting rights. The five voting members are the school board members who have been designated as representatives by and for the respective districts. The remaining seven are the superintendents of the respective schools and two persons designated by the Mall of America business community.

Each district is responsible for funding MLA on a per-pupil basis with respect to the enrollment or participation in MLA educational programming by pupils residing within the geographical boundaries of each respective district. It is the intent that each district's respective per-pupil MLA

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

expenditures not exceed like expenditures for pupils enrolled in each respective district's own educational programming, excluding capital expenditure aid, referendum revenue, and intradistrict integration grants. It is the intent that grants and donations from other governmental and nongovernmental entities shall be a major source of MLA funding.

**(b) East Metro Integration District**

East Metro Integration District (District 6067) includes 10 area districts. Each district is responsible for funding on a per-pupil basis for pupils residing within the geographic boundaries of each district. The Joint Powers Board for District 6067 consists of two representatives selected by each of the member school districts. Each representative of the Joint Powers Board from a member school district shall be entitled to cast one vote.

**(11) 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 (workers' compensation); and natural disasters. To mitigate these risks, the District has obtained property and casualty insurance through the Minnesota School Boards Association Insurance Trust (MSBAIT). The District's property and casualty plan through MSBAIT provides for a \$250,000 deductible per occurrence. The plan requires quarterly premiums with no additional assessments. MSBAIT has obtained a reinsurance policy. Settlement claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal 2004.

Workers' compensation coverage is self-insured and is administered by ASU Group. The District provides coverage of \$450,000 per employee per occurrence with a lifetime cap of \$1,200,000. Claims in excess of \$450,000 are covered by the District's reinsurance company, WCRA. The District pays quarterly premiums to WCRA and is subject to additional assessments. Changes in the estimated workers' compensation liability during the past two years are as follows:

	<b>2004</b>	<b>2003</b>
Estimated liability at beginning of year	\$ 6,600,382	6,188,174
Increased claims (including IBNR)	2,052,520	2,314,364
Administrative payments	(146,165)	(146,140)
Claim payments	(2,258,043)	(1,756,016)
Estimated liability at end of year	\$ 6,248,694	6,600,382

The District carries commercial insurance for employee health and dental coverage.

**(12) Defined Benefit Pension Plans**

The St. Paul Teachers' Retirement Fund Association (SPTRFA) is a single-employer pension plan. The Public Employees Retirement Association (PERA) is a cost-sharing multiple employer pension plan. Substantially all employees of the District are required by state law to belong to pension plans administered by the SPTRFA or PERA.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

**(a) *St. Paul Teachers Retirement Fund Association***

**Plan Description**

All licensed employees are required to participate in the SPTRFA plan. Licensed employees belong to either the Coordinated or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. Benefits are established by State Statute or the Association bylaws.

SPTRFA provides retirement benefits as well as death and disability benefits. All benefits vest after three years of credited service. Members first employed before July 1, 1990 are Tier I members but have the option of a Tier II benefit if this benefit is greater. All members first employed after June 30, 1990 are Tier II members. Normal retirement age in Tier I is age 65. Normal retirement age in Tier II is 65 or the age in which a member becomes eligible for an unreduced Social Security benefit. In addition, the Tier I age and service requirements for unreduced benefits are the Rule of 90 or age 62 with 30 or more years of service in the Coordinated Plan, or age 60 with 25 years or more of service in the Basic Plan. Otherwise, employees in the Basic Plan with three years of credited service may retire at age 55 or older and receive a reduced retirement benefit.

Employees in the Coordinated Plan with three years of credited service may retire at age 55 or older or at any age with 30 years of service and receive a reduced retirement benefit. Benefits are based upon the following formula percentages:

	<u>Coordinated Plan member</u>	<u>Basic Plan member</u>
Tier I:		
Each year of service during the first 10 years	1.0% per year	2.0% per year
Each year of service thereafter (up to a maximum of 40 yrs.)	1.5% per year	2.5% per year
Tier II:		
All years of service	1.5% per year	2.5% per year

The formula percentage is applied to the average of the highest five successive annual salaries for Coordinated Plan members and the best five years during the 10 most current years for Basic Plan members. The benefit is payable for life with five available annuity payment plans.

SPTRFA issues a publicly available financial report that includes financial statements and required supplementary information for SPTRFA. That report may be obtained by writing to SPTRFA, 1619 Dayton Avenue, Room 309, St. Paul, Minnesota, 55104, or by calling (651) 642-2550.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

**Funding Policy and Annual Pension Cost**

The District makes annual required contributions to the pension plans. The annual required contributions are actuarially determined. The District and the state are required by statute to make contributions, all of which have been made. The District's annual pension cost for the current fiscal year and related information is as follows:

	<u>Basic Plan</u>	<u>Coordinated Plan</u>
Contribution rates:		
Employees	8.00%	5.50%
District	11.64%	8.34%
Annual pension cost	\$ 6,759,839	\$ 25,165,717
Contributions made	\$ 6,568,595	\$ 24,433,886
Actuarial valuation date	July 1, 2002	July 1, 2002
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	19 years	19 years
Asset valuation method	Cost value plus one-third of realized gains or losses	Cost value plus one-third of realized gains or losses
Actuarial assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.0% to 6.9%	5.0% to 6.9%
Cost-of-living adjustments	2.00%	2.00%

**Four-year Trend Information**

	<u>Year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
Basic Plan	June 30, 2001	\$ 8,450,647	95%	\$ 457,703
	June 30, 2002	7,850,434	97%	208,987
	June 30, 2003	6,759,839	97%	191,244
	June 30, 2004	6,007,232	97%	167,803
Coordinated Plan	June 30, 2001	22,970,827	94%	1,278,284
	June 30, 2002	25,035,990	97%	691,063
	June 30, 2003	25,165,717	97%	731,831
	June 30, 2004	26,742,828	97%	844,377

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

**Schedule of Funding Progress—(unaudited)**

Actuarial information with regard to the SPTRFA is presented below. All amounts are expressed in thousands of dollars.

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) – entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
July 1, 2000	801,823	998,253	196,430	80.32%	187,950	104.51%
July 1, 2001	869,045	1,060,931	191,886	81.91%	202,915	94.56%
July 1, 2002	899,572	1,141,300	241,728	78.82%	201,456	119.99%
July 1, 2003	898,760	1,189,361	290,601	75.57%	205,655	141.31%

**(b) Public Employees Retirement Association**

**Plan Description**

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

PERF 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.

Two methods are used to compute benefits for PERF's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for Coordinated Plan members is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members.

For all PERF members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Notes to Basic Financial Statements

June 30, 2004

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF. That report may be obtained by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-1855, or by calling (651) 296-7460 or 1-800-652-9026.

**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 plan equal to the amount required by State Statute. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 5.10%, respectively, of their annual covered salary. The District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, and 5.53% for Coordinated Plan PERF members. The District's contributions for the years ending June 30, 2004, 2003, and 2002 were \$4,677,887, \$4,579,006, and \$4,417,208, respectively, equal to the contractually required contributions for each year as set by State Statute.

**(13) Subsequent Event**

On October 26, 2004, the District approved issuance of \$26,000,000 and \$29,445,000 in General Obligation School Building Bonds to fund various construction and maintenance projects and to refund existing issuances.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual,  
General Fund and Major Special Revenue Funds

Year ended June 30, 2004

	General			Community Service			Food Service		
	Budgeted Amounts		Actual	Budgeted Amounts		Actual	Budgeted Amounts		Actual
	Original	Final		Original	Final		Original	Final	
Revenues:									
Local sources:									
Property taxes	\$ 37,653,961	37,653,961	42,926,775	3,451,629	3,451,629	5,266,909	—	—	48,766
County and other	4,935,561	13,773,286	10,681,334	5,921,438	6,923,680	6,358,733	—	—	—
State	388,465,410	389,420,403	383,173,149	10,230,616	11,761,946	9,819,082	800,000	800,000	950,886
Federal	27,578,318	52,300,083	43,051,947	2,060,443	3,690,444	2,823,079	13,000,000	13,000,000	13,869,032
Investment earning	120,000	135,000	458,177	—	—	25,434	—	—	23,068
Sales and conversions of assets	15,400	15,600	15,260	—	—	—	4,100,000	4,100,000	3,640,969
Total revenues	<u>458,768,650</u>	<u>493,298,333</u>	<u>480,306,642</u>	<u>21,664,126</u>	<u>25,827,699</u>	<u>24,293,237</u>	<u>17,900,000</u>	<u>17,900,000</u>	<u>18,532,721</u>
Expenditures:									
Current:									
District administration	17,650,479	17,157,561	16,889,712	—	—	—	—	—	—
District support	11,041,708	13,062,123	11,264,783	—	—	—	—	—	—
Regular instruction	223,908,731	251,665,281	240,112,052	—	500,000	384,060	—	—	—
Vocational instruction	960,842	3,567,809	3,125,117	—	—	—	—	—	—
Exceptional instruction	89,333,555	94,025,202	92,279,511	—	—	—	—	—	—
Community education services	—	—	—	21,240,734	24,498,676	22,097,902	—	—	—
Instructional support	32,614,748	32,394,367	28,335,534	—	—	—	—	—	—
Pupil support services	39,690,233	43,750,784	41,199,924	573,392	979,023	966,948	17,578,000	17,578,000	17,789,835
Capital outlay:									
Site, buildings, and equipment	42,688,848	43,921,635	38,888,584	—	—	—	—	—	—
Total expenditures	<u>457,889,144</u>	<u>499,544,762</u>	<u>472,095,217</u>	<u>21,814,126</u>	<u>25,977,699</u>	<u>23,448,910</u>	<u>17,578,000</u>	<u>17,578,000</u>	<u>17,789,835</u>
Excess (deficiency) of revenues over (under) expenditures	879,506	(6,246,429)	8,211,425	(150,000)	(150,000)	844,327	322,000	322,000	742,886
Fund balances at beginning of year			54,158,123			2,339,974			2,931,549
Fund balances at end of year			<u>\$ 62,369,548</u>			<u>3,184,301</u>			<u>3,674,435</u>

See accompanying notes to required supplementary information.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**SAINT PAUL, MINNESOTA**

Notes to Required Supplementary Information

June 30, 2004

**Budgetary Information**

The budget for the General Fund, Community Service and Food Service Special Revenue Funds, Debt Service Fund, and Capital Projects Fund is prepared on the same basis of accounting as the financial statements and lapses at year-end.

These procedures are followed in establishing the budgetary data reflected in the financial statements:

- In September, the Board of Education appoints members to the Citizens' Budget and Finance Advisory Committee (CBFAC).
- From September through January, the CBFAC meets to formulate guidelines.
- In January, the CBFAC recommends budget guidelines for the administration to follow in preparation of the budget.
- The Board of Education adopts the guidelines and the budget calendar.
- From February through April, the administration and schools prepare the budget.
- Joint meetings between the Board's Committee of the Board and the CBFAC are held in May to hear the administration's proposed budget.
- In June, the CBFAC meets to review the proposed budget and get citizen input. The CBFAC prepares its report and recommendations to the Board of Education.
- The Board's Committee of the Board and the CBFAC review the citizens' recommendations and the administration's responses. The administration recommends the budget.
- The Board's Committee of the Board reports at a June regular board meeting regarding the budget recommendations and adopts the budget, which is detailed in a separate budgetary report.
- The Superintendent and the Executive Director of Business and Financial Affairs are authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts include two budget amendments that increased the District's total revenue and expenditure budgets by \$38,693,251 and \$45,819,291, respectively. Unencumbered expenditure appropriations lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not represent expenditures or liabilities. Encumbrances outstanding at year-end are reappropriated in the ensuing year's budget, and the related expenditures are recorded in the ensuing year.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

General Fund

Combining Balance Sheet

June 30, 2004

(With comparative totals for June 30, 2003)

Assets	General Fund Accounts	Fully Financed General Fund Accounts	Totals	
			2004	2003
Cash and short-term investments	\$ 16,058,946	(12,155,505)	3,903,441	35,133,071
Receivables:				
Property taxes	20,245,680	—	20,245,680	14,826,882
Due from other governmental units	90,125,360	19,273,152	109,398,512	94,387,401
Other	352,157	594,579	946,736	722,589
Inventories, principally at cost	1,341,124	—	1,341,124	946,001
Prepaid expenses	404,242	9,375	413,617	1,577,094
Total assets	<u>\$ 128,527,509</u>	<u>7,721,601</u>	<u>136,249,110</u>	<u>147,593,038</u>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable	\$ 8,204,694	2,275,566	10,480,260	10,243,720
Accrued expenses	20,922,731	2,763,015	23,685,746	21,991,670
Aid anticipation certificates payable	—	—	—	20,028,400
Due to other governmental units	4,340,401	31,305	4,371,706	4,306,466
Amounts held for school activities	2,350,510	—	2,350,510	2,170,945
Deferred revenue:				
Property taxes	29,408,994	—	29,408,994	31,932,571
Other	930,631	2,651,715	3,582,346	2,761,143
Total liabilities	<u>66,157,961</u>	<u>7,721,601</u>	<u>73,879,562</u>	<u>93,434,915</u>
Fund balance:				
Reserved for:				
Encumbrances	3,243,561	—	3,243,561	2,786,995
Severance pay	2,916,671	—	2,916,671	2,228,751
Retiree health insurance	12,678,092	—	12,678,092	10,954,132
Area Learning Center	2,030,899	—	2,030,899	4,437,615
Reemployment	47,084	—	47,084	—
Operating capital	4,075,726	—	4,075,726	4,172,349
Inventories and prepaids	1,745,366	9,375	1,754,741	2,523,095
Unreserved:				
Designated for contractual obligations	188,283	—	188,283	306,728
Designated for next year operations	8,507,743	—	8,507,743	3,045,179
Undesignated	26,936,123	(9,375)	26,926,748	23,703,279
Total fund balance	<u>62,369,548</u>	<u>—</u>	<u>62,369,548</u>	<u>54,158,123</u>
Total liabilities and fund balance	<u>\$ 128,527,509</u>	<u>7,721,601</u>	<u>136,249,110</u>	<u>147,593,038</u>

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

General Fund Accounts

Balance Sheet

June 30, 2004

(With comparative totals for June 30, 2003)

<b>Assets</b>	<b>2004</b>	<b>2003</b>
Cash and short-term investments	\$ 16,058,946	42,995,873
Receivables:		
Property taxes	20,245,680	14,826,882
Due from other governmental units	90,125,360	80,439,131
Other	352,157	110,630
Inventories, principally at cost	1,341,124	946,001
Prepaid expenses	404,242	1,545,517
Total assets	\$ 128,527,509	140,864,034
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 8,204,694	8,626,153
Aid anticipation certificates payable	—	20,028,400
Accrued expenses	20,922,731	19,521,161
Due to other governmental units	4,340,401	3,700,005
Amounts held for school activities	2,350,510	2,170,945
Deferred revenue:		
Property taxes	29,408,994	31,932,571
Other	930,631	726,676
Total liabilities	66,157,961	86,705,911
Fund balance:		
Reserved for:		
Encumbrances	3,243,561	2,786,995
Severance pay	2,916,671	2,228,751
Retiree health insurance	12,678,092	10,954,132
Area Learning Center	2,030,899	4,437,615
Operating capital	4,075,726	4,172,349
Reemployment	47,084	—
Inventories and prepaid expenses	1,745,366	2,491,518
Unreserved:		
Designated for contractual obligations	188,283	306,728
Designated for next year operations	8,507,743	3,045,179
Undesignated	26,936,123	23,734,856
Total fund balance	62,369,548	54,158,123
Total liabilities and fund balance	\$ 128,527,509	140,864,034

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Fully Financed General Fund Accounts

Balance Sheet

June 30, 2004

(With comparative totals for June 30, 2003)

<b>Assets</b>	<b>2004</b>	<b>2003</b>
Cash and short-term investments	\$ (12,155,505)	(7,862,802)
Receivables:		
Due from other governmental units	19,273,152	13,948,270
Other	594,579	611,959
Prepaid expenses	9,375	31,577
Total assets	\$ 7,721,601	6,729,004
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 2,275,566	1,617,567
Accrued expenses	2,763,015	2,470,509
Due to other governmental units	31,305	606,461
Deferred revenue	2,651,715	2,034,467
Total liabilities	7,721,601	6,729,004
Fund balance:		
Reserved for:		
Prepaid expenses	9,375	31,577
Unreserved:		
Undesignated	(9,375)	(31,577)
Total fund balance	—	—
Total liabilities and fund balance	\$ 7,721,601	6,729,004

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

General Fund

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances

Year ended June 30, 2004

(With comparative totals for the year ended June 30, 2003)

	<b>General Fund Accounts</b>	<b>Fully Financed General Fund Accounts</b>	<b>Totals</b>	
			<b>2004</b>	<b>2003</b>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 42,870,790	—	42,870,790	21,603,845
County and other	7,701,440	3,035,879	10,737,319	10,833,863
State	378,280,351	4,892,798	383,173,149	394,487,119
Federal	300,904	42,751,043	43,051,947	34,216,427
Investment earnings	458,177	—	458,177	379,339
Sales and conversions of assets	15,260	—	15,260	20,069
Total revenues	<u>429,626,922</u>	<u>50,679,720</u>	<u>480,306,642</u>	<u>461,540,662</u>
<b>Expenditures:</b>				
Current:				
District administration	16,709,529	180,183	16,889,712	16,882,022
District support	11,210,389	54,394	11,264,783	10,612,859
Regular instruction	208,285,158	31,826,893	240,112,051	228,882,648
Vocational instruction	2,484,892	640,225	3,125,117	3,602,004
Exceptional instruction	80,773,588	11,512,012	92,285,600	79,111,959
Instructional support	24,880,241	3,455,293	28,335,534	26,996,597
Pupil support services	38,208,116	2,985,720	41,193,836	47,290,702
Capital outlay:				
Sites, building, and equipment	38,863,584	25,000	38,888,584	40,261,432
Total expenditures	<u>421,415,497</u>	<u>50,679,720</u>	<u>472,095,217</u>	<u>453,640,223</u>
Excess of revenues over expenditures	<u>8,211,425</u>	<u>—</u>	<u>8,211,425</u>	<u>7,900,439</u>
Fund balance at beginning of year	<u>54,158,123</u>	<u>—</u>	<u>54,158,123</u>	<u>46,257,684</u>
Fund balance at end of year	<u>\$ 62,369,548</u>	<u>—</u>	<u>62,369,548</u>	<u>54,158,123</u>

See accompanying independent auditors' report.



**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

General Fund Accounts

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Final Budget and Actual

Year ended June 30, 2004

(With comparative totals for the year ended June 30, 2003)

	<b>2004</b>		<b>2003</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Actual</b>
Revenues:			
Local sources:			
Property taxes	\$ 43,649,101	42,926,775	21,603,845
County and other	7,891,740	7,645,455	7,720,514
State	378,106,880	378,280,351	389,466,169
Federal	600,000	300,904	26,722
Interest earnings	361,621	458,177	379,339
Sales and conversions of assets	15,300	15,260	20,069
Total revenues	430,624,642	429,626,922	419,216,658
Expenditures:			
Current:			
District administration	17,044,406	16,709,529	16,757,026
District support	12,651,843	11,210,389	10,612,859
Regular instruction	214,556,134	208,285,159	205,120,332
Vocational instruction	2,889,423	2,484,892	2,884,990
Exceptional instruction	79,994,826	80,767,499	69,822,760
Instructional support	26,726,257	24,880,241	22,621,625
Pupil support services	39,111,546	38,214,204	43,235,195
Capital outlay:			
Sites, building, and equipment	43,896,636	38,863,584	40,261,432
Total expenditures	436,871,071	421,415,497	411,316,219
(Deficiency) excess of revenues over (under) expenditures	\$ (6,246,429)	8,211,425	7,900,439
Fund balance at beginning of year		54,158,123	46,257,684
Fund balance at end of year		\$ 62,369,548	54,158,123

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Fully Financed General Fund Accounts

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Final Budget and Actual

Year ended June 30, 2004

(With comparative totals for the year ended June 30, 2003)

	<b>2004</b>		<b>2003</b>
	<u>Final Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues:			
Local sources:			
County and other	\$ 4,901,925	3,035,879	3,113,349
State	6,071,683	4,892,798	5,020,950
Federal	51,700,083	42,751,043	34,189,705
Total revenues	<u>62,673,691</u>	<u>50,679,720</u>	<u>42,324,004</u>
Expenditures:			
Current:			
District administration	113,155	180,183	124,996
District support	410,280	54,394	—
Regular instruction	37,109,146	31,826,893	23,762,316
Vocational instruction	678,386	640,225	717,014
Exceptional instruction	14,030,376	11,512,012	9,289,199
Instructional support	5,668,110	3,455,293	4,374,972
Pupil support services	4,639,238	2,985,720	4,055,507
Capital outlay			
Sites, building, and equipment	25,000	25,000	—
Total expenditures	<u>62,673,691</u>	<u>50,679,720</u>	<u>42,324,004</u>
Excess of revenues over expenditures	\$ <u>—</u>	—	—
Fund balance at beginning of year		—	—
Fund balance at end of year		\$ <u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Community Service Fund

Balance Sheet

June 30, 2004

(With comparative totals for June 30, 2003)

<b>Assets</b>	<b>2004</b>	<b>2003</b>
Cash and short-term investments	\$ 2,129,994	4,963,857
Receivables:		
Property taxes	1,712,567	478,304
Due from other governmental units	4,004,149	3,101,565
Other	138,237	170,872
Prepaid expenses	56,884	11,251
Total assets	<u>\$ 8,041,831</u>	<u>8,725,849</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 1,072,017	1,132,756
Accrued expenses	1,076,712	928,245
Deferred revenue:		
Property taxes	2,107,097	3,791,105
Other	601,704	533,769
Total liabilities	<u>4,857,530</u>	<u>6,385,875</u>
Fund balance:		
Reserve for:		
Encumbrances	339,451	205,207
Adult Basic Education	565,824	
Retiree health insurance	138,960	206,488
School readiness	293,939	282,985
Community education	821,723	765,476
ECFE	1,006,945	879,818
Prepaid expenses	56,884	11,251
Unreserved:		
Undesignated	(39,425)	(11,251)
Total fund balance	<u>3,184,301</u>	<u>2,339,974</u>
Total liabilities and fund balance	<u>\$ 8,041,831</u>	<u>8,725,849</u>

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Community Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2004

(With comparative totals for year ended June 30, 2003)

	<b>2004</b>	<b>2003</b>
Revenues:		
Local sources:		
Property taxes	\$ 5,266,909	3,148,887
County and other	6,358,733	6,706,316
State	9,819,082	11,652,303
Federal	2,823,079	4,141,805
Investment earnings	25,434	32,365
Total revenues	24,293,237	25,681,676
Expenditures:		
Current:		
Regular instruction	384,060	—
Community education services	22,097,902	24,231,914
Pupil support	966,948	923,420
Total expenditures	23,448,910	25,155,334
Excess of revenues over expenditures	844,327	526,342
Fund balances at beginning of year	2,339,974	1,813,632
Fund balance at end of year	\$ 3,184,301	2,339,974

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Food Service Fund

Balance Sheet

June 30, 2004

(With comparative figures for June 30, 2003)

<b>Assets</b>	<b>Food Service</b>	
	<b>2004</b>	<b>2003</b>
Cash and short-term investments	\$ 2,968,959	2,075,357
Receivables:		
Due from other governmental units	680,175	748,146
Other	18,765	—
Inventories, principally at cost	952,871	870,919
Total assets	\$ 4,620,770	3,694,422
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 425,812	323,311
Accrued expenses	520,523	439,562
Total liabilities	946,335	762,873
Fund balance:		
Reserve for:		
Retiree health insurance	367,826	368,311
Inventories	952,871	870,919
Unreserved:		
Undesignated	2,353,738	1,692,319
Total fund balance	3,674,435	2,931,549
Total liabilities and fund balance	\$ 4,620,770	3,694,422

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Food Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2004

(With comparative totals for year ended June 30, 2003)

	<b>2004</b>	<b>2003</b>
Revenues:		
Local sources:		
Property taxes	\$ 48,766	22,145
State	950,886	912,095
Federal	13,869,032	13,552,844
Sales and conversion of assets	3,640,969	3,779,502
Investment earnings	23,068	9,023
Total revenues	18,532,721	18,275,609
Expenditures:		
Current:		
Pupil support	17,789,835	16,306,433
Total expenditures	17,789,835	16,306,433
Excess of revenues over expenditures	742,886	1,969,176
Fund balances at beginning of year	2,931,549	962,373
Fund balance at end of year	\$ 3,674,435	2,931,549

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Debt Service Fund

Balance Sheet

June 30, 2004

(With comparative figures for June 30, 2003)

<b>Assets</b>	<b>2004</b>	<b>2003</b>
Cash and short-term investments	\$ 7,829,403	5,424,619
Cash with fiscal agent	2,035,626	14,332,162
Receivables:		
Property taxes	26,878,412	26,794,450
Due from other governmental units	3,148,295	2,442,440
Prepays expenses	419,915	—
Total assets	\$ 40,311,651	48,993,671
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ 420,509	—
Deferred revenue:		
Property taxes	28,443,151	28,511,104
Total liabilities	28,863,660	28,511,104
Fund balance:		
Reserved for prepaid expenses	419,915	—
Reserved for bond refundings	2,035,626	14,332,162
Unreserved:		
Undesignated	8,992,450	6,150,405
Total fund balance	11,447,991	20,482,567
Total liabilities and fund balance	\$ 40,311,651	48,993,671

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance—  
Final Budget and Actual

Year ended June 30, 2004

(With comparative actual figures for year ended June 30, 2003)

	<b>2004</b>		<b>2003</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Actual</b>
Revenues:			
Local sources:			
Property taxes	\$ 27,809,400	25,340,206	20,836,462
County and other	—	54,757	94,836
State	3,850,000	6,481,480	5,031,007
Investment earnings	150,000	122,300	383,536
Total revenues	31,809,400	31,998,743	26,345,841
Expenditures:			
Debt service:			
Principal payments	13,766,751	13,399,450	12,187,507
Interest expense	15,749,406	14,884,739	13,214,744
Other debt expense	45,000	52,140	182,238
Total expenditures	29,561,157	28,336,329	25,584,489
(Deficiency) excess of revenues over (under) expenditures	2,248,243	3,662,414	761,352
Other financing sources (uses):			
Refunding bonds issued	—	—	37,015,000
Premium on refunding debt	—	—	49,869
Interest on proceeds of refunding bonds	—	403,010	—
Payments to refunded bond escrow agent	—	(13,100,000)	(23,408,322)
Total other financing sources (uses)	—	(12,696,990)	13,656,547
Excess (deficiency) of revenue and other financing sources over (under) expenditures	\$ 2,248,243	(9,034,576)	14,417,899
Fund balance at beginning of year		20,482,567	6,064,668
Fund balance at end of year		\$ 11,447,991	20,482,567

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Capital Projects Fund

Balance Sheet

June 30, 2004

(With comparative figures for June 30, 2003)

<b>Assets</b>	<b>2004</b>	<b>2003</b>
	<u>          </u>	<u>          </u>
Facility and renovation funds	\$ 21,896,217	50,287,988
Receivables:		
Interest receivable	3,363	13,901
Other receivable	<u>2,188,850</u>	<u>1,040,562</u>
Total assets	<u>\$ 24,088,430</u>	<u>51,342,451</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 2,189,854	2,569,022
Accrued expenses	<u>229,613</u>	<u>157,491</u>
Total liabilities	<u>2,419,467</u>	<u>2,726,513</u>
Fund balance:		
Reserved for:		
Alternative facilities program	6,909,507	18,862,102
Unreserved:		
Designated for building construction	<u>14,759,456</u>	<u>29,753,836</u>
Total fund balance	<u>21,668,963</u>	<u>48,615,938</u>
Total liabilities and fund balance	<u>\$ 24,088,430</u>	<u>51,342,451</u>

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance—  
Final Budget and Actual

Year ended June 30, 2004

(With comparative actual figures for year ended June 30, 2003)

	<b>2004</b>		<b>2003</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Actual</b>
Revenues:			
Local sources:			
County and other	\$ —	850,000	—
Federal	—	1,257,189	304,483
State	—	—	974,506
Investment earnings	425,000	301,372	359,012
Total revenues	425,000	2,408,561	1,638,001
Expenditures:			
Capital outlay:			
Sites, buildings, equipment, and other	31,125,000	29,355,536	25,590,850
Total expenditures	31,125,000	29,355,536	25,590,850
Deficiency of revenue under expenditures	(30,700,000)	(26,946,975)	(23,952,849)
Other financing sources:			
Bond sale proceeds	—	—	52,000,000
(Deficiency) excess of revenue and other financing sources over (under) expenditures	\$ (30,700,000)	(26,946,975)	28,047,151
Fund balance at beginning of year		48,615,938	20,568,787
Fund balance at end of year		\$ 21,668,963	48,615,938

See accompanying independent auditors' report.



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS**  
**COMPLIANCE TABLE**  
**JUNE 30, 2004**

ED-02207-04

**District Name: Saint Paul**

**District Number: 625**

**01 GENERAL FUND**

Total Revenue	\$480,291,381
Total Expenditures	\$472,095,217
<i>Reserved:</i>	
403 Staff Development	\$0
406 Health & Safety	(\$245,040)
407 Down Payment Levy	\$0
408 Cooperative Revenue	\$0
410 Reemployment Ins.	\$47,084
411 Severance Pay	\$15,594,763
412 Bus Purchase	\$0
414 Operating Debt	\$0
415 Reduce SOD-77	\$0
416 Levy Reduction	\$0
419 Encumbrances	\$3,243,561
423 Certain Teacher Programs	\$0
424 Operating Capital	\$4,075,726
426 \$25 Taconite	\$0
427 Disabled Accessibility	\$0
428 Learning & Development	\$0
429 Parental Involvement	\$0
433 Student Transport Safety	\$0
434 Area Learning Center	\$2,030,899
435 Contracted Alt. Programs	\$0
436 State Approved Alt. Program	\$0
437 Grad Standards Staff Develop	\$0
438 Grad Standards Gifted & Talented	\$0
439 Grad Standards	\$0
441 Basic Skills Programs	\$0
442 Class Size, All-Day	\$0
Kindergarten and Special Education	
Student-To-Instructor Ratio Reduction	
<i>Unreserved:</i>	
418 Des Severance-Ins. Premium	\$0
420 Des S.O.D.-1977	\$0
421 Des Since S.O.D.-1977	\$0
422 Unreserved/Undesignated	\$37,622,554
<b><u>02 FOOD SERVICE</u></b>	
Total Revenue	\$18,531,150
Total Expenditures	\$17,789,835
<i>Reserved:</i>	
411 Severance Pay	\$367,826
419 Encumbrances	\$0
<i>Unreserved:</i>	
418 Des Severance-Ins. Premium	\$0
421 Des Since S.O.D.-1977	\$0
422 Unreserved/Undesignated	\$3,306,608

**04 COMMUNITY SERVICE**

Total Revenue	\$24,293,236
Total Expenditures	\$23,448,911
<i>Reserved:</i>	
411 Severance Pay	\$138,960
419 Encumbrances	\$339,451
426 \$25 Taconite	\$0
431 Community Education	\$821,723
432 E.C.F.E.	\$1,006,945
444 School Readiness	\$293,939
447 Adult Basics Education	\$565,824
<i>Unreserved:</i>	
418 Des for Severance Premium	\$0
421 Unreserved/Undesignated Since S.O.D.-1977	\$0
422 Unreserved/Undesignated	\$17,458

**06 BUILDING CONSTRUCTION**

Total Revenue	\$2,408,561
Total Expenditures	\$29,355,535
<i>Reserved:</i>	
407 Down Payment Levy	\$0
409 Alternative Facility Program	\$6,909,507
419 Encumbrances	\$0
<i>Unreserved:</i>	
422 Unreserved/Undesignated	\$14,759,456

**07 DEBT SERVICE**

Total Revenue	\$31,998,740
Total Expenditures	\$28,336,326
<i>Reserved:</i>	
425 Bond Refundings	\$2,035,626
<i>Unreserved:</i>	
422 Unreserved/Undesignated	\$9,412,364

**08 TRUST**

Total Revenue	\$0
Total Expenditures	\$0
<i>Reserved:</i>	
419 Encumbrances	\$0
<i>Unreserved:</i>	
422 Unreserved/Undesignated	\$0

**09 AGENCY**

<i>Unreserved: Should Always Be -0-</i>	
422 Unreserved/Undesignated	\$0

**20 INTERNAL SERVICE**

Total Revenue	\$2,404,210
Total Expenditures	\$2,052,521
<i>Reserved:</i>	
419 Encumbrances	\$0
<i>Unreserved:</i>	
422 Unreserved/Undesignated	\$301,307

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2004

<b>Budget code</b>	<b>Program Description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2004</b>	<b>Grant receivable June 30, 2004</b>	<b>Grant payable June 30, 2004</b>	<b>Unearned revenue June 30, 2004</b>	<b>Total revenue</b>	<b>Total expenditures</b>
	Title I:							
29-2300	Title I Educationally Disadvantaged	\$ 15,297,425	8,261,349	5,270,542			13,531,891	13,531,891
29-2305	Title I Professional Development	1,756,699	1,633,947				1,633,947	1,633,947
29-2310	Title I Homeless	88,000	63,859	21,372			85,231	85,231
29-2330	Title I Migrant	30,000	—				—	—
29-2340	Title I Project For Delinquency	169,007	107,680	54,611			162,291	162,291
29-3300	Title I School Improvement	985,873	366,815	338,064	(14,727)		690,152	690,152
29-3305	Title I Reading First	1,081,701	122,126	875,876			998,002	998,002
29-3440	Title I Reading Excellence	2,756,166	1,451,373	1,205,973			2,657,346	2,657,346
29-3460	Title I Tutorial Assistance Grant	849,442	486,125	337,733			823,858	823,858
	Total Title I	23,014,313	12,493,274	8,104,171	(14,727)	—	20,582,718	20,582,718
	Title V:							
29-4420	Title V	511,668	281,722	229,946			511,668	511,668
	Total Title V	511,668	281,722	229,946	—	—	511,668	511,668
	Title IV:							
29-1080	Preschool Incentive	440,874	344,833	88,776			433,609	433,609
29-1290	Part H	28,571	(16,348)	44,919			28,571	28,571
29-1330	Public Law 94-142	9,847,852	3,644,640	4,069,933			7,714,573	7,714,573
29-1331	Splinter Funds	37,817	5,215	32,602			37,817	37,817
29-1332	20% Rule—Special Education	264,829	—	264,829			264,829	264,829
29-1333	Special Education Transition	36,397	5,215	31,182			36,397	36,397
29-1334	Closing the Gap	60,610	—	60,610			60,610	60,610
29-1351	Program Evaluation & Continuous Improvement	56,472	—	56,472			56,472	56,472
29-1360	Interagency Early Intervention	5,750	7,536	—	(630)		6,906	6,906
29-1640	Public Law 94-142 Staff Development	121,220	—	105,841			105,841	105,841
	Total Title IV	10,900,392	3,991,091	4,755,164	(630)	—	8,745,625	8,745,625
	Title II:							
29-2290	Title II, Part D Technology Literacy	808,164	21,164	476,652			497,816	497,816
29-4430	Title II, Part A	4,822,252	1,750,038	1,783,857			3,533,895	3,533,895
	Total Title II	5,630,416	1,771,202	2,260,509	—	—	4,031,711	4,031,711
	Title III:							
29-4695	Title III	1,533,404	629,283	612,962			1,242,245	1,242,245
	Total Title III	1,533,404	629,283	612,962	—	—	1,242,245	1,242,245
	Carl Perkins Act, Public Law 84-524:							
29-2980	Intensified Services for Disadvantaged	672,449	573,631	64,011			637,642	637,642
29-2981	Carl Perkins ELL	1,000	1,000	—			1,000	1,000
	Total Carl Perkins Act	673,449	574,631	64,011	—	—	638,642	638,642

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2004

<b>Budget code</b>	<b>Program Description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2004</b>	<b>Grant receivable June 30, 2004</b>	<b>Grant payable June 30, 2004</b>	<b>Unearned revenue June 30, 2004</b>	<b>Total revenue</b>	<b>Total expenditures</b>
29-2010	Indian Education: Indian Education Title VII	\$ 307,210	307,190				307,190	307,190
	Total Indian Education	307,210	307,190	—	—	—	307,190	307,190
	Miscellaneous Federal:							
29-2040	Johnson-O'Malley	82,339	84,512			(28,335)	56,177	56,177
29-2070	Indian Education Chemical Prevention	123,354	97,044	25,813			122,857	122,857
29-2180	CSRSD Grant—Evaluation	40,000	19,180	10,254			29,434	29,434
29-2180	CSRSD Grant—Open School	95,000	24,435	34,470			58,905	58,905
29-2180	CSRSD Grant—Humboldt Jr	220,411	45,517	155,746			201,263	201,263
29-2180	CSRSD Grant—Benjamin E Mays	95,000	44,904	35,512			80,416	80,416
29-2180	CSRSD Grant—Vento	122,089	59,831	55,100			114,931	114,931
29-2180	CSRSD Grant—Crossroads	145,721	56,100	89,451			145,551	145,551
29-2180	CSRSD Grant—Maxfield	95,000	5,487	54,946			60,433	60,433
29-2180	CSRSD Grant—Mississippi	83,647	17,561	39,081			56,642	56,642
29-2180	CSRSD Grant—Monroe	111,920	72,730	39,190			111,920	111,920
29-2180	CSRSD Grant—Parkway	117,591	17,048	100,543			117,591	117,591
29-2180	CSRSD Grant—Wellstone	95,000	51,252	16,956			68,208	68,208
29-2180	CSRSD Grant—Sheridan	106,790	37,176	38,319			75,495	75,495
29-2200	Advanced Placement—Como Sr	—	2,660				2,660	2,660
29-2260	JROTC Programs	840,272	793,915	15,628		(14,577)	794,966	794,966
29-2350	Tech Prep Consortium	68,466	68,466			(9,524)	58,942	58,942
29-3210	Smaller Learning Communities Harding	321,517	131,182	8,404			139,586	139,586
29-3210	Smaller Learning Communities Highland	406,320	165,085	26,980			192,065	192,065
29-3210	Smaller Learning Communities Humboldt	242,463	113,773	13,930			127,703	127,703
29-3210	Smaller Learning Communities Johnson	284,000	140,087	48,311			188,398	188,398
29-3210	Smaller Learning Communities Arlington	58,329	56,527				56,527	56,527
29-3350	Foreign Language Assistance—Spanish Immersion	173,614	97,367	20,664			118,031	118,031
29-3350	FLIP Adams	—	18,258				18,258	18,258
29-3350	Foreign Language Assistance—French Immersion	164,662	166,581	3,056			169,637	169,637
29-3420	Bridge For American History	97,924	13,984	1,444			15,428	15,428
29-3500	Carol White PEP	172,700	38,819	112,469			151,288	151,288
29-3510	Pathways To Possibilities	10,000	—	10,000			10,000	10,000
29-3620	NASA Explorer School Grant	10,000	10,000			(3,077)	6,923	6,923
29-4240	Title IV Safe & Drug Free	511,228	423,731	43,636			467,367	467,367
29-4300	Reimbursable Health Services	85,988	128,718	7,833		(64,916)	71,635	71,635
29-4330	OAPP—Adolescent Parent Project	387,487	191,125	95,298			286,423	286,423
29-4370	Middle School Prevention Coordinators	—	3,035			(3,035)	—	—
29-4375	Elementary School Counselors	341,413	277,508	22,154			299,662	299,662
29-4380	Healthy Students Program	78,481	76,726	575			77,301	77,301
29-4390	Safe Schools Prevention Program	219,075	188,951	6,960			195,911	195,911
29-4450	Federal Magnet Grant	1,429,672	1,160,347	239,741			1,400,088	1,400,088
29-4690	Title VII Training For All Teachers	—	18,863			(18,863)	—	—

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2004

<b>Budget code</b>	<b>Program Description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2004</b>	<b>Grant receivable June 30, 2004</b>	<b>Grant payable June 30, 2004</b>	<b>Unearned revenue June 30, 2004</b>	<b>Total revenue</b>	<b>Total expenditures</b>
29-4710	Refugee Children School Impact Grant	\$ 317,420	220,044	79,406			299,450	299,450
29-4720	Title VII: Comprehensive School Grant "The Stellar Model"	386,547	255,175	51,327			306,502	306,502
29-4840	Undoing Barriers	473,827	85,461				85,461	85,461
29-4930	ACT!	154,176	90,339	48,993			139,332	139,332
29-4935	Arts Able	243,255	130,262	38,139			168,401	168,401
29-4950	Emergency Response	464,534	30,457	70,024			100,481	100,481
29-5925	21st Century Grant—Stepping Stones	238,285	33,170	54,762			87,932	87,932
	<b>Total miscellaneous federal</b>	<b>9,715,517</b>	<b>5,763,393</b>	<b>1,715,115</b>	<b>—</b>	<b>(142,327)</b>	<b>7,336,181</b>	<b>7,336,181</b>
	<b>State of Minnesota:</b>							
29-2200	Advanced Placement—Central	19,520	19,520			(15,157)	4,363	4,363
29-2200	Advanced Placement—Como Sr	38,743	36,084			(21,990)	14,094	14,094
29-2200	Advanced Placement—Highland	—	615			(615)	—	—
29-2200	Advanced Placement—Humboldt	—	5,198			(5,198)	—	—
29-2200	Advanced Placement—Johnson	—	4,463			(4,463)	—	—
29-2200	Advanced Placement—Arlington	—	4,253			(4,253)	—	—
29-2200	Advanced Placement—Hazel Park	—	500			(500)	—	—
29-2200	Advanced Placement—ALC	—	250				250	250
29-2210	International Baccalaureate—Central	20,066	150,158			(140,370)	9,788	9,788
29-2220	International Baccalaureate—Harding	24,217	24,218			(11,449)	12,769	12,769
29-2230	International Baccalaureate—Highland	29,810	29,810			(3,106)	26,704	26,704
29-2370	Central Team 1—Partners: Arts and Schools for Students	5,592	4,842	595			5,437	5,437
29-2370	Highland Sr Team 1—Partners: Arts and Schools for Students	5,500	5,569			(2,367)	3,202	3,202
29-2370	Homecroft—Partners: Arts and Schools for Students	5,500	4,750			(495)	4,255	4,255
29-2380	Central Team 2—Partners: Arts and Schools for Students	—	1,153			(503)	650	650
29-2440	Project Common Ground	—	1,339	1,705	(365)		2,679	2,679
29-2580	Urban Teacher Ed. Partnership Grant	68,988	35,377	32,500		(4,742)	63,135	63,135
29-2660	MSAB Grant—District Wide	13,000	—	13,000			13,000	13,000
29-2660	MSAB Grant—Washington	2,790	2,577			(1,699)	878	878
29-2660	MSAB Grant—Daytons Bluff	—	1,869			(104)	1,765	1,765
29-2660	MSAB Grant—Crossroads	5,500	4,750	750			5,500	5,500
29-2660	MSAB Grant—J.J. Hill	2,600	2,600				2,600	2,600
29-2660	MSAB Grant—Linwood	14,800	14,000	686			14,686	14,686
29-2880	Arts In Education Grant	7,320	7,321			(1,006)	6,315	6,315
29-3200	Gates Foundation—Como Sr	—	122				122	122
29-3200	Gates Foundation—Harding	323,412	306,686			(129,849)	176,837	176,837
29-3200	Gates Foundation—Highland Sr	401,969	72,961	125,989			198,950	198,950
29-3200	Gates Foundation—Humboldt Sr	313,460	20,000	189,591			209,591	209,591
29-3200	Gates Foundation—Johnson	593,378	25,699	216,505			242,204	242,204
29-3200	Gates Foundation—Arlington	—	1,176			(1,176)	—	—
29-3590	W.O.W. Project	100,000	80,000	15,989			95,989	95,989
29-3610	Team Up—U of M	11,600	7,429	1,096			8,525	8,525
29-4140	Five District Integration Partnership	366,000	160,606	201,746		(3,500)	358,852	358,852
29-4350	CAPSS	84,695	126,786			(19,520)	107,266	107,266

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2004

<b>Budget code</b>	<b>Program Description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2004</b>	<b>Grant receivable June 30, 2004</b>	<b>Grant payable June 30, 2004</b>	<b>Unearned revenue June 30, 2004</b>	<b>Total revenue</b>	<b>Total expenditures</b>
29-4500	Collaborative Urban Educator	\$ —	13,000			(13,000)	—	—
29-4810	Success For the Future	137,835	121,601	15,000			136,601	136,601
29-4860	Suicide Prevention	65,053	65,054				65,054	65,054
29-4870	Sexual Violence Prevention	51,169	29,982	21,187			51,169	51,169
29-9520	Collaborative Agreement	394,515	150,563	59,098	(15,576)		194,085	194,085
	<b>Total State of Minnesota</b>	<b>3,107,032</b>	<b>1,542,881</b>	<b>895,437</b>	<b>(15,941)</b>	<b>(385,062)</b>	<b>2,037,315</b>	<b>2,037,315</b>
	<b>Ramsey/ Hennepin County:</b>							
29-1170	Boys Totem Town—Summer School	74,889	77,280				77,280	77,280
29-1179	Boys Totem Town—Summer School	111,073	21,265	23,743			45,008	45,008
29-1180	Juvenile Service Center—Summer	62,250	68,969				68,969	68,969
29-1189	Juvenile Service Center—Summer	90,118	15,444	10,880			26,324	26,324
29-1900	LCTS Disabled	6,295	6,532			(210)	6,322	6,322
29-1909	Children's Initiative Grant—Special Ed.	100,000	102,279				102,279	102,279
29-3270	Metro Watershed	360	360				360	360
29-4570	Ramsey County Truancy Center	27,600	27,600			(27,600)	—	—
29-4900	Children's Initiative Grant—Student Wellness	272,779	151,183	29,610		(19,400)	161,393	161,393
29-4920	LCTS Health Care Access	111,160	209,745			(103,118)	106,627	106,627
29-9210	Chosen to Achieve	—	500				500	500
	<b>Total Ramsey/Hennepin County</b>	<b>856,524</b>	<b>681,157</b>	<b>64,233</b>	<b>—</b>	<b>(150,328)</b>	<b>595,062</b>	<b>595,062</b>
	<b>Private:</b>							
29-1006	Work Force Solutions	172,500	—	162,384			162,384	162,384
29-1100	Wilder—Bush Memorial—Summer	47,223	47,222				47,222	47,222
29-1109	Wilder—Bush Memorial—Summer	62,705	17,235				17,235	17,235
29-1120	Children's Hospital Summer	488	5,752			(5,264)	488	488
29-1140	Booth Brown House—Summer School	4,960	4,961				4,961	4,961
29-1149	Booth Brown House—Summer School	7,770	5,517			(2,963)	2,554	2,554
29-1150	Arlington House Summer School	3,605	4,788			(1,184)	3,604	3,604
29-1159	Arlington House Summer School	7,770	5,517			(2,747)	2,770	2,770
29-1191	Summer Transition	146,500	69,500			(9,747)	59,753	59,753
29-1200	Gillette Children's Hospital TDR	12,053	12,053				12,053	12,053
29-1209	Gillette Children's Hospital TDR	9,931	2,870				2,870	2,870
29-1260	Special Education Itinerant Vision	12,441	16,406			(6,585)	9,821	9,821
29-1261	Literacy Project	5,638	5,638			(1,654)	3,984	3,984
29-1262	Grotto Foundation	—	72				72	72
29-1263	ECSU	2,927	2,927			(2,107)	820	820
29-1264	US Bank	5,111	15,111			(11,466)	3,645	3,645
29-1350	Para Professional Training	2,808	—				—	—
29-1710	Wilder Programs	564,268	560,607				560,607	560,607
29-2050	Indian Ed Student Celebrations	33,877	65,227			(49,209)	16,018	16,018
29-2055	Indian Ed Grotto Foundation Grant	19,790	19,790			(18,856)	934	934
29-2081	Ecolab—Visions for Learning	2,500	2,500			(2,500)	—	—
29-2560	BWCA Wilderness Adventure Program	7,400	7,400			(525)	6,875	6,875

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2004

<b>Budget code</b>	<b>Program Description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2004</b>	<b>Grant receivable June 30, 2004</b>	<b>Grant payable June 30, 2004</b>	<b>Unearned revenue June 30, 2004</b>	<b>Total revenue</b>	<b>Total expenditures</b>
29-2660	MN State Arts Board	\$ —	1,029			(1,029)	—	—
29-2695	Kellogg Corporation	5,000	5,000			(5,000)	—	—
29-2780	AIM All Nations Drum & Dance	—	2,502			(342)	2,160	2,160
29-2790	St. Paul Companies Grant	15,000	15,000			(1,277)	13,723	13,723
29-2940	Fresh Force	31,358	36,671			(12,329)	24,342	24,342
29-2996	High School Reform—STW	5,937	6,921			(4,338)	2,583	2,583
29-3040	Medtronics Grant	118,463	232,373			(180,889)	51,484	51,484
29-3040	Medtronics Crossroads	12,602	12,601			(11,061)	1,540	1,540
29-3060	Imagination Fund—Central	960	960			(12)	948	948
29-3060	Imagination Fund—Washington	379	378				378	378
29-3060	Imagination Fund—Wellstone	1,000	1,000				1,000	1,000
29-3070	Field Trip Grant—Museum Magnet	2,837	1,977			(1,977)	—	—
29-3080	Academy of Finance	2,797	3,047			(1,965)	1,082	1,082
29-3110	Site Based Discretionary	67,549	67,550				67,550	67,550
29-3170	Jackson After School Programs	—	174				174	174
29-3180	Dean Witter Grant—Murray	14,495	14,494			(2,820)	11,674	11,674
29-3180	Dean Witter Grant—St. Anthony Park	26,037	26,037			(5,904)	20,133	20,133
29-3190	Urban Teacher Academy Project	3,785	3,785			(1,958)	1,827	1,827
29-3360	NEA Foundation—Central	1,083	1,083			(117)	966	966
29-3360	NEA Foundation—Cherokee Heights	—	880			(880)	—	—
29-3400	Homeless Program Charitable Contributions	12,713	13,289			(8,039)	5,250	5,250
29-3470	CEPEA Central	—	362			(317)	45	45
29-3550	3M Grant	86,937	111,337			(68,368)	42,969	42,969
29-3570	Community Foundations	34,193	34,193				34,193	34,193
29-3580	Star Tribune Foundation	15,000	15,000			(7,321)	7,679	7,679
29-3600	ING Grant	2,000	2,000			(1,034)	966	966
29-4130	McKnight Foundation	—	25,000	25,007		(46,267)	3,740	3,740
29-4190	Out For Equity	19,081	19,371			(10,675)	8,696	8,696
29-4192	Out For Equity Support	29,000	29,000			(326)	28,674	28,674
29-4200	Saint Paul Reads	—	45,537			(17,745)	27,792	27,792
29-4270	St Paul Co/Teachers of Color	55,632	133,076			(112,871)	20,205	20,205
29-4290	St. Paul Foundation Emergency	29,675	29,675			(14,141)	15,534	15,534
29-4291	St. Paul Foundation—Teacher Grants	71,769	27,920	12,282			40,202	40,202
29-4620	DeWitt Wallace—Readers Digest	9,587	—				—	—
29-4630	Leadership Institute	257,978	261,978	20,000		(188,832)	93,146	93,146
29-4650	Best Practices Demonstration School	302,274	302,274			(253,962)	48,312	48,312
29-4770	IBM Technology Assessment	457	457			(225)	232	232
29-4780	Mosier Grant	70,329	70,330			(6,597)	63,733	63,733
29-4790	American Lung Assn Student Wellness Program	240,059	125,550	118,962			244,512	244,512
29-4790	American Lung Assn Tobacco Prevention Advocacy Program	20,000	—	9,848			9,848	9,848
29-4820	APQC—Broad Foundation	11,201	11,201			(166)	11,035	11,035
29-4830	Respect Campaign	13,810	13,810				13,810	13,810
29-4850	Merck—Asthma	1,875	1,875			(1,314)	561	561
29-4890	Action Plan Implementation	22,776	22,776			(11,310)	11,466	11,466

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2004

<b>Budget code</b>	<b>Program Description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2004</b>	<b>Grant receivable June 30, 2004</b>	<b>Grant payable June 30, 2004</b>	<b>Unearned revenue June 30, 2004</b>	<b>Total revenue</b>	<b>Total expenditures</b>
29-4940	National Science Foundation	\$ 30,000	30,000			(9,936)	20,064	20,064
29-5300	Scholarships—Chuck Lund	21,914	22,086			(21,359)	727	727
29-5300	Scholarships—Olga B Hart Foundation	15,000	15,000			(15,000)	—	—
29-5906	Achievement Plus	43,100	13,647	30,031			43,678	43,678
29-9211	Belwin Lab	20,000	52,490			(47,729)	4,761	4,761
29-9490	Bush Educators	1,364,375	1,008,633			(453,812)	554,821	554,821
29-9500	Federation Agreement	88,731	85,690				85,690	85,690
29-9520	Collaborative Agreements	88,713	129,376	45,560			174,936	174,936
29-9521	EMID Coach	38,155	10,801		(7)		10,794	10,794
29-9522	EMID Starbase	—	—	3,080		(2,991)	89	89
29-9540	Charter School Liaison	—	103,731	16,140			119,871	119,871
	<b>Total private</b>	<b>4,457,881</b>	<b>4,072,020</b>	<b>443,294</b>	<b>(7)</b>	<b>(1,647,042)</b>	<b>2,868,265</b>	<b>2,868,265</b>
19-XXX	Intraschool/AAC Athletics: All Intraschool Accounts	4,000,000	6,105,423	400		(2,350,510)	3,755,313	3,755,313
	<b>Total Intraschool/AAC Athletics</b>	<b>4,000,000</b>	<b>6,105,423</b>	<b>400</b>	<b>—</b>	<b>(2,350,510)</b>	<b>3,755,313</b>	<b>3,755,313</b>
	Miscellaneous:							
29-1190	General Special Ed. Summer School	1,886,000	1,699,981				1,699,981	1,699,981
29-2360	Reading Recovery Title I	6,455	7,010			(210)	6,800	6,800
29-3100	ELL Workshop	8,157	11,117			(10,462)	655	655
29-3150	Site Based Improvement Winter Institute	—	1,190			(1,190)	—	—
29-3480	Alumni Event	5,000	3,762			(276)	3,486	3,486
29-3520	Automotive Learning Center	17,273	30,526			(18,334)	12,192	12,192
29-4100	Grants Office	—	53,503				53,503	53,503
29-4880	Conferences & Events	—	32,845			(29,339)	3,506	3,506
29-4910	Translations with administration	43,000	36,885	405		(36,966)	324	324
29-9090	Vending Machine Proceeds—360 Colborne	—	9,675			(9,511)	164	164
29-9090	Vending Machine Proceeds—1001 Johnson Parkway	—	2,345			(2,345)	—	—
29-9090	Vending Machine Proceeds—2102 University	—	2,569			(400)	2,169	2,169
No Budget		—	—				—	—
	<b>Total miscellaneous</b>	<b>1,965,885</b>	<b>1,891,408</b>	<b>405</b>	<b>—</b>	<b>(109,033)</b>	<b>1,782,780</b>	<b>1,782,780</b>
	<b>Total General Fund Fully Financed</b>	<b>\$ 66,673,691</b>	<b>40,104,675</b>	<b>19,145,647</b>	<b>(31,305)</b>	<b>(4,784,302)</b>	<b>54,434,715</b>	<b>54,434,715</b>

See accompanying independent auditors' report.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools—Community Service Fund

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2004

<b>Budget Code</b>	<b>Program Description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2004</b>	<b>Grant receivable June 30, 2004</b>	<b>Grant payable June 30, 2004</b>	<b>Unearned revenue June 30, 2004</b>	<b>Total revenue</b>	<b>Total expenditures</b>
Federal:								
30-5213	Step—ROSS II	\$ 105,805	104,681				104,681	104,681
30-5218	Step—ROSS III	175,000	33,635	22,200			55,835	55,835
30-5805	Even Start	133,330	95,154	39,176			134,330	133,330
30-5822	C.H.O.I.C.E.	941,634	172,973	170,823			343,796	343,796
30-5900	CET—Stride	—	—	6,882			6,882	6,882
30-5901	CET—NAPIC	189,133	106,836	11,104			117,940	117,940
30-5914	CET—Title IIB Summer Youth	422,523	372,383	48,005			420,388	420,388
30-5918	CET—TIC Program	400,000	372,706				372,706	372,706
30-5925	21st Century Grant—"Pathways"	—	60,442				60,442	60,442
30-5929	21st Century Grant—Learning Centers	500,000	276,084	107,976			384,060	384,060
	<b>Total federal</b>	<b>2,867,425</b>	<b>1,594,894</b>	<b>406,166</b>	<b>—</b>	<b>—</b>	<b>2,001,060</b>	<b>2,000,060</b>
State:								
30-5050	Night Moves—Westside	22,260	7,170	3,306		(2,506)	7,970	7,970
30-5051	Night Moves—Eastside	21,090	5,106	3,510		(486)	8,130	8,130
30-5052	Night Moves—Como	28,005	7,894	4,684			12,578	12,578
30-5053	Night Moves—Central	38,486	6,949	2,715			9,664	9,664
30-5054	Night Moves—Arlington	28,460	6,124	3,432			9,556	9,556
30-5101	State Hearing Impaired	—	10,993	12,902		(5,917)	17,978	17,978
30-5210	MJSP—G & K Services	320,252	25,876				25,876	25,876
30-5216	ABE Initiative	—	1,199				1,199	1,199
30-5904	CET—MN Youth Program	262,678	119,337	119,625			238,962	238,962
30-5908	Preschool Screening	141,636	47,220	85,456			132,676	132,676
33-5302/5350/5909	Nonpublic State Aid Programs	1,475,820	1,165,187	298,322			1,463,509	1,463,509
	<b>Total State</b>	<b>2,338,687</b>	<b>1,403,055</b>	<b>533,952</b>	<b>—</b>	<b>(8,909)</b>	<b>1,928,098</b>	<b>1,928,098</b>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Elementary and Secondary Schools—Community Service Fund

Fully Financed Fund Program Grant Analysis

Statement of Reimbursable Programs' Revenues and Expenditures

Year ended June 30, 2004

<b>Budget Code</b>	<b>Program Description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2004</b>	<b>Grant receivable June 30, 2004</b>	<b>Grant payable June 30, 2004</b>	<b>Unearned revenue June 30, 2004</b>	<b>Total revenue</b>	<b>Total expenditures</b>
Other governmental units:								
30-5062	Publications Advertising	\$ —	21,823			(16,126)	5,697	5,697
30-5217	Bridging the Gap	6,258	6,258				6,258	6,258
30-5700	Day Cares	1,068,848	652,541	46,058		(197,534)	501,065	501,065
30-5803	LCTS—ECFE	175,000	175,000				175,000	175,000
30-5806	ECFE LCTS Child Development	89,660	89,660				89,660	89,660
30-5807	LCTS ECFE	89,660	89,660				89,660	89,660
30-5820	LCTS—School Readiness	235,000	235,000				235,000	235,000
30-5821	LCTS Summer SR	100,000	200,000			(100,000)	100,000	100,000
30-5906	Achievement Plus	—	12,447	49,444			61,891	—
30-5908	LCTS Preschool Screening	28,400	14,201			(535)	13,666	13,666
30-5910	CET—Facility Maintenance	—	—	16,558			16,558	16,558
30-5918	CET—TIC Program	400,000	372,706				372,706	372,706
30-5915	Achievement Plus Monroe	—	—				—	32,617
30-5916	Achievement Plus Dayton's Bluff	—	—				—	12,984
30-5921	Achievement Plus John A Johnson	—	—				—	16,290
30-5927	TANF	—	992			(992)	—	—
	<b>Total other governmental units</b>	<b>2,192,826</b>	<b>1,870,288</b>	<b>112,060</b>	<b>—</b>	<b>(315,187)</b>	<b>1,667,161</b>	<b>1,667,161</b>
Private:								
30-5201	Ronald M Hubbs Scholarship	7,814	12,262			(10,390)	1,872	1,872
30-5202	UAW—Ford Enhancement	205,842	144,134	61,708			205,842	205,842
30-5911	CET—Fair Parking	18,100	10,466	1,490			11,956	11,956
	No Budget	—	—				—	—
	<b>Total private</b>	<b>231,756</b>	<b>166,862</b>	<b>63,198</b>	<b>—</b>	<b>(10,390)</b>	<b>219,670</b>	<b>219,670</b>
	<b>Total community service fully financed</b>	<b>\$ 7,630,694</b>	<b>5,035,099</b>	<b>1,115,376</b>	<b>—</b>	<b>(334,486)</b>	<b>5,815,989</b>	<b>5,814,989</b>

See accompanying independent auditors' report.