

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

District Financial Statements

June 30, 2005

(With Independent Auditors' Report Thereon)

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

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**KPMG LLP**  
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90 South Seventh Street  
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## **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, 2005, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2005, and the respective changes in financial position and, where applicable, cash flows 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, 2005 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 13 and 45 through 46 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, 2005 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, 2005. 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, 2004 (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, 2005

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

Management's Discussion and Analysis

June 30, 2005

**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, 2005. It should be read in conjunction with SPPS's financial statements. The intent of this management's discussion and analysis is to look at SPPS's financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of SPPS's financial performance.

**Financial Highlights**

Key financial highlights for 2005 are as follows:

On the district-wide financial statements:

- Total net assets of SPPS decreased from \$166.0 million in fiscal year 2004 to \$159.1 million in fiscal year 2005, a decrease of \$6.9 million, or 4.2%.
- Total revenue decreased \$11.2 million from \$557.8 million in fiscal year 2004 to \$546.6 million in fiscal year 2005, or 2.0%.
- Total expenses increased \$4.6 million from \$548.9 million in fiscal year 2004 to \$553.5 million in fiscal year 2005, or 0.8%.
- The District retired \$50.3 million of outstanding long-term debt.
- The District issued \$54.4 million of general obligation bonds: \$25.3 million of general obligation bonds for the renovation, deferred maintenance and improvement of facilities, and \$29.1 million of general obligation refunding bonds to retire previously issued general obligation bonds.

On the fund financial statements:

- The ending fund balance of all governmental funds of SPPS decreased from \$102.3 million in fiscal year 2004 to \$100.0 million in fiscal year 2005, a decrease of \$2.3 million, or 2.2%.
- The capital project fund balance increased by \$7.3 million, going from \$21.7 million in fiscal year 2004 to \$29.0 million in fiscal year 2005. This increase is due to the fact that a significant portion of the \$25.3 million of bonds issued during the year remained unspent as of June 30, 2005.
- The debt service fund balance decreased from \$11.5 million in fiscal year 2004 to \$7.7 million in fiscal year 2005. This decrease of \$3.8 million is due to the payoff of previously issued general obligation bonds. The proceeds to pay off this debt were part of the June 30, 2004 fund balance.
- The general fund balance decreased by \$5.9 million, going from \$62.4 million in fiscal year 2004 to \$56.5 million in fiscal year 2005. The general fund unreserved undesignated fund balance accounted for \$1.9 million of the \$5.9 million decrease.

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

Management's Discussion and Analysis

June 30, 2005

**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.

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 (see Figure A-1).

- 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 nonfinancial factors such as changes in the District's property tax base, enrollment changes, legislative changes, and the condition of school buildings and other facilities.

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Management's Discussion and Analysis

June 30, 2005

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 (see Figure A-2).

<b>Figure A-1</b>			
<b>Net assets</b>			
<i>(In millions)</i>			
	<b>Governmental activities</b>		
	<b>2005</b>	<b>2004</b>	<b>% Change</b>
Current assets	\$ 209.5	197.9	5.9%
Other noncurrent assets	32.2	24.9	29.3%
Capital assets, net	362.9	362.5	0.1%
Total assets	<u>\$ 604.6</u>	<u>585.3</u>	<u>3.3%</u>
Current liabilities	\$ 173.1	149.9	15.5%
Long-term liabilities	272.4	269.4	1.1%
Total liabilities	<u>\$ 445.5</u>	<u>419.3</u>	<u>6.2%</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 99.0	93.1	6.3%
Restricted for:			
Debt service fund	7.7	11.5	(33.0%)
Capital projects fund	5.0	6.9	(27.5%)
Other activities	26.7	28.5	(6.3%)
Unrestricted	20.7	26.0	(20.4%)
Total net assets	<u>\$ 159.1</u>	<u>166.0</u>	<u>(4.2%)</u>

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SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2005

- **Total assets** increased due to increases in both current and noncurrent assets.
- **Current assets** increased due primarily to short-term borrowing of \$20.0 million.
- **Noncurrent assets** increased mainly due to unspent funds from the issuance of \$25.3 million in general obligation bonds.
- **Current liabilities** increased due primarily to not paying back the \$20 million of short-term borrowing until the following year.
- **Long-term obligation** increased primarily due to the issuance of \$25.3 million in general obligation bonds.

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SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2005

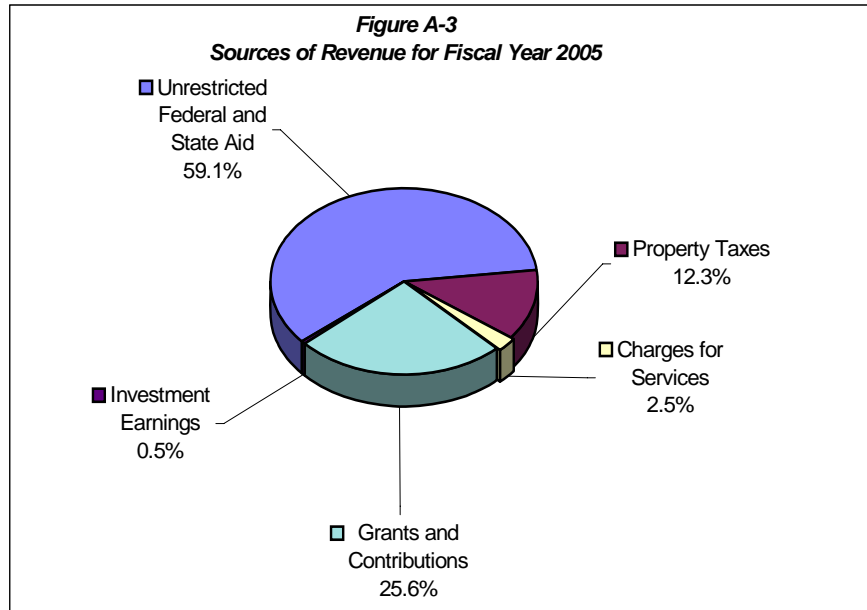
<b>Figure A-2</b>			
<b>Change in net assets</b>			
<i>(In millions)</i>			
	<b>Governmental Activities</b>		
	<b>2005</b>	<b>2004</b>	<b>% Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 13.9	11.8	17.8 %
Operating grants and contributions	140.1	143.7	(2.5)%
Total program revenues	154.0	155.5	(1.0)%
General revenues:			
Property taxes levied for general purposes	38.6	42.8	(9.8)%
Property taxes levied for debt services	25.1	25.3	(0.8)%
Property taxes levied for community service	3.5	5.3	(34.0)%
Federal and state aid not restricted to specific purposes	323.1	327.6	(1.4)%
Investment earnings	2.3	1.3	76.9 %
Total general revenues	392.6	402.3	(2.4)%
Total revenues	546.6	557.8	(2.0)%
<b>Expenses:</b>			
Instruction	348.7	347.6	0.3 %
Support services:			
Pupil support	61.3	60.2	1.8 %
District administration	17.2	17.2	0.0 %
Sites and buildings	47.3	46.1	2.6 %
Instructional support	30.8	28.6	7.7 %
District support	12.0	11.8	1.7 %
Community education services	21.8	22.3	(2.2)%
Interest and fiscal costs on long-term debt	14.4	15.1	(4.6)%
Total expenses	553.5	548.9	0.8 %
Change in net assets	\$ (6.9)	8.9	(177.5)%

**Revenues:** SPPS' total revenues were \$546.6 million for the year ended June 30, 2005. Federal and state aid and property taxes accounted for 71% of total revenue for the year (see Figure A-3). Another 26% came from grants and contributions, and 3% from charges for services and investment earnings. As a percentage of the total revenue, property tax revenue decreased by 1% from 13% of revenue in fiscal year 2004 to 12% in fiscal year 2005, and federal and state aid remained the same at 59%.

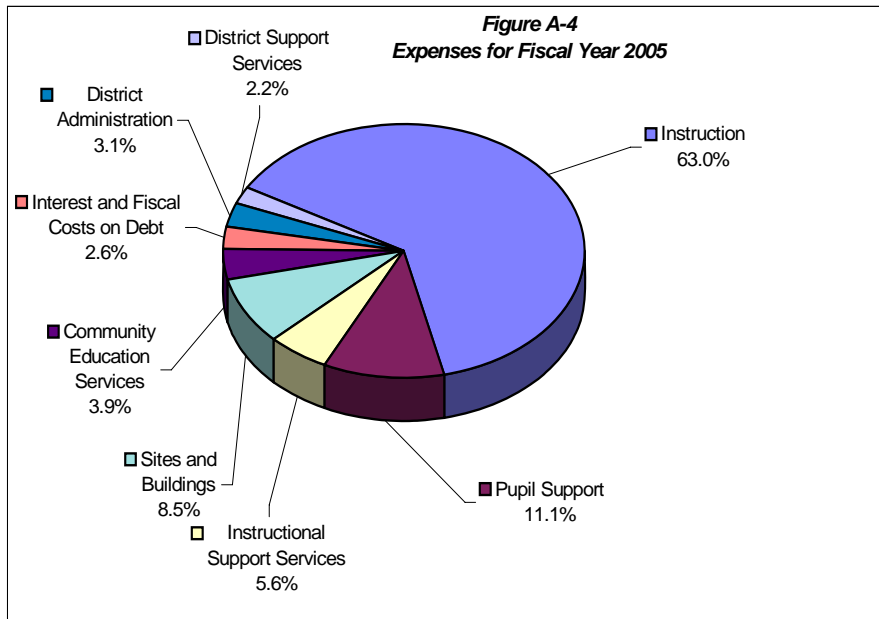
**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

Management's Discussion and Analysis

June 30, 2005



**Expenses:** The total cost of all programs and services was \$553.5 million. The District's expenses for classroom instruction and caring for students is 80%, which consists of the following three program areas: instruction, instructional support, and pupil support. The District's administration activities account for just 3% of total costs. Employees' salaries and related benefits account for the vast majority of costs.



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Management's Discussion and Analysis

June 30, 2005

**Capital Assets**

At June 30, 2005, SPPS had \$362.9 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) \$0.4 million or an increase of 0.1%.

<b>Figure A-5</b>			
<b>Capital assets</b>			
<i>(Net of depreciation in millions)</i>			
	<b>Governmental activities</b>		
	<b>2005</b>	<b>2004</b>	<b>% Change</b>
Land	\$ 26.0	26.0	0.0 %
Land improvements	11.9	9.5	25.3 %
Buildings	325.5	317.9	2.4 %
Building improvements	155.1	142.9	8.5 %
Equipment	11.0	10.6	3.8 %
Construction in progress	7.8	16.8	(53.6)%
Total	537.3	523.7	2.6 %
Less accumulated depreciation	(174.4)	(161.2)	8.2 %
Total capital assets, net	\$ 362.9	362.5	0.1 %

Capital assets increased due to major additions and/or capital repairs to existing buildings. No new buildings were started or built during fiscal year 2005.

**Long-term Debt**

As of June 30, 2005, SPPS had \$289.0 million in general obligation bonds and other long-term debt outstanding, which represents an increase of \$4.0 million, or 1.4 %, from last year.

<b>Figure A-6</b>			
<b>Outstanding long-term debt</b>			
<i>(In millions)</i>			
	<b>Governmental activities</b>		
	<b>2005</b>	<b>2004</b>	<b>% Change</b>
General obligation bonds	\$ 220.0	211.2	4.2 %
Certificates of participation	68.7	73.3	(6.3)%
Note payable	0.3	0.4	(25.0)%
Capital lease payable	—	0.1	(100.0)%
	\$ 289.0	285.0	1.4 %

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

Management's Discussion and Analysis

June 30, 2005

During fiscal year 2005, SPPS retired \$6.425 million of 1995B general obligation capital bonds, \$7.1 million of 1995B general obligation alternative facility bonds, \$6.3 million of 1996A general obligation general bonds, \$7.6 million of 1995A general obligation alternative facility bonds, and \$7.7 million of 1997A general obligation alternative facility bonds. The proceeds to retire the debt came from a fiscal year 2005 issuance of \$29.1 million in general obligation refunding bonds and the remainder was funded by cash from the District's accumulated fund balance in the Debt Service Fund. The District also retired \$10.5 million of general obligation bonds and \$4.7 million of certificates of participation. In addition to the \$29.1 million of general obligation refunding bonds, the District issued \$25.3 million in new general obligation bonds in fiscal year 2005.

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.

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

Management's Discussion and Analysis

June 30, 2005

**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, 2005. It also depicts the amount and percentage increases and decreases in relation to prior year revenues and other financing sources.

<b>Figure A-7</b>			
<b>Revenues and Other Financing Sources</b>			
<i>(In millions)</i>			
<b>Local sources</b>	<b>2005</b>	<b>2004</b>	<b>% Change</b>
Property taxes	\$ 67.6	73.5	(8.0)%
County and other	20.1	18.0	11.7 %
State aids	394.3	400.4	(1.5)%
Federal aids	59.3	61.0	(2.8)%
Investment earnings	2.2	0.9	144.4 %
Sales and conversion of assets	3.5	3.7	(5.4)%
Subtotal	547.0	557.5	(1.9)%
Other financing sources (uses), net	26.3	(12.7)	(307.1)%
Total	\$ 573.3	544.8	5.2 %

Total revenues and other financing sources increased by \$28.5 million, or 5.2%, from the previous year. This is a result of an increase in Other Financing Sources and a decrease in revenue. The increase in Other Financing Sources was primarily due to the District's debt issuances. In fiscal year 2004, the District did not issue any new bonds. The decrease in revenue was mainly a result of lower student enrollment.

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

Management's Discussion and Analysis

June 30, 2005

**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, 2005, and the percentage increase and decrease in relation to prior year amounts.

<b>Figure A-8 Expenditures (In millions)</b>			
	<u>2005</u>	<u>2004</u>	<u>% Change</u>
District administration	\$ 17.2	16.9	1.8 %
District support services	11.4	11.3	0.9 %
Regular instruction	238.2	240.5	(1.0)%
Vocational instruction	3.0	3.1	(3.2)%
Exceptional instruction	96.4	92.3	4.4 %
Community education	21.7	22.1	(1.8)%
Instructional support services	30.7	28.3	8.5 %
Pupil support services	61.0	60.0	1.7 %
Sites, buildings, and equipment	60.7	68.2	(11.0)%
Debt service	35.3	28.3	24.7 %
Total	<u>\$ 575.6</u>	<u>571.0</u>	<u>0.8 %</u>

Total governmental expenditures increased by \$4.6 million, or 0.8%, over the previous year. Sites, buildings, and equipment expenditures are down due to a decrease in capital projects spending. Debt Service expenditures are up due to an increase in the payment of general obligation bonds.

**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, 2005

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.

- In June 2004, the Board adopted a balanced budget for fiscal year 2005 that reflected total resources of \$565.6 million, including \$12.7 million of available fund balance. The adopted General Operating Fund had a balanced budget of \$498.9, including \$5.0 million of general operating fund balance.
- During the year, the District revised its budget to reappropriate fund balances, to adjust for enrollment changes, to adjust for economic and legislative changes, and to accept additional grants. The final General Operating Fund budget has expenditures in excess of revenues by \$14.7 million due to using fund balance and reappropriating June 30, 2004 reserved and designated fund balances.
- Actual General Operating Fund revenues and expenditures were under budget mainly due to unspent federal grants. These grants normally carry over to the next grant year.

**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**

Statement of Net Assets

June 30, 2005

Assets	Governmental activities
Current assets:	
Cash and short-term investments	\$ 64,895,447
Cash with fiscal agent	2,053,883
Taxes receivable, net	44,442,598
Due from other governmental units	90,487,569
Other receivables	4,031,176
Inventories	1,766,295
Prepaid expenses	1,730,278
Interest receivable	123,999
Total current assets	<u>209,531,245</u>
Noncurrent assets:	
Facility and renovation funds	29,704,207
Bond issuance costs	903,876
Unamortized bond discounts, net of premiums	1,608,103
Capital assets	537,261,944
Less accumulated depreciation	<u>(174,410,524)</u>
Total noncurrent assets	<u>395,067,606</u>
Total assets	<u>\$ 604,598,851</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 11,866,840
Accrued expense	41,307,325
Aid anticipation certificate payable	19,942,011
Compensated absences	13,704,465
Due to other governmental units	3,829,878
Amounts held for school activities	2,521,702
Deferred revenue – property tax	57,772,574
Deferred revenue – other	5,499,879
Long-term obligations	16,648,845
Total current liabilities	<u>173,093,519</u>
Noncurrent liabilities:	
Unamortized bond premiums	919,141
Long-term obligations	<u>271,510,667</u>
Total noncurrent liabilities	<u>272,429,808</u>
Total liabilities	<u>\$ 445,523,327</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 99,014,575
Restricted for:	
Debt Service Fund	7,670,263
Capital Projects	4,980,908
Other activities	26,734,620
Unrestricted	20,675,158
Total net assets	<u>\$ 159,075,524</u>

See accompanying notes to basic financial statements.

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

Statement of Activities

Year ended June 30, 2005

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:				
Elementary and secondary instruction	\$ 249,292,017	343,561	43,060,903	(205,887,553)
Special education instruction	96,379,439	4,752,332	49,826,128	(41,800,979)
Vocational education instruction	3,001,829	—	1,280,361	(1,721,468)
Community education services	21,801,996	5,229,076	11,790,236	(4,782,684)
Sites and buildings	47,237,290	19,884	405,354	(46,812,052)
Instructional support services	30,762,895	55,692	2,243,841	(28,463,362)
Pupil support services	61,284,358	3,524,264	27,627,712	(30,132,382)
District support services	12,015,411	13,901	142,225	(11,859,285)
Administration	17,245,815	—	—	(17,245,815)
Interest and fiscal costs on long-term debt	14,445,143	—	3,750,834	(10,694,309)
Total governmental activities	<u>\$ 553,466,193</u>	<u>13,938,710</u>	<u>140,127,594</u>	<u>(399,399,889)</u>
General revenues:				
Taxes:				
Property taxes levied for general purposes				38,563,876
Property taxes levied for debt services				25,055,276
Property taxes levied for community services				3,445,695
Federal and state aid not restricted to specific purposes				323,141,591
Investment earnings				2,300,264
Subtotal, general revenues				<u>392,506,702</u>
Changes in net assets				(6,893,187)
Net assets, beginning of year				<u>165,968,711</u>
Net assets, end of year				<u>\$ 159,075,524</u>

See accompanying notes to basic financial statements.

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

Balance Sheet  
Governmental Funds  
As of June 30, 2005

Assets	<u>General</u>	<u>Community Service</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Cash and short-term investments (note 2)	\$ 48,994,450	3,037,088	3,011,242	3,169,454	—	58,212,234
Cash with fiscal agent	—	—	—	2,053,883	—	2,053,883
Facility and renovation funds (note 3)	—	—	—	—	29,704,207	29,704,207
Receivables:						
Property taxes	16,048,077	1,387,499	—	27,007,022	—	44,442,598
Due from other governmental units (note 4)	83,899,907	2,908,160	897,807	2,776,695	5,000	90,487,569
Interest	92,676	1,900	3,942	484	14,919	113,921
Other	2,217,135	239,721	—	—	1,574,320	4,031,176
Inventories, principally at cost	867,570	—	898,725	—	—	1,766,295
Prepaid expenses	340,539	12,739	—	1,377,000	—	1,730,278
Total assets	<u>\$ 152,460,354</u>	<u>7,587,107</u>	<u>4,811,716</u>	<u>36,384,538</u>	<u>31,298,446</u>	<u>232,542,161</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 8,559,619	946,350	329,532	—	2,031,339	11,866,840
Accrued expenses	27,504,527	988,014	580,902	—	258,290	29,331,733
Aid anticipation certificates payable	19,942,011	—	—	—	—	19,942,011
Due to other governmental units	3,829,878	—	—	—	—	3,829,878
Amounts held for school activities	2,521,702	—	—	—	—	2,521,702
Deferred revenue:						
Property taxes	28,728,038	2,059,571	—	28,714,275	—	59,501,884
Other	4,833,534	666,345	—	—	—	5,499,879
Total liabilities	<u>95,919,309</u>	<u>4,660,280</u>	<u>910,434</u>	<u>28,714,275</u>	<u>2,289,629</u>	<u>132,493,927</u>
Equity:						
Fund balance (note 7):						
Reserved for:						
Encumbrances	2,947,177	—	—	—	—	2,947,177
Adult Basic Education	—	595,707	—	—	—	595,707
Alternative facilities program	—	—	—	—	4,980,908	4,980,908
Severance pay	2,915,400	—	—	—	—	2,915,400
Retiree health insurance	14,167,648	179,729	387,913	—	—	14,735,290
School readiness	—	351,893	—	—	—	351,893
Community education	—	1,338,055	—	—	—	1,338,055
ECFE	—	464,442	—	—	—	464,442
Bond Refunding	—	—	—	2,053,883	—	2,053,883
Operating capital	3,386,656	—	—	—	—	3,386,656
Inventories and prepaid expenses	1,208,109	12,739	898,725	1,377,000	—	3,496,573
Unreserved:						
Designated for contractual obligations	248,593	—	—	—	—	248,593
Designated for building construction	—	—	—	—	24,027,909	24,027,909
Designated for next year operations	6,677,494	—	—	—	—	6,677,494
Undesignated	24,989,968	(15,738)	2,614,644	4,239,380	—	31,828,254
Total fund balances	<u>56,541,045</u>	<u>2,926,827</u>	<u>3,901,282</u>	<u>7,670,263</u>	<u>29,008,817</u>	<u>100,048,234</u>
Total liabilities and fund balances	<u>\$ 152,460,354</u>	<u>7,587,107</u>	<u>4,811,716</u>	<u>36,384,538</u>	<u>31,298,446</u>	<u>232,542,161</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, 2005

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

Total fund balances – Governmental Funds		\$ 100,048,234
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental Funds:		
Capital assets	\$ 537,261,944	
Less accumulated depreciation	<u>(174,410,524)</u>	362,851,420
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		1,729,310
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	903,876	
Unamortized Bond and Certificate of Participation discounts	1,608,103	
Unamortized Bond and Certificate of Participation premiums	<u>(919,141)</u>	1,592,838
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 and interest receivable	6,693,291	
Accrued expenses	<u>(6,510,983)</u>	182,308
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	219,990,000	
Certificate of Participation payable	68,678,298	
Deferred charge on refunding	(803,544)	
Note payable	294,758	
Accrued interest on the bonds and certificates	5,464,609	
Compensated absences (vacation expense)	3,985,278	
Special termination benefits payable (severance payment)	<u>9,719,187</u>	<u>(307,328,586)</u>
Net assets of governmental activities		<u>\$ 159,075,524</u>

See accompanying notes to basic financial statements.

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

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

Year ended June 30, 2005

	<u>General</u>	<u>Community Service</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Local sources:						
Property taxes	\$ 39,071,758	3,445,695	61,121	25,055,276	—	67,633,850
County and other	13,092,647	6,846,808	—	129,252	—	20,068,707
State	377,804,784	9,855,678	893,645	5,711,483	—	394,265,590
Federal	41,540,756	3,140,628	14,480,901	—	155,710	59,317,995
Investment earnings	1,160,986	26,986	56,020	364,654	552,276	2,160,922
Sales and conversions of assets	19,485	—	3,517,861	—	—	3,537,346
<b>Total revenues</b>	<u>472,690,416</u>	<u>23,315,795</u>	<u>19,009,548</u>	<u>31,260,665</u>	<u>707,986</u>	<u>546,984,410</u>
<b>Expenditures:</b>						
Current:						
District administration	17,185,972	—	—	—	—	17,185,972
District support	11,425,415	—	—	—	—	11,425,415
Regular instruction	237,270,313	906,917	—	—	—	238,177,230
Vocational instruction	3,009,316	—	—	—	—	3,009,316
Exceptional instruction	96,415,557	—	—	—	—	96,415,557
Community education services	—	21,689,842	—	—	—	21,689,842
Instructional support	30,706,202	—	—	—	—	30,706,202
Pupil support	41,275,058	976,510	18,782,701	—	—	61,034,269
Sites, buildings, and equipment	41,231,086	—	—	—	19,375,613	60,606,699
Debt service:						
Principal payments	—	—	—	21,288,263	—	21,288,263
Interest expense	—	—	—	13,863,174	—	13,863,174
Other debt expense	—	—	—	123,062	64,682	187,744
<b>Total expenditures</b>	<u>478,518,919</u>	<u>23,573,269</u>	<u>18,782,701</u>	<u>35,274,499</u>	<u>19,440,295</u>	<u>575,589,683</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(5,828,503)</u>	<u>(257,474)</u>	<u>226,847</u>	<u>(4,013,834)</u>	<u>(18,732,309)</u>	<u>(28,605,273)</u>
<b>Other financing sources (uses):</b>						
Debt issuances	—	—	—	29,055,000	25,335,000	54,390,000
Premium on debt issuances	—	—	—	123,506	737,163	860,669
Interest on proceeds of refunding bonds	—	—	—	157,600	—	157,600
Payment to refunded bond escrow agent	—	—	—	(29,100,000)	—	(29,100,000)
<b>Total other financing sources</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>236,106</u>	<u>26,072,163</u>	<u>26,308,269</u>
<b>Excess (deficiency) of revenue and other financing sources over (under) expenditures</b>	<u>(5,828,503)</u>	<u>(257,474)</u>	<u>226,847</u>	<u>(3,777,728)</u>	<u>7,339,854</u>	<u>(2,297,004)</u>
Fund balance at beginning of year	62,369,548	3,184,301	3,674,435	11,447,991	21,668,963	102,345,238
Fund balance at end of year	<u>\$ 56,541,045</u>	<u>2,926,827</u>	<u>3,901,282</u>	<u>7,670,263</u>	<u>29,008,817</u>	<u>100,048,234</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, 2005

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

Total net change in fund balances – Governmental Funds		\$ (2,297,004)
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	\$ 13,539,037	
Depreciation expense	<u>(13,149,577)</u>	389,460
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.		
		(569,003)
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	21,288,263	
Payments from refunded bond escrow agent	29,100,000	
Capital lease payable	<u>64,878</u>	50,453,141
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	77,496	
Decrease in accrued compensated absences	894,111	
Amortization of current year bond issuance costs, premiums, and discounts	<u>(1,332,390)</u>	(360,783)
Debt issued provides current financial resources to the Governmental Funds, but increases long-term liabilities in the statement of net assets		
		(54,390,000)
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 change of the Internal Service Fund is reported with governmental activities.		
		<u>(118,998)</u>
Change in net assets of governmental activities		<u>\$ (6,893,187)</u>

See accompanying notes to basic financial statements.

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

Statement of Net Assets

Proprietary Fund

June 30, 2005

		<b>Governmental Activities – Internal Service Fund</b>
	<b>Assets</b>	
Cash and short-term investments		\$ 6,683,213
Interest receivable		10,078
Total assets		<u>\$ 6,693,291</u>
	<b>Liabilities</b>	
Workers' compensation payable		\$ 6,510,983
Total liabilities		<u>6,510,983</u>
	<b>Net Assets</b>	
Net assets		
Unrestricted		<u>182,308</u>
Total net assets		<u>182,308</u>
Total liabilities and net assets		<u>\$ 6,693,291</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, 2005

	<b>Governmental Activities – Internal Service Fund</b>
Operating revenues:	
Insurance service fees	\$ 2,854,981
Investment earnings	143,291
Total operating revenues	<u>2,998,272</u>
Operating expenses:	
Claims expense	<u>3,117,270</u>
Total operating expenses	<u>3,117,270</u>
Change in net assets	(118,998)
Net assets at beginning of year	<u>301,306</u>
Net assets at end of year	<u><u>\$ 182,308</u></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, 2005

	<b>Governmental Activities – Internal Service Fund</b>
Cash flows from operating activities:	
Received from assessments made to other funds	\$ 2,854,981
Investment earnings	133,213
Workers' compensation payments	<u>(2,854,981)</u>
Net cash provided by operating activities	133,213
Cash at beginning of year	<u>6,550,000</u>
Cash at end of year	\$ <u><u>6,683,213</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (118,998)
Adjustment to reconcile net operating loss to net cash provided by operating activities:	
Changes in assets and liabilities:	
Interest receivable	(10,078)
Workers' compensation payable	<u>262,289</u>
Net cash provided by operating activities	\$ <u><u>133,213</u></u>

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

June 30, 2005

**(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, 2005

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, 2005

**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, 2005

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 delinquent 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 2005 property taxes from Ramsey County:

May 25, 2005	First half advance of estimated May property tax collections
June 6, 2005	Second half advance of estimated May property tax collections
July 5, 2005	Final May tax settlement
October 26, 2005	First half advance of estimated October property tax collections
November 4, 2005	Second half advance of estimated October property tax collections
December 1, 2005	Final October settlement
January 25, 2006	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, 2005

reinstated the old property tax shift for taxes payable in 2004 and future years. 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 2005 property taxes is recorded as deferred revenue since the property tax levy collectible in 2005 is intended to finance the subsequent fiscal year. As mandated by legislation, a portion of the property tax levy collectible in 2005, including the TRA benefit levy, is recognized as revenue in fiscal 2005.

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, 2005

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, 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 partially funded through a special levy. Severance pay is recorded as an expenditure when paid.

**(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.

**(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

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

Notes to Basic Financial Statements

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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 2004 amounts have been reclassified to conform to the 2005 amounts.

**(g) New Accounting Pronouncements**

In March 2003, the Governmental Accounting Standards Board (GASB) issued Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. The District implemented Statement No. 40 during the year ended June 30 2005. As a result of implementing this statement, the District revised the deposit and investment risks disclosures in note 2 to include disclosure of credit risk, concentration of credit risk, and interest rate risk.

In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes accounting and financial reporting standards for impairment of capital assets. The District will implement Statement No. 42 beginning with the year ended June 30, 2006. The District is currently evaluating the impact of adopting Statement No. 42, but does not believe it will result in a change in the reported value of capital assets as of June 30, 2005.

In June 2004, the GASB issued Statement No. 45, *Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. This Statement establishes accounting and financial reporting standards for post-employment benefits. The District is currently evaluating the impact of adopting Statement No. 45. The District will implement GASB Statement No. 46 beginning with the year ended June 30, 2008.

**(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, 2005:

Cash	\$ 7,040,444
Investments	57,855,003
	<hr/>
	\$ 64,895,447
	<hr/>

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

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safekeeping by the District treasurer or in a financial institution other than that furnishing the collateral. 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.

At June 30, 2005, the District held commercial paper maturing from July to October 2005 with fair value of \$57,855,003.

*Interest Rate Risk.* The District's investment policy does not limit the maturities of investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* Minnesota statutes authorize the District to invest in the following types of investments:

- (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.

As of June 30, 2005, the District's investments consisting of commercial paper were rated A-1 by Standard & Poor's and P-1 by Moody's Investors Service.

The District places no limit on the amount the District may invest in any one issuer. More than 5% of the District's investments are in the following commercial paper:

<b>Commercial paper</b>	<b>% of total investments</b>
Lafayette Asset Securitization LLC	21.4
Golden Fish LLC	6.2
Asset One Securitization	14.7
Lafayette Asset Securitization LLC	6.0
Rhineland Funding Capital Corporation	34.3

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**(3) Facility and Renovation Funds**

At June 30, 2005, \$29,704,207 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, 2005 consist of the following:

	<u>General</u>	<u>Community service</u>	<u>Food service</u>	<u>Debt service</u>	<u>Building construction</u>	<u>Total</u>
Minnesota Department of Education categorical aid	\$ 75,839,222	1,766,705	240,326	2,707,690	—	80,553,943
Minnesota Department of Education, principally pass-through federal assistance	3,746,969	495,700	656,538	—	—	4,899,207
Tuition reimbursement	2,134,537	—	—	69,005	—	2,203,542
Federal government direct assistance	780,160	138,984	943	—	—	920,087
Other	1,399,019	506,771	—	—	5,000	1,910,790
	<u>\$ 83,899,907</u>	<u>2,908,160</u>	<u>897,807</u>	<u>2,776,695</u>	<u>5,000</u>	<u>90,487,569</u>

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2005 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, 2004	\$ 9,536,753	317,914,106	142,921,233	10,575,705	480,947,797
Additions and transfers in	2,311,743	7,607,196	12,153,326	487,423	22,559,688
Deletions and transfers out	—	—	—	(34,715)	(34,715)
Cost at June 30, 2005	<u>\$ 11,848,496</u>	<u>325,521,302</u>	<u>155,074,559</u>	<u>11,028,413</u>	<u>503,472,770</u>
Capital assets not being depreciated:					
Cost at June 30, 2004			\$ 26,016,335	16,793,490	42,809,825
Additions and transfers in			—	13,051,615	13,051,615
Deletions and transfers out			—	(22,072,266)	(22,072,266)
Cost at June 30, 2005			<u>\$ 26,016,335</u>	<u>7,772,839</u>	<u>33,789,174</u>

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Accumulated depreciation activity for the year ended June 30, 2005 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, 2004	\$ 3,858,648	104,018,853	44,842,297	8,575,864	161,295,662
Additions	534,631	6,184,861	5,857,880	572,205	13,149,577
Deletions	—	—	—	(34,715)	(34,715)
Accumulated depreciation at June 30, 2005	<u>\$ 4,393,279</u>	<u>110,203,714</u>	<u>50,700,177</u>	<u>9,113,354</u>	<u>174,410,524</u>
Capital assets net of accumulated depreciation at June 30, 2005	\$ 7,455,217	215,317,588	104,374,382	1,915,059	329,062,246

Depreciation expense of \$13,149,577 for the year ended June 30, 2005 was charged to the following governmental functions:

Administration	\$ 111,149
District support services	494,050
Elementary and secondary regular instruction	11,870,453
Vocational education instruction	5,866
Special education instruction	163,566
Instructional support services	73,168
Pupil support services	254,102
Sites and buildings	58,516
Community service	118,707
Total depreciation expense	<u>\$ 13,149,577</u>

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Notes to Basic Financial Statements

June 30, 2005

**(6) Long-term Liabilities**

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

During the fiscal year ended June 30, 2005, the following changes occurred in long-term liabilities:

	<b>Balance June 30, 2004</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2005</b>	<b>Due within one year</b>
General obligation bonds	\$ 211,205,000	54,390,000	(45,605,000)	219,990,000	11,395,000
Certificates of participation	73,348,862	—	(4,670,564)	68,678,298	5,141,146
Note payable	407,457	—	(112,699)	294,758	112,699
Less deferred assets on refunding	<u>(819,782)</u>	<u>(71,717)</u>	<u>87,955</u>	<u>(803,544)</u>	<u>—</u>
Total long-term obligations	284,141,537	54,318,283	(50,300,308)	288,159,512	16,648,845
Capital lease payable	64,879	—	(64,879)	—	—
Severance pay	11,215,005	529,636	(2,025,454)	9,719,187	9,719,187
Vacation pay	<u>3,383,570</u>	<u>4,521,372</u>	<u>(3,919,665)</u>	<u>3,985,277</u>	<u>3,985,277</u>
	<u>\$ 298,804,991</u>	<u>59,369,291</u>	<u>(56,310,306)</u>	<u>301,863,976</u>	<u>30,353,309</u>

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

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June 30, 2005

**(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, 2005 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, 2005</u>
4/1/1996	2/1/2013	3.5%–5.25%	\$ 17,675,000	11,475,000
3/1/1998	3/1/2019	4.3%–5.125%	11,000,000	9,000,000
8/1/1998	2/1/2019	4.5%–5.75%	15,000,000	12,200,000
5/1/1999	2/1/2018	4.25%–5.0%	11,000,000	8,025,000
11/1/1999	2/1/2020	5.125%–6.0%	15,000,000	11,230,000
8/1/2000	2/1/2021	5.0%–6.0%	15,000,000	13,585,000
8/1/2000	2/1/2021	5.0%–6.0%	11,000,000	9,965,000
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	4,085,000
8/1/2001	2/1/2021	4.0%–5.0%	15,000,000	12,515,000
8/1/2002	2/1/2023	3.0%–5.0%	11,000,000	10,410,000
8/1/2002	2/1/2023	3.0%–5.0%	15,000,000	14,250,000
8/1/2002	2/1/2014	3.0%–4.0%	6,815,000	5,430,000
8/1/2002	2/1/2015	3.0%–4.2%	13,440,000	12,335,000
3/31/2003	2/1/2024	3.0%–4.5%	11,000,000	10,615,000
3/31/2003	2/1/2024	3.5%–4.5%	15,000,000	14,480,000
12/1/2004	2/1/2025	3.0%–5.0%	25,335,000	25,335,000
12/1/2004	2/1/2017	3.0%–4.0%	29,055,000	29,055,000
			<u>\$ 248,320,000</u>	<u>219,990,000</u>

The District's legal debt limit is 15% of the fair market value of the property within the District, totaling \$3,894,687,698 at June 30, 2005. The District's legal debt margin at June 30, 2005 is \$3,644,035,043.

At June 30, 2005, \$75,325,000 of defeased general obligation debt is outstanding.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
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Notes to Basic Financial Statements

June 30, 2005

**(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 have been recorded as long-term debt issued for capital projects in the financial statements. Certificates of participation outstanding at June 30, 2005 include:

<u>Date of issue</u>	<u>Date of final maturity</u>	<u>Coupon rate percentage</u>	<u>Amount of original issue</u>	<u>Certificates outstanding</u>
2/1/1990	2/1/2010	5.9%–7.1%	\$ 23,148,543	4,917,745
2/1/1993	2/1/2013	5.7%–6.375%	4,000,000	2,170,000
1/7/1993	1/1/2017	5.4%–6.35%	5,603,508	3,235,553
7/1/1995	8/1/2016	5.125%–6.125%	30,000,000	20,975,000
8/1/1997	2/1/2018	4.65%–5.625%	16,100,000	12,500,000
5/1/1999	2/1/2019	4.25%–5.125%	15,000,000	11,300,000
8/1/2002	2/1/2015	2.5%–4.2%	16,760,000	13,580,000
			<u>\$ 110,612,051</u>	<u>68,678,298</u>

**(c) Minimum Debt Service Payments**

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

	<u>Bonds</u>		<u>Certificates</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending June 30:						
2006	\$ 11,395,000	9,833,139	5,141,146	4,636,141	16,536,146	14,469,280
2007	12,155,000	9,053,596	5,258,173	4,530,268	17,413,173	13,583,864
2008	12,620,000	8,582,360	5,411,738	4,404,821	18,031,738	12,987,181
2009	13,145,000	8,082,460	5,515,484	4,257,372	18,660,484	12,339,832
2010	13,805,000	7,559,705	5,702,982	4,095,720	19,507,982	11,655,425
2011–2015	77,185,000	28,715,620	31,169,668	17,313,482	108,354,668	46,029,102
2016–2020	55,060,000	13,607,810	10,479,107	2,266,731	65,539,107	15,874,541
2021–2025	24,625,000	2,702,635	—	—	24,625,000	2,702,635
	<u>\$ 219,990,000</u>	<u>88,137,325</u>	<u>68,678,298</u>	<u>41,504,535</u>	<u>288,668,298</u>	<u>129,641,860</u>

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Notes to Basic Financial Statements

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
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
	<u>\$ 294,758</u>	<u>30,213</u>	<u>324,971</u>

**(e) General Obligation Aid Anticipation Certificate of Participation Bonds Issued**

During fiscal year 2005, the District issued \$19,704,336 in General Obligation Aid Anticipation Certificate of Participation, Series 2004A, under the Minnesota Tax and Aid Anticipation Borrowing Program. The proceeds are reported as a liability of the general fund and mature in September 2005.

During fiscal year 2005, the District issued \$25,335,000 in General Obligation School Building Bonds, Series 2004B. The proceeds will be used to finance various deferred maintenance and repairs, health and safety projects, handicapped accessibility projects, and acquisition and betterment of school facilities.

During fiscal year 2005, the District also issued \$29,055,000 in General Obligation Refunding Bonds, Series 2004C. The proceeds were used to finance a refunding of 1995B general obligation capital bonds, 1995B general obligation alternative facility bonds, 1996A general obligation capital bonds, 1996A general obligation alternative facility bonds, and 1997A general obligation alternative facility bonds. The proceeds were deposited in the cash with fiscal agent account until the refunding date of February 2005, at which time the District combined them with accumulated fund balance in the Debt Service fund and paid off the outstanding debt.

**(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.

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At June 30, 2005, the District has recorded reserves of fund balances for the following purposes:

	<b>Reserved</b>	<b>“Reserve” account deficit</b>
General Fund:		
Reserved for encumbrances	\$ 2,947,177	—
Reserved for severance pay	2,915,400	—
Reserved for retired health insurance	14,167,648	—
Health and safety “reserve” account deficit	—	(345,914)
Reserved for operating capital	3,386,656	—
Reserved for inventories and prepaids	1,208,109	—
Total General Fund	24,624,990	(345,914)
Community Service Fund:		
Reserved for retiree health insurance	179,729	—
Reserved for adult basic education	595,707	—
Reserved for community education programs	1,338,055	—
Reserved for early childhood family education programs	464,442	—
Reserved for school readiness	351,893	—
Reserved for prepaid expenses	12,739	—
Total Community Service Fund	2,942,565	—
Food Service Fund:		
Reserved for retiree health insurance	387,913	—
Reserved for inventories	898,725	—
Total Food Service Fund	1,286,638	—
Debt Service:		
Reserved for inventory and prepaids	1,377,000	—
Reserved for bond refundings	2,053,883	—
Total Debt Service Fund	3,430,883	—
Capital Projects Fund:		
Reserved for alternative facilities program	4,980,908	—
Total all funds	\$ 37,265,984	(345,914)

**(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 reserve for inventory of \$1,766,295 on the combined balance sheet in accordance with generally accepted accounting principles.

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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 \$1,730,278 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 retired 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 \$10,274,845 in 2005 and \$8,988,482 in 2004.

The District also has recorded the total estimated liability of \$9,719,187 for severance pay. Eligible employees may receive up to \$22,500 in severance pay for unused sick leave as more fully explained in note 1(d)(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 expenditures not exceed like expenditures for pupils enrolled in each respective district's own educational programming, excluding capital expenditure aid, referendum revenue, and intradistrict

**INDEPENDENT SCHOOL DISTRICT NO. 625  
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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**

The District is a member of the East Metro Integration District (District 6067) which includes ten 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 2005.

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>2005</b>	<b>2004</b>
Estimated liability at beginning of year	\$ 6,248,694	6,600,382
Increased claims (including IBNR)	3,117,269	2,052,520
Administrative payments	(130,442)	(146,165)
Claim payments	(2,724,538)	(2,258,043)
Estimated liability at end of year	\$ 6,510,983	6,248,694

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.

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**(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 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.

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 ten 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, 2005

**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	\$ 4,868,778	\$ 27,166,076
Contributions made	\$ 4,722,715	\$ 26,351,094
Actuarial valuation date	July 1, 2004	July 1, 2004
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	17 years	17 years
Asset valuation method	Market value, adjusted for amortization obligations receivable at end of each fiscal year, less a percentage of unrecognized Asset return determined at close of each of the four preceding fiscal years.	Market value, adjusted for amortization obligations receivable at end of each fiscal year, less a percentage of unrecognized Asset return determined at close of each of the four preceding fiscal years.
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%

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

Notes to Basic Financial Statements

June 30, 2005

**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, 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
	June 30, 2005	4,868,778	97%	146,063
Coordinated Plan	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
	June 30, 2005	27,166,076	97%	814,982

**Schedule of Funding Progress (unaudited)**

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

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) – entry age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded ratio (a/b)</u>	<u>Annual covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b-a)/c)</u>
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%
July 1, 2004	898,860	1,251,460	352,600	71.82%	221,685	159.05%

**(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.

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

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

Notes to Basic Financial Statements

June 30, 2005

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 ten 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 ten 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 beginning at age 55.

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, 2005, 2004, and 2003 were \$4,791,725, \$4,677,887, and \$4,579,006, respectively, equal to the contractually required contributions for each year as set by State Statute.

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

Notes to Basic Financial Statements

June 30, 2005

**(13) Subsequent Event**

On October 18, 2005, the District approved issuance of \$26,000,000 and \$46,540,000 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, 2005

	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	\$ 37,246,059	41,228,594	39,071,758	3,487,835	3,473,372	3,445,695	—	—	61,121
County and other	6,159,990	13,843,587	13,092,647	5,671,976	6,853,743	6,846,808	—	—	—
State	378,765,687	378,246,502	377,804,784	8,502,464	9,726,236	9,855,678	765,000	765,000	893,645
Federal	33,908,248	47,532,780	41,540,756	2,421,745	3,923,337	3,140,628	12,854,000	12,854,000	14,480,901
Investment earnings	336,164	413,492	1,160,986	—	—	26,986	—	—	56,020
Sales and conversions of assets	14,800	15,100	19,485	—	—	—	3,740,000	3,740,000	3,517,861
Total revenues	<u>456,430,948</u>	<u>481,280,055</u>	<u>472,690,416</u>	<u>20,084,020</u>	<u>23,976,688</u>	<u>23,315,795</u>	<u>17,359,000</u>	<u>17,359,000</u>	<u>19,009,548</u>
Expenditures:									
Current:									
District administration	17,089,401	17,625,586	17,185,972	—	—	—	—	—	—
District support	11,102,831	12,250,152	11,425,415	—	—	—	—	—	—
Regular instruction	230,578,896	247,416,659	237,270,313	500,000	1,075,928	906,917	—	—	—
Vocational instruction	919,270	2,749,895	3,009,316	—	—	—	—	—	—
Exceptional instruction	92,292,712	96,793,573	96,415,557	—	—	—	—	—	—
Community education services	—	—	—	19,966,303	22,892,302	21,689,842	—	—	—
Instructional support	27,397,815	32,685,455	30,706,202	—	—	—	—	—	—
Pupil support services	39,600,910	42,330,701	41,275,058	573,400	964,141	976,510	17,359,000	17,359,000	18,782,701
Capital outlay:									
Site, buildings, and equipment	41,481,915	43,125,426	41,231,086	—	—	—	—	—	—
Total expenditures	<u>460,463,750</u>	<u>494,977,447</u>	<u>478,518,919</u>	<u>21,039,703</u>	<u>24,932,371</u>	<u>23,573,269</u>	<u>17,359,000</u>	<u>17,359,000</u>	<u>18,782,701</u>
Excess (deficiency) of revenues over (under) expenditures	(4,032,802)	(13,697,392)	(5,828,503)	(955,683)	(955,683)	(257,474)	—	—	226,847
Fund balances at beginning of year			<u>62,369,548</u>			<u>3,184,301</u>			<u>3,674,435</u>
Fund balances at end of year			<u>\$ 56,541,045</u>			<u>2,926,827</u>			<u>3,901,282</u>

See accompanying notes to required supplementary information.

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

Notes to Required Supplementary Information

June 30, 2005

**Budgetary Information**

The budget for the General Fund, Community Service, and Food Service Special Revenue Funds 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 required supplementary information:

- 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 \$28,741,775 and \$38,406,365, 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, 2005

(With comparative totals for June 30, 2004)

Assets	<b>General Fund Accounts</b>	<b>Fully Financed General Fund Accounts</b>	<b>Totals</b>	
			<b>2005</b>	<b>2004</b>
Cash and short-term investments	\$ 59,293,280	(10,298,830)	48,994,450	3,903,441
Receivables:				
Property taxes	16,048,077	—	16,048,077	20,245,680
Due from other governmental units	69,047,711	14,852,196	83,899,907	109,398,512
Interest	92,676	—	92,676	—
Other	1,346,071	871,064	2,217,135	946,736
Inventories, principally at cost	867,570	—	867,570	1,341,124
Prepaid expenses	298,118	42,421	340,539	413,617
Total assets	\$ 146,993,503	5,466,851	152,460,354	136,249,110
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable	\$ 6,907,895	1,651,724	8,559,619	10,480,260
Accrued expenses	26,125,205	1,379,322	27,504,527	23,685,746
Aid anticipation certificates payable	19,942,011	—	19,942,011	—
Due to other governmental units	3,825,330	4,548	3,829,878	4,371,706
Amounts held for school activities	2,521,702	—	2,521,702	2,350,510
Deferred revenue:				
Property taxes	28,728,038	—	28,728,038	29,408,994
Other	2,402,277	2,431,257	4,833,534	3,582,346
Total liabilities	90,452,458	5,466,851	95,919,309	73,879,562
Fund balance:				
Reserved for:				
Encumbrances	2,947,177	—	2,947,177	3,243,561
Severance pay	2,915,400	—	2,915,400	2,916,671
Retiree health insurance	14,167,648	—	14,167,648	12,678,092
Area Learning Center	—	—	—	2,030,899
Reemployment	—	—	—	47,084
Operating capital	3,386,656	—	3,386,656	4,075,726
Inventories and prepaid expenses	1,165,688	42,421	1,208,109	1,754,741
Unreserved:				
Designated for contractual obligations	248,593	—	248,593	188,283
Designated for next year operations	6,677,494	—	6,677,494	8,507,743
Undesignated	25,032,389	(42,421)	24,989,968	26,926,748
Total fund balance	56,541,045	—	56,541,045	62,369,548
Total liabilities and fund balance	\$ 146,993,503	5,466,851	152,460,354	136,249,110

See accompanying independent auditors' report.

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

General Fund Accounts

Balance Sheet

June 30, 2005

(With comparative totals for June 30, 2004)

<b>Assets</b>	<b>2005</b>	<b>2004</b>
Cash and short-term investments	\$ 59,293,280	16,058,946
Receivables:		
Property taxes	16,048,077	20,245,680
Due from other governmental units	69,047,711	90,125,360
Interest	92,676	—
Other	1,346,071	352,157
Inventories, principally at cost	867,570	1,341,124
Prepaid expenses	298,118	404,242
	<b>\$ 146,993,503</b>	<b>128,527,509</b>
	<b>\$ 146,993,503</b>	<b>128,527,509</b>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 6,907,895	8,204,694
Accrued expenses	26,125,205	20,922,731
Aid anticipation certificates payable	19,942,011	—
Due to other governmental units	3,825,330	4,340,401
Amounts held for school activities	2,521,702	2,350,510
Deferred revenue:		
Property taxes	28,728,038	29,408,994
Other	2,402,277	930,631
	<b>90,452,458</b>	<b>66,157,961</b>
	<b>90,452,458</b>	<b>66,157,961</b>
Fund balance:		
Reserved for:		
Encumbrances	2,947,177	3,243,561
Severance pay	2,915,400	2,916,671
Retiree health insurance	14,167,648	12,678,092
Area Learning Center	—	2,030,899
Operating capital	3,386,656	4,075,726
Reemployment	—	47,084
Inventories and prepaid expenses	1,165,688	1,745,366
Unreserved:		
Designated for contractual obligations	248,593	188,283
Designated for next year operations	6,677,494	8,507,743
Undesignated	25,032,389	26,936,123
	<b>56,541,045</b>	<b>62,369,548</b>
	<b>56,541,045</b>	<b>62,369,548</b>
Total fund balance	<b>\$ 146,993,503</b>	<b>128,527,509</b>
Total liabilities and fund balance	<b>\$ 146,993,503</b>	<b>128,527,509</b>

See accompanying independent auditors' report.

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

Fully Financed General Fund Accounts

Balance Sheet

June 30, 2005

(With comparative totals for June 30, 2004)

<b>Assets</b>	<b>2005</b>	<b>2004</b>
Cash and short-term investments	\$ (10,298,830)	(12,155,505)
Receivables:		
Due from other governmental units	14,852,196	19,273,152
Other	871,064	594,579
Prepaid expenses	42,421	9,375
Total assets	\$ 5,466,851	7,721,601
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 1,651,724	2,275,566
Accrued expenses	1,379,322	2,763,015
Due to other governmental units	4,548	31,305
Deferred revenue	2,431,257	2,651,715
Total liabilities	5,466,851	7,721,601
Fund balance:		
Reserved for:		
Prepaid expenses	42,421	9,375
Unreserved:		
Undesignated	(42,421)	(9,375)
Total fund balance	—	—
Total liabilities and fund balance	\$ 5,466,851	7,721,601

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, 2005

(With comparative totals for the year ended June 30, 2004)

	General Fund Accounts	Fully Financed General Fund Accounts	Totals	
			2005	2004
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 39,071,758	—	39,071,758	42,926,775
County and other	9,487,605	3,605,042	13,092,647	10,681,334
State	373,565,040	4,239,744	377,804,784	383,173,149
Federal	1,017,035	40,523,721	41,540,756	43,051,947
Investment earnings	1,160,986	—	1,160,986	458,177
Sales and conversions of assets	19,485	—	19,485	15,260
<b>Total revenues</b>	<b>424,321,909</b>	<b>48,368,507</b>	<b>472,690,416</b>	<b>480,306,642</b>
<b>Expenditures:</b>				
Current:				
District administration	16,831,934	354,038	17,185,972	16,889,712
District support	11,315,957	109,458	11,425,415	11,264,783
Regular instruction	208,346,373	28,923,940	237,270,313	240,112,052
Vocational instruction	2,411,289	598,027	3,009,316	3,125,117
Exceptional instruction	83,900,404	12,515,153	96,415,557	92,279,511
Instructional support	27,590,228	3,115,974	30,706,202	28,335,534
Pupil support services	38,590,668	2,684,390	41,275,058	41,199,924
Capital outlay:				
Sites, building, and equipment	41,163,559	67,527	41,231,086	38,888,584
<b>Total expenditures</b>	<b>430,150,412</b>	<b>48,368,507</b>	<b>478,518,919</b>	<b>472,095,217</b>
(Deficiency) excess of revenues (under) over expenditures	(5,828,503)	—	(5,828,503)	8,211,425
Fund balance at beginning of year	62,369,548	—	62,369,548	54,158,123
Fund balance at end of year	\$ 56,541,045	—	56,541,045	62,369,548

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, 2005

(With comparative totals for the year ended June 30, 2004)

	<b>2005</b>		<b>2004</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Actual</b>
Revenues:			
Local sources:			
Property taxes	\$ 41,228,594	39,071,758	42,926,775
County and other	8,549,881	9,487,605	7,645,455
State	372,925,199	373,565,040	378,280,351
Federal	387,000	1,017,035	300,904
Interest earnings	413,492	1,160,986	458,177
Sales and conversions of assets	15,100	19,485	15,260
	<u>423,519,266</u>	<u>424,321,909</u>	<u>429,626,922</u>
Total revenues			
Expenditures:			
Current:			
District administration	17,258,551	16,831,934	16,709,529
District support	12,190,290	11,315,957	11,210,389
Regular instruction	213,515,431	208,346,373	208,285,159
Vocational instruction	2,128,621	2,411,289	2,484,892
Exceptional instruction	82,129,731	83,900,404	80,767,499
Instructional support	28,101,180	27,590,228	24,880,241
Pupil support services	38,772,428	38,590,668	38,214,204
Capital outlay:			
Sites, building, and equipment	43,120,426	41,163,559	38,863,584
	<u>437,216,658</u>	<u>430,150,412</u>	<u>421,415,497</u>
Total expenditures			
(Deficiency) excess of revenues over (under) expenditures	<u>\$ (13,697,392)</u>	<u>(5,828,503)</u>	<u>8,211,425</u>
Fund balance at beginning of year		62,369,548	54,158,123
Fund balance at end of year		<u>\$ 56,541,045</u>	<u>62,369,548</u>

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, 2005

(With comparative totals for the year ended June 30, 2004)

	<b>2005</b>		<b>2004</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Actual</b>
Revenues:			
Local sources:			
County and other	\$ 5,293,706	3,605,042	3,035,879
State	5,321,303	4,239,744	4,892,798
Federal	47,145,780	40,523,721	42,751,043
	<u>57,760,789</u>	<u>48,368,507</u>	<u>50,679,720</u>
Total revenues			
Expenditures:			
Current:			
District administration	367,035	354,038	180,183
District support	59,862	109,458	54,394
Regular instruction	33,901,228	28,923,940	31,826,893
Vocational instruction	621,274	598,027	640,225
Exceptional instruction	14,663,842	12,515,153	11,512,012
Instructional support	4,584,275	3,115,974	3,455,293
Pupil support services	3,558,273	2,684,390	2,985,720
Capital outlay			
Sites, building, and equipment	5,000	67,527	25,000
	<u>57,760,789</u>	<u>48,368,507</u>	<u>50,679,720</u>
Total expenditures			
Excess of revenues over expenditures	\$ <u>          —</u>	—	—
Fund balance at beginning of year		—	—
Fund balance at end of year		<u>\$ <u>          —</u></u>	<u>          —</u>

See accompanying independent auditors' report.

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

Community Service Fund

Balance Sheet

June 30, 2005

(With comparative totals for June 30, 2004)

<b>Assets</b>	<b>2005</b>	<b>2004</b>
Cash and short-term investments	\$ 3,037,088	2,129,994
Receivables:		
Property taxes	1,387,499	1,712,567
Due from other governmental units	2,908,160	4,004,149
Interest	1,900	
Other	239,721	138,237
Prepaid expenses	12,739	56,884
Total assets	\$ 7,587,107	8,041,831
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 946,350	1,072,017
Accrued expenses	988,014	1,076,712
Deferred revenue:		
Property taxes	2,059,571	2,107,097
Other	666,345	601,704
Total liabilities	4,660,280	4,857,530
Fund balance:		
Reserve for:		
Encumbrances	—	339,451
Adult Basic Education	595,707	565,824
Retiree health insurance	179,729	138,960
School readiness	351,893	293,939
Community education	1,338,055	821,723
ECFE	464,442	1,006,945
Prepaid expenses	12,739	56,884
Unreserved:		
Undesignated	(15,738)	(39,425)
Total fund balance	2,926,827	3,184,301
Total liabilities and fund balance	\$ 7,587,107	8,041,831

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, 2005

(With comparative totals for year ended June 30, 2004)

	<b>2005</b>	<b>2004</b>
Revenues:		
Local sources:		
Property taxes	\$ 3,445,695	5,266,909
County and other	6,846,808	6,358,733
State	9,855,678	9,819,082
Federal	3,140,628	2,823,079
Investment earnings	26,986	25,434
Total revenues	23,315,795	24,293,237
Expenditures:		
Current:		
Regular instruction	906,917	384,060
Community education services	21,689,842	22,097,902
Pupil support	976,510	966,948
Total expenditures	23,573,269	23,448,910
(Deficiency) excess of revenues (under) over expenditures	(257,474)	844,327
Fund balance at beginning of year	3,184,301	2,339,974
Fund balance at end of year	\$ 2,926,827	3,184,301

See accompanying independent auditors' report.

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

Food Service Fund

Balance Sheet

June 30, 2005

(With comparative figures for June 30, 2004)

<b>Assets</b>	<b>Food Service</b>	
	<b>2005</b>	<b>2004</b>
Cash and short-term investments	\$ 3,011,242	2,968,959
Receivables:		
Due from other governmental units	897,807	680,175
Interest	3,942	—
Other	—	18,765
Inventories, principally at cost	898,725	952,871
Total assets	\$ 4,811,716	4,620,770
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 329,532	425,812
Accrued expenses	580,902	520,523
Total liabilities	910,434	946,335
Fund balance:		
Reserve for:		
Retiree health insurance	387,913	367,826
Inventories	898,725	952,871
Unreserved:		
Undesignated	2,614,644	2,353,738
Total fund balance	3,901,282	3,674,435
Total liabilities and fund balance	\$ 4,811,716	4,620,770

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, 2005

(With comparative totals for year ended June 30, 2004)

	<u>2005</u>	<u>2004</u>
Revenues:		
Local sources:		
Property taxes	\$ 61,121	48,766
State	893,645	950,886
Federal	14,480,901	13,869,032
Sales and conversion of assets	3,517,861	3,640,969
Investment earnings	56,020	23,068
Total revenues	<u>19,009,548</u>	<u>18,532,721</u>
Expenditures:		
Current:		
Pupil support	<u>18,782,701</u>	<u>17,789,835</u>
Total expenditures	<u>18,782,701</u>	<u>17,789,835</u>
Excess of revenues over expenditures	226,847	742,886
Fund balance at beginning of year	<u>3,674,435</u>	<u>2,931,549</u>
Fund balance at end of year	<u><u>\$ 3,901,282</u></u>	<u><u>3,674,435</u></u>

See accompanying independent auditors' report.

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

Debt Service Fund

Balance Sheet

June 30, 2005

(With comparative figures for June 30, 2004)

<b>Assets</b>	<b>2005</b>	<b>2004</b>
Cash and short-term investments	\$ 3,169,454	7,829,403
Cash with fiscal agent	2,053,883	2,035,626
Receivables:		
Property taxes	27,007,022	26,878,412
Due from other governmental units	2,776,695	3,148,295
Interest	484	—
Prepaid expenses	1,377,000	419,915
Total assets	\$ 36,384,538	40,311,651
<b>Liabilities and Fund Balance</b>		
Accounts payable	\$ —	420,509
Deferred revenue:		
Property taxes	28,714,275	28,443,151
Total liabilities	28,714,275	28,863,660
Fund balance:		
Reserved for prepaid expenses	1,377,000	419,915
Reserved for bond refunding	2,053,883	2,035,626
Unreserved:		
Undesignated	4,239,380	8,992,450
Total fund balance	7,670,263	11,447,991
Total liabilities and fund balance	\$ 36,384,538	40,311,651

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, 2005

(With comparative actual figures for year ended June 30, 2004)

	<b>2005</b>		<b>2004</b>
	<b>Final budget</b>	<b>Actual</b>	<b>Actual</b>
Revenues:			
Local sources:			
Property taxes	\$ 25,614,431	25,055,276	25,340,206
County and other	—	129,252	54,757
State	5,942,069	5,711,483	6,481,480
Investment earnings	150,000	364,654	122,300
Total revenues	31,706,500	31,260,665	31,998,743
Expenditures:			
Debt service:			
Principal payments	16,125,565	21,288,263	13,399,450
Interest expense	14,611,465	13,863,174	14,884,739
Other debt expense	45,000	123,062	52,140
Total expenditures	30,782,030	35,274,499	28,336,329
(Deficiency) excess of revenues over (under) expenditures	924,470	(4,013,834)	3,662,414
Other financing sources (uses):			
Refunding bonds issued	—	29,055,000	—
Premium on refunding debt	—	123,506	—
Interest on proceeds of refunding bonds	—	157,600	403,010
Payments to refunded bond escrow agent	—	(29,100,000)	(13,100,000)
Total other financing sources (uses)	—	236,106	(12,696,990)
Excess (deficiency) of revenue and other financing sources over (under) expenditures	\$ 924,470	(3,777,728)	(9,034,576)
Fund balance at beginning of year		11,447,991	20,482,567
Fund balance at end of year		\$ 7,670,263	11,447,991

See accompanying independent auditors' report.

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

Capital Projects Fund

Balance Sheet

June 30, 2005

(With comparative figures for June 30, 2004)

<b>Assets</b>	<b>2005</b>	<b>2004</b>
Facility and renovation funds	\$ 29,704,207	21,896,217
Receivables:		
Due from other governmental units	5,000	—
Interest receivable	14,919	3,363
Other receivable	1,574,320	2,188,850
Total assets	\$ 31,298,446	24,088,430
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 2,031,339	2,189,854
Accrued expenses	258,290	229,613
Total liabilities	2,289,629	2,419,467
Fund balance:		
Reserved for:		
Alternative facilities program	4,980,908	6,909,507
Unreserved:		
Designated for building construction	24,027,909	14,759,456
Total fund balance	29,008,817	21,668,963
Total liabilities and fund balance	\$ 31,298,446	24,088,430

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, 2005

(With comparative actual figures for year ended June 30, 2004)

	<b>2005</b>		<b>2004</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Actual</b>
Revenues:			
Local sources:			
County and other	\$ 1,000,000	—	850,000
Federal	—	155,710	1,257,189
State	—	—	—
Investment earnings	350,000	552,276	301,372
Total revenues	1,350,000	707,986	2,408,561
Expenditures:			
Capital outlay:			
Sites, buildings, equipment, and other	36,000,000	19,375,613	29,355,536
Debt service:			
Other debt expense	—	64,682	—
Total expenditures	36,000,000	19,440,295	29,355,536
Deficiency of revenue under expenditures	(34,650,000)	(18,732,309)	(26,946,975)
Other financing sources:			
Debt issuance	26,000,000	25,335,000	—
Premium on debt issuance	—	737,163	—
Total other financing sources	26,000,000	26,072,163	—
(Deficiency) excess of revenue and other financing sources over (under) expenditures	\$ (8,650,000)	7,339,854	(26,946,975)
Fund balance at beginning of year		21,668,963	48,615,938
Fund balance at end of year		\$ 29,008,817	21,668,963

See accompanying independent auditors' report.

**District Name: St. Paul Schools**

**District Number: 625**

**01 GENERAL FUND**

Total Revenue	<u>472,670,931</u>
Total Expenditures	<u>478,518,920</u>
<i>Reserved:</i>	
403 Staff Development	<u>0</u>
406 Health & Safety	<u>(345,914)</u>
407 Capital Project Levy	<u>0</u>
408 Cooperative Programs	<u>0</u>
409 Deferred Maintenance	<u>0</u>
410 Unemployment Compensation	<u>0</u>
411 Severance Pay	<u>17,083,048</u>
412 Bus Purchase	<u>0</u>
414 Operating Debt	<u>0</u>
416 Levy Reduction	<u>0</u>
419 Encumbrances	<u>2,947,177</u>
423 Certain Teacher Programs	<u>0</u>
424 Operating Capital	<u>3,386,656</u>
426 \$25 Taconite	<u>0</u>
427 Disabled Accessibility	<u>0</u>
428 Learning & Development	<u>0</u>
429 Parental Involvement	<u>0</u>
433 Student Transport Safety	<u>0</u>
434 Area Learning Center	<u>0</u>
435 Contracted Alt. Programs	<u>0</u>
436 State Approved Alt. Program	<u>0</u>
437 Grad Standards Staff Develop.	<u>0</u>
438 Grad Standards Gifted & Talented 0	<u>0</u>
439 Grad Standards	<u>0</u>
441 Basic Skills Programs	<u>0</u>
442 Class Size, All-Day	<u>0</u>
Kindergarten and Special Education	
Student-To-Instructor Ratio Reduction	
443 Telecommunication Access Cost	<u>0</u>
445 Career and Technical Programs	<u>0</u>
446 First Grade Preparedness	<u>0</u>
<i>Unreserved:</i>	
418 Severance-Ins. Premium	<u>0</u>
422 Unreserved/Undesignated	<u>33,470,076</u>
<b><u>02 FOOD SERVICE</u></b>	
Total Revenue	<u>19,009,547</u>
Total Expenditures	<u>18,782,701</u>
<i>Reserved:</i>	
411 Severance Pay	<u>387,913</u>
419 Encumbrances	<u>0</u>
<i>Unreserved:</i>	
418 Severance-Ins. Premium	<u>0</u>
422 Unreserved/Undesignated	<u>3,513,369</u>

**04 COMMUNITY SERVICE**

Total Revenue	<u>23,315,795</u>
Total Expenditures	<u>23,573,268</u>
<i>Reserved:</i>	
411 Severance Pay	<u>179,729</u>
419 Encumbrances	<u>0</u>
426 \$25 Taconite	<u>0</u>
431 Community Education	<u>1,338,056</u>
432 E.C.F.E.	<u>464,442</u>
444 School Readiness	<u>351,893</u>
447 Adult Basic Education	<u>595,707</u>
<i>Unreserved:</i>	
418 Severance Premium	<u>0</u>
422 Unreserved/Undesignated	<u>(3,000)</u>
<b><u>06 BUILDING CONSTRUCTION</u></b>	
Total Revenue	<u>707,986</u>
Total Expenditures	<u>19,440,295</u>
<i>Reserved:</i>	
407 Capital Projects Levy	<u>0</u>
409 Alternative Facility Program	<u>4,980,908</u>
419 Encumbrances	<u>0</u>
<i>Unreserved:</i>	
422 Unreserved/Undesignated	<u>24,027,909</u>
<b><u>07 DEBT SERVICE</u></b>	
Total Revenue	<u>31,260,667</u>
Total Expenditures	<u>35,274,501</u>
<i>Reserved:</i>	
425 Bond Refundings	<u>2,053,883</u>
<i>Unreserved:</i>	
422 Unreserved/Undesignated	<u>5,616,381</u>
<b><u>08 TRUST</u></b>	
Total Revenue	<u>0</u>
Total Expenditures	<u>0</u>
<i>Reserved:</i>	
419 Encumbrances	<u>0</u>
<i>Unreserved:</i>	
422 Unreserved/Undesignated	<u>0</u>
<b><u>09 AGENCY</u></b>	
<i>Unreserved: Should Always Be - 0 -</i>	
422 Unreserved/Undesignated	<u>0</u>
<b><u>20 INTERNAL SERVICE</u></b>	
Total Revenue	<u>2,998,272</u>
Total Expenditures	<u>3,117,270</u>
<i>Reserved:</i>	
419 Encumbrances	<u>0</u>
<i>Unreserved:</i>	
422 Unreserved/Undesignated	<u>182,308</u>

**NOTE: DO NOT CHANGE THIS FORMAT WHEN REPORTING.**

**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, 2005

<b>Budget code</b>	<b>Program description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2005</b>	<b>Grant receivable June 30, 2005</b>	<b>Grant payable June 30, 2005</b>	<b>Unearned revenue June 30, 2005</b>	<b>Total revenue</b>	<b>Total expenditures</b>
	Title I:							
29-2300	Title 1 Educationally Disadvantaged	\$ 16,159,828	9,838,978	4,028,802	—	—	13,867,780	13,867,780
29-2305	Title 1 Professional Development	1,756,089	1,672,038	—	—	—	1,672,038	1,672,038
29-2310	Title 1 Homeless	90,000	55,091	34,236	—	—	89,327	89,327
29-2330	Title 1 Migrant	60,000	46,032	13,968	—	—	60,000	60,000
29-2340	Title 1 Project For Delinquency	216,561	62,770	149,862	—	—	212,632	212,632
29-3300	Title 1 School Improvement	276,000	131,804	100,913	—	—	232,717	232,717
29-3305	Title 1 Reading First	2,342,275	1,181,523	1,013,294	—	—	2,194,817	2,194,817
	Total Title 1	20,900,753	12,988,236	5,341,075	—	—	18,329,311	18,329,311
	Title V:							
29-4420	Title V	328,864	141,238	175,041	—	—	316,279	316,279
	Total Title V	328,864	141,238	175,041	—	—	316,279	316,279
	Title IV:							
29-1080	Preschool Incentive	326,601	229,027	117,604	—	—	346,631	346,631
29-1290	Part H	28,572	—	28,572	—	—	28,572	28,572
29-1330	Public Law 94-142	10,862,606	4,930,904	4,478,499	—	—	9,409,403	9,409,403
29-1332	20% Rule – Special Education	183,723	—	183,723	—	—	183,723	183,723
29-1333	Special Education Transition	—	3,918	—	(3,918)	—	—	—
29-1351	Program Evaluation & Continuous Improvement	59,808	—	59,508	—	—	59,508	59,508
29-1360	Interagency Early Intervention	—	630	—	(630)	—	—	—
	Total Title IV	11,461,310	5,164,479	4,867,906	(4,548)	—	10,027,837	10,027,837
	Title II:							
29-2290	Title II, Part D Technology Literacy	687,685	518,085	105,518	—	—	623,603	623,603
29-4430	Title II, Part A	5,444,209	2,883,795	1,133,051	—	—	4,016,846	4,016,846
	Total Title II	6,131,894	3,401,880	1,238,569	—	—	4,640,449	4,640,449
	Title III:							
29-4695	Title III	1,528,084	977,047	542,770	—	—	1,519,817	1,519,817
	Total Bilingual Educational Act	1,528,084	977,047	542,770	—	—	1,519,817	1,519,817
	Carl Perkins Act, Public Law 84-524:							
29-2980	Intensified Services for Disadvantaged	593,794	537,915	55,422	—	—	593,337	593,337
	Total Carl Perkins Act	593,794	537,915	55,422	—	—	593,337	593,337
	Indian Education:							
29-2010	Indian Education Title IV Part A	293,558	263,927	22,099	—	—	286,026	286,026
	Total Indian Education	293,558	263,927	22,099	—	—	286,026	286,026

**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, 2005

<b>Budget code</b>	<b>Program description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2005</b>	<b>Grant receivable June 30, 2005</b>	<b>Grant payable June 30, 2005</b>	<b>Unearned revenue June 30, 2005</b>	<b>Total revenue</b>	<b>Total expenditures</b>
Miscellaneous Federal:								
29-2040	Johnson-O'Malley	\$ 90,115	68,030	—	—	(34,322)	33,708	33,708
29-2070	Indian Education Chemical Prevention	126,851	102,051	25,483	—	—	127,534	127,534
29-2180	CSRD Grant – Evaluation	25,000	17,936	3,679	—	—	21,615	21,615
29-2180	CSRD Grant – Open School	119,000	12,466	29,572	—	—	42,038	42,038
29-2180	CSRD Grant – Benjamin E Mays	109,584	67,794	29,420	—	—	97,214	97,214
29-2180	CSRD Grant – Maxfield	129,567	95,478	34,089	—	—	129,567	129,567
29-2180	CSRD Grant – Mississippi	133,357	41,706	82,472	—	—	124,178	124,178
29-2180	CSRD Grant – Monroe	100,001	38,932	61,069	—	—	100,001	100,001
29-2180	CSRD Grant – Wellstone	95,000	50,141	35,930	—	—	86,071	86,071
29-2180	CSRD Grant – Sheridan	131,296	59,256	44,142	—	—	103,398	103,398
29-2200	Advanced Placement – Como Sr	2,994	2,994	—	—	—	2,994	2,994
29-2260	JROTC Programs	766,488	667,067	49,632	—	—	716,699	716,699
29-2350	Tech Prep Consortium	74,043	79,745	—	—	(14,412)	65,333	65,333
29-3210	Smaller Learning Communities Central	178,134	42,980	40,463	—	—	83,443	83,443
29-3210	Smaller Learning Communities Como Sr	162,054	88,567	34,199	—	—	122,766	122,766
29-3210	Smaller Learning Communities Harding	181,913	87,481	110	—	—	87,591	87,591
29-3210	Smaller Learning Communities Highland	181,439	118,116	12,396	—	—	130,512	130,512
29-3210	Smaller Learning Communities Humboldt	114,760	83,765	18,357	—	—	102,122	102,122
29-3210	Smaller Learning Communities Johnson	—	82,755	8,061	—	—	90,816	90,816
29-3350	Foreign Language Assistance Spanish Immersion	221,602	147,714	10,293	—	—	158,007	158,007
29-3420	Bridge For American History	82,496	11,766	111	—	—	11,877	11,877
29-3510	Pathways To Possibilities	20,000	—	20,000	—	—	20,000	20,000
29-3620	NASA Explorer School Grant	3,077	8,077	—	—	(5,138)	2,939	2,939
29-3660	Chosen To Achieve	199,671	111,998	23,716	—	—	135,714	135,714
29-4240	Title IV	558,677	374,227	116,156	—	—	490,383	490,383
29-4300	Reimbursable Health Services	104,916	128,257	8,440	—	(33,244)	103,453	103,453
29-4325	STEPS to a Healthier US	154,720	—	71,148	—	—	71,148	71,148
29-4330	OAPP – Adolescent Parent Project	409,064	214,561	75,534	—	—	290,095	290,095
29-4375	Elementary School Counselors	368,544	335,235	31,187	—	—	366,422	366,422
29-4710	Refugee Children School Impact Grant	208,962	151,223	57,739	—	—	208,962	208,962
29-4720	Title VII: Comprehensive School Grant "The Stellar Model"	355,045	345,480	9,622	—	—	355,102	355,102
29-4930	ACT!	143,386	121,303	861	—	—	122,164	122,164
29-4935	Arts Able	295,473	178,869	46,813	—	—	225,682	225,682
29-4950	Emergency Response	364,053	198,142	51,502	—	—	249,644	249,644
29-5925	21st Century Grant – Neighborhood House	150,353	111,698	38,656	—	—	150,354	150,354
29-9520	Teacher Quality Enhancement	69,990	4,981	37,577	—	—	42,558	42,558
	<b>Total Miscellaneous Federal</b>	<b>6,431,625</b>	<b>4,250,791</b>	<b>1,108,429</b>	<b>—</b>	<b>(87,116)</b>	<b>5,272,104</b>	<b>5,272,104</b>
State of Minnesota:								
29-1007	Power of Relationships PA	199,850	103,922	95,928	—	—	199,850	199,850
29-2200	Advanced Placement – Central	15,157	17,865	—	—	(13,214)	4,651	4,651
29-2200	Advanced Placement – Como Sr	35,393	35,393	—	—	(22,270)	13,123	13,123

**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, 2005

<b>Budget code</b>	<b>Program description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2005</b>	<b>Grant receivable June 30, 2005</b>	<b>Grant payable June 30, 2005</b>	<b>Unearned revenue June 30, 2005</b>	<b>Total revenue</b>	<b>Total expenditures</b>
29-2200	Advanced Placement – Highland Sr	\$ —	35	—	—	(35)	—	—
29-2200	Advanced Placement – Humboldt Sr	—	5,580	—	—	(5,580)	—	—
29-2200	Advanced Placement – Johnson	15,104	20,955	—	—	(18,425)	2,530	2,530
29-2200	Advanced Placement – Arlington	—	3,944	—	—	(3,944)	—	—
29-2200	Advanced Placement – Mississippi	—	1,042	—	—	(1,042)	—	—
29-2210	International Baccalaureate – Central	140,370	158,256	—	—	(79,207)	79,049	79,049
29-2220	International Baccalaureate – Harding	45,269	45,270	—	—	(3,462)	41,808	41,808
29-2230	International Baccalaureate -Highland	18,803	18,803	—	—	(6,784)	12,019	12,019
29-2370	Central Team 1 – Partners: Arts and Schools for Students	6,000	6,905	—	—	(48)	6,857	6,857
29-2370	Crossroads – Arts and Schools As Partners	—	5,995	—	—	—	5,995	5,995
29-2370	Homecroft – Arts and Schools As Partners	5,500	—	—	—	—	—	—
29-2380	Central Team 2 – Partners: Arts and Schools for Students	—	503	—	—	(14)	489	489
29-2440	Project Common Ground	—	2,071	487	—	—	2,558	2,558
29-2580	Urban Teacher Ed. Partnership Grant	75,402	37,242	28,664	—	—	65,906	65,906
29-2660	MSAB Grant – Washington	—	1,212	—	—	(680)	532	532
29-2660	MSAB Grant – Dayton's Bluff	2,840	2,596	—	—	(853)	1,743	1,743
29-2660	MSAB Grant – Crossroads	5,500	5,500	—	—	(66)	5,434	5,434
29-2660	MSAB Grant – JJ Hill	—	2,826	—	—	(76)	2,750	2,750
29-2660	MSAB Grant – Linwood	13,450	13,450	—	—	—	13,450	13,450
29-2660	MSAB Grant – Longfellow	—	273	—	—	(87)	186	186
29-2660	MSAB Grant – Webster	8,000	8,000	—	—	(1,000)	7,000	7,000
29-2880	Arts in Education Grant	994	1,006	—	—	(12)	994	994
29-3200	Gates Foundation – District Wide	47,000	—	39,715	—	—	39,715	39,715
29-3200	Gates Foundation – Harding	470,855	130,000	128,666	—	—	258,666	258,666
29-3200	Gates Foundation – Highland Sr	219,061	80,004	43,558	—	—	123,562	123,562
29-3200	Gates Foundation – Humboldt Sr	103,869	—	153,163	—	—	153,163	153,163
29-3200	Gates Foundation – Johnson	311,838	—	272,864	—	—	272,864	272,864
29-3590	W.O.W. Project	117,000	97,612	18,836	—	—	116,448	116,448
29-3610	Team Up – U of M	16,593	8,647	1,461	—	—	10,108	10,108
29-4140	Five District Integration Partnership	389,000	138,622	206,401	—	—	345,023	345,023
29-4810	Success For the Future	137,835	124,000	11,775	—	—	135,775	135,775
29-9520	Collaborative Agreement – EMID MRC	99,072	65,575	33,323	—	—	98,898	98,898
29-9520	Collaborative Agreement – MDE	82,475	71,001	64,351	—	—	135,352	135,352
29-9520	Collaborative Agreement – Inver Hills Community College	89,513	41,484	48,555	—	—	90,039	90,039
29-9521	EMID Coach/Partnership	101,819	60,874	49,134	—	—	110,008	110,008
	<b>Total State of Minnesota</b>	<b>2,773,562</b>	<b>1,316,463</b>	<b>1,196,881</b>	<b>—</b>	<b>(156,799)</b>	<b>2,356,545</b>	<b>2,356,545</b>
	<b>Ramsey/ Hennepin County:</b>							
29-1006	Work Force Solutions	78,750	88,866	—	—	—	88,866	88,866
29-1170	Boys Totem Town – Summer School	111,073	25,008	—	—	—	25,008	25,008
29-1179	Boys Totem Town – Summer School	66,065	62,697	—	—	—	62,697	62,697
29-1180	Juvenile Service Center – Summer	90,118	24,693	—	—	—	24,693	24,693
29-1189	Juvenile Service Center – Summer	63,795	69,237	—	—	—	69,237	69,237

**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, 2005

<u>Budget code</u>	<u>Program description</u>	<u>Budget</u>	<u>Cash received or transferred during year ended June 30, 2005</u>	<u>Grant receivable June 30, 2005</u>	<u>Grant payable June 30, 2005</u>	<u>Unearned revenue June 30, 2005</u>	<u>Total revenue</u>	<u>Total expenditures</u>
29-1810	La Familia Grant	\$ 2,049	—	2,029	—	—	2,029	2,029
29-1900	LCTS Disabled	19,425	6,532	4,468	—	—	11,000	11,000
29-1909	Children's Initiative Grant – Special Ed.	116,825	50,000	3,221	—	—	53,221	53,221
29-4570	Ramsey County Truancy Center	—	27,600	—	—	(27,600)	—	—
29-4900	Children's Initiative Grant – LCTS	98,215	109,347	—	—	(9,432)	99,915	99,915
29-4900	Children's Initiative Grant – Adolescent Parent Support	136,133	13,171	20,457	—	—	33,628	33,628
29-4900	Children's Initiative Grant – Nagi Kicopo Project	46,025	23,013	—	—	(5,902)	17,111	17,111
29-4920	LCTS Health Care Access	39,000	39,000	—	—	—	39,000	39,000
	<b>Total Ramsey/Hennepin County</b>	<b>867,473</b>	<b>539,164</b>	<b>30,175</b>	<b>—</b>	<b>(42,934)</b>	<b>526,405</b>	<b>526,405</b>
	Private:							
29-1008	NASA Explorer Grant	10,000	10,000	—	—	(5,065)	4,935	4,935
29-1100	Wilder – Bush Memorial – Summer	66,175	20,640	—	—	—	20,640	20,640
29-1109	Wilder – Bush Memorial – Summer	45,470	48,532	—	—	—	48,532	48,532
29-1140	Booth Brown House – Summer School	7,770	1,295	—	—	—	1,295	1,295
29-1149	Booth Brown House – Summer School	5,216	3,393	—	—	—	3,393	3,393
29-1150	Arlington House Summer School	7,770	1,502	—	—	—	1,502	1,502
29-1159	Arlington House Summer School	5,000	3,970	—	—	—	3,970	3,970
29-1191	Summer Transition	86,747	72,797	3,000	—	(5,859)	69,938	69,938
29-1192	Summer Transition	5,263	3,390	1,873	—	—	5,263	5,263
29-1200	Gillette Children's Hospital TDR	9,931	1,688	—	—	—	1,688	1,688
29-1209	Gillette Children's Hospital TDR	7,061	3,842	—	—	—	3,842	3,842
29-1260	Special Education Itinerant Vision	13,585	15,255	—	—	(12,525)	2,730	2,730
29-1261	Literacy Project	1,654	1,654	—	—	—	1,654	1,654
29-1263	ECSU	2,107	2,107	—	—	(2,007)	100	100
29-1264	US Bank	11,466	11,466	—	—	(4,639)	6,827	6,827
29-1350	Para Professional Training	2,808	2,808	—	—	(1,990)	818	818
29-1710	Wilder Programs	558,738	462,727	93,273	—	—	556,000	556,000
29-2050	Indian Ed Student Celebrations	82,509	82,509	—	—	(54,182)	28,327	28,327
29-2055	Indian Ed Grotto Foundation Grant	19,790	18,855	—	—	(7,274)	11,581	11,581
29-2080	Ecolab – Lifeline	4,005	4,005	—	—	(1,004)	3,001	3,001
29-2081	Ecolab – Visions for Learning	2,500	2,500	—	—	—	2,500	2,500
29-2535	Knight Foundation	10,000	10,000	—	—	(5,000)	5,000	5,000
29-2560	BWCA Wilderness Adventure Program	5,525	6,025	—	—	(3,240)	2,785	2,785
29-2660	MN State Arts Board	8,550	10,550	—	—	(10,550)	—	—
29-2790	St. Paul Companies Grant	16,277	16,277	—	—	(8,969)	7,308	7,308
29-2940	Fresh Force	22,900	22,999	—	—	(17,012)	5,987	5,987
29-2996	High School Reform – STW	4,338	5,238	—	—	(547)	4,691	4,691
29-3040	Medtronics Grant	66,979	271,779	—	—	(228,377)	43,402	43,402
29-3040	Medtronics Crossroads	11,061	11,061	—	—	(8,717)	2,344	2,344
29-3070	Field Trip Grant – Museum	1,977	1,977	—	—	—	1,977	1,977
29-3080	Academy of Finance – District Wide	3,500	12,000	—	—	(11,783)	217	217
29-3080	Academy of Finance – Como St	1,500	1,500	—	—	(1,500)	—	—

**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, 2005

<b>Budget code</b>	<b>Program description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2005</b>	<b>Grant receivable June 30, 2005</b>	<b>Grant payable June 30, 2005</b>	<b>Unearned revenue June 30, 2005</b>	<b>Total revenue</b>	<b>Total expenditures</b>
29-3080	Academy of Finance – Johnson Sr	\$ 4,000	5,363	—	—	(3,763)	1,600	1,600
29-3080	Academy of Finance – Arlington	—	602	—	—	(602)	—	—
29-3090	St. Paul Foundation Grant	150,000	150,000	—	—	(55,343)	94,657	94,657
29-3180	Dean Witter Grant – Murray	22,215	22,214	—	—	(4,393)	17,821	17,821
29-3180	Dean Witter Grant – St. Anthony Park	32,262	32,262	—	—	—	32,262	32,262
29-3190	Urban Teacher Academy Project	1,958	1,958	—	—	(134)	1,824	1,824
29-3360	NEA Foundation – Cherokee Heights	—	879	—	—	(824)	55	55
29-3390	Deluxe Grant	19,500	19,500	—	—	(19,500)	—	—
29-3400	Homeless Program Charitable Contributions	—	8,100	—	—	(8,000)	100	100
29-3530	SPPS Foundation Grants	38,675	38,675	—	—	(636)	38,039	38,039
29-3550	3M Grant – St Paul Learns Website	5,105	5,105	—	—	(5,105)	—	—
29-3550	3M Grant	26,962	36,962	—	—	(7,575)	29,387	29,387
29-3550	3M Grant – Science Trunks	—	36,300	—	—	(27,293)	9,007	9,007
29-3550	3M Grant Teach Global Project	58,000	58,000	—	—	(58,000)	—	—
29-3570	Community Foundations	2,500	2,500	—	—	—	2,500	2,500
29-3580	Star Tribune Foundation	22,321	42,321	—	—	(36,476)	5,845	5,845
29-3585	Pioneer Press Grant	10,000	—	5,000	—	—	5,000	5,000
29-3600	ING Grant	1,034	1,034	—	—	—	1,034	1,034
29-3640	National Geographic Society Foundation	4,811	4,811	—	—	(186)	4,625	4,625
29-3650	Project Early K	356,323	355,431	—	—	(217,081)	138,350	138,350
29-3670	Asian Pacific Endowment	5,000	5,000	—	—	(88)	4,912	4,912
29-3680	FR Bigelow Foundation	100,000	100,000	—	—	(32,301)	67,699	67,699
29-3690	Duke Foundation	5,000	5,001	—	—	(1,676)	3,325	3,325
29-3700	Mardag Foundation	50,000	50,000	—	—	(37,134)	12,866	12,866
29-3710	McNeely Foundation	15,000	15,000	—	—	(5,328)	9,672	9,672
29-3720	Minneapolis Foundation – Superintendents Symposium	25,950	25,950	—	—	(11,237)	14,713	14,713
29-3720	Minneapolis Foundation – Capital Forum Series	23,650	23,646	—	—	(1,787)	21,859	21,859
29-3730	Partnership Network Recognition	500	500	—	—	—	500	500
29-3740	Edwards Memorial Trust	20,000	10,000	9,958	—	—	19,958	19,958
29-3750	Kern Foundation	—	10,045	—	—	(10,045)	—	—
29-3760	Xcel Energy Foundation	15,000	15,000	—	—	—	15,000	15,000
29-3770	Guidant Foundation	—	28,000	—	—	(28,000)	—	—
29-4130	McKnight Foundation	14,937	15,830	—	—	—	15,830	15,830
29-4190	Out For Equity	26,144	25,900	582	—	(4,150)	22,332	22,332
29-4192	Out For Equity Support	32,778	33,104	—	—	(1,762)	31,342	31,342
29-4200	Saint Paul Reads	60,000	34,275	—	—	(3,776)	30,499	30,499
29-4270	Travelers/Teachers of Color	45,247	112,871	—	—	(88,923)	23,948	23,948
29-4275	AVID – Travelers Grant	90,937	—	—	—	—	—	—
29-4290	St. Paul Foundation Emergency	29,140	29,202	—	—	(12,082)	17,120	17,120
29-4291	St. Paul Foundation – Teacher Grants	31,567	34,694	4,465	—	—	39,159	39,159
29-4315	Promote Diabetes Education Strategies	27,000	—	5,197	—	—	5,197	5,197
29-4600	Lillian Wright Memorial	10,752	4,752	4,030	—	—	8,782	8,782
29-4620	DeWitt Wallace – Readers Digest	9,587	11,872	—	—	(11,872)	—	—

**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, 2005

<b>Budget code</b>	<b>Program description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2005</b>	<b>Grant receivable June 30, 2005</b>	<b>Grant payable June 30, 2005</b>	<b>Unearned revenue June 30, 2005</b>	<b>Total revenue</b>	<b>Total expenditures</b>
29-4630	Leadership Institute	\$ 188,832	189,582	—	—	(142,193)	47,389	47,389
29-4635	Immigrant Guide Training	4,190	4,190	—	—	—	4,190	4,190
29-4640	Superintendent's Discretionary Funds	—	7,555	—	—	(7,555)	—	—
29-4650	Best Practices Demonstration School	253,962	253,961	—	—	(185,436)	68,525	68,525
29-4770	IBM Technology Assessment	225	225	—	—	—	225	225
29-4780	Mosier Grant	46,896	46,897	—	—	(525)	46,372	46,372
29-4790	American Lung Assn Student Wellness Program	256,056	75,612	158,783	—	—	234,395	234,395
29-4790	American Lung Assn Tobacco Prevention Advocacy Program	10,152	10,152	—	—	—	10,152	10,152
29-4820	APQC – Broad Foundation	166	166	—	—	—	166	166
29-4850	Merck-Asthma	1,313	1,313	—	—	(1,313)	—	—
29-4890	Action Plan Implementation	11,310	11,310	—	—	(9,109)	2,201	2,201
29-4940	National Science Foundation	6,250	9,936	—	—	(3,686)	6,250	6,250
29-5300	Scholarships – Chuck Lund	21,187	54,461	—	—	(42,088)	12,373	12,373
29-5300	Scholarships – Olga B Hart Foundation	15,000	30,000	—	—	(15,000)	15,000	15,000
29-5906	Achievement Plus	43,840	14,012	28,495	—	—	42,507	42,507
29-9211	Belwin Lab	49,956	64,848	—	—	(40,670)	24,178	24,178
29-9300	Planetarium	43,908	68,000	—	—	(51,831)	16,169	16,169
29-9490	Bush Educators – Connected Counseling	809,555	788,853	—	—	(170,938)	617,915	617,915
29-9500	Federation Agreement	86,660	35,041	50,079	—	—	85,120	85,120
29-9520	Collaborative Agreement – Hamline	89,349	38,169	48,311	—	—	86,480	86,480
29-9520	Collaborative Agreement – U of St. Thomas	89,205	89,840	—	—	—	89,840	89,840
29-9522	EMID Starbase	—	4,406	5,825	—	(5,130)	5,101	5,101
29-9540	Charter School Liason	131,194	97,949	18,370	—	—	116,319	116,319
29-9541	MN Sponsor Assistance Network	9,000	9,000	—	—	—	9,000	9,000
	<b>Total Private</b>	<b>4,670,233</b>	<b>4,462,478</b>	<b>437,241</b>	<b>—</b>	<b>(1,760,786)</b>	<b>3,138,933</b>	<b>3,138,933</b>
	<b>Intraschool/AAC Athletics:</b>							
19-XXX	All Intraschool Accounts	4,000,000	5,899,847	—	—	(2,521,702)	3,378,145	3,378,145
	<b>Total Intraschool/AAC Athletics</b>	<b>4,000,000</b>	<b>5,899,847</b>	<b>—</b>	<b>—</b>	<b>(2,521,702)</b>	<b>3,378,145</b>	<b>3,378,145</b>
	<b>Miscellaneous:</b>							
29-1190	General Special Ed. Summer School	1,648,000	1,218,473	—	—	—	1,218,473	1,218,473
29-1310	Project Explore	23,142	23,501	—	—	(23,501)	—	—
29-2360	Reading Recovery Title 1	4,875	4,905	—	—	(21)	4,884	4,884
29-3100	ELL Workshop	—	3,150	—	—	(2,988)	162	162
29-3150	Site Based Improvement Winter Institute	—	1,190	—	—	(1,190)	—	—
29-3480	Alumni Event	—	854	—	—	(788)	66	66
29-3520	Automotive Learning Center	18,334	37,851	—	—	(14,976)	22,875	22,875
29-4100	Grants Office	—	56,758	—	—	—	56,758	56,758
29-4880	Conferences & Events	35,088	30,088	—	—	(25,620)	4,468	4,468
29-4910	Translations with administration	50,200	98,246	—	—	(47,601)	50,645	50,645
29-9090	Vending Machine Proceeds – 360 Colborne	—	13,116	134	—	(10,962)	2,288	2,288

**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, 2005

<u>Budget code</u>	<u>Program description</u>	<u>Budget</u>	<u>Cash received or transferred during year ended June 30, 2005</u>	<u>Grant receivable June 30, 2005</u>	<u>Grant payable June 30, 2005</u>	<u>Unearned revenue June 30, 2005</u>	<u>Total revenue</u>	<u>Total expenditures</u>
29-9090	Vending Machine Proceeds – 1001 Johnson Parkway	\$ —	632	—	—	213	845	845
29-9090	Vending Machine Proceeds – 2102 University	—	2,540	—	—	(2,540)	—	—
No budget		—	36,331	—	—	(36,331)	—	—
	Total Miscellaneous	<u>1,779,639</u>	<u>1,527,635</u>	<u>134</u>	<u>—</u>	<u>(166,305)</u>	<u>1,361,464</u>	<u>1,361,464</u>
	Total General Fund Fully Financed	<u>\$ 61,760,789</u>	<u>41,471,100</u>	<u>15,015,742</u>	<u>(4,548)</u>	<u>(4,735,642)</u>	<u>51,746,652</u>	<u>51,746,652</u>

**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, 2005

<b>Budget code</b>	<b>Program description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2005</b>	<b>Grant receivable June 30, 2005</b>	<b>Grant payable June 30, 2005</b>	<b>Unearned revenue June 30, 2005</b>	<b>Total revenue</b>	<b>Total expenditures</b>
Federal:								
30-5218	Step – ROSS III	\$ 119,165	90,397	—	—	—	90,397	90,397
30-5219	ABE English Language & Civics	14,573	13,115	676	—	—	13,791	13,791
30-5221	Supplemental Refugee ESL Grant	180,000	—	35,982	—	—	35,982	35,982
30-5222	English for Work & Life	150,000	—	8,402	—	—	8,402	8,402
30-5805	Even Start	119,090	81,516	38,481	—	—	119,997	119,997
30-5822	C.H.O.I.C.E.	1,342,348	764,977	130,582	—	—	895,559	895,559
30-5900	CET – Stride	—	16,762	—	—	—	16,762	16,762
30-5901	CET – NAPIC	—	52,091	—	—	—	52,091	52,091
30-5914	CET – WIA Youth	—	(12,944)	91,439	—	—	78,495	78,495
30-5929	21st Century Grant – 1st Cohort Learning Centers	615,940	342,859	273,044	—	—	615,903	615,903
30-5930	21st Century Grant – 2nd Cohort Learning Centers	459,988	254,164	36,850	—	—	291,014	291,014
	<b>Total Federal</b>	<b>3,001,104</b>	<b>1,602,937</b>	<b>615,456</b>	<b>—</b>	<b>—</b>	<b>2,218,393</b>	<b>2,218,393</b>
State:								
30-5050	Night Moves – Westside	14,310	9,795	2,671	—	(1,861)	10,605	10,605
30-5051	Night Moves – Eastside	13,294	5,247	271	—	(486)	5,032	5,032
30-5052	Night Moves – Como	16,373	7,716	2,936	—	—	10,652	10,652
30-5053	Night Moves – Central	28,822	3,743	2,677	—	—	6,420	6,420
30-5054	Night Moves – Arlington	18,904	7,141	2,370	—	(1,216)	8,295	8,296
30-5101	State Hearing Impaired	—	5,917	13,682	—	(5,910)	13,689	13,688
30-5904	CET MN Youth Program	—	(31,725)	31,725	—	—	—	—
30-5906	Achievement Plus	—	(31,744)	108,430	—	—	76,686	—
30-5908	Preschool Screening	155,400	155,399	—	—	—	155,399	155,399
30-5915	Achievement Plus Monroe	—	—	—	—	—	—	47,732
30-5916	Achievement Plus Daytons Bluff	—	—	—	—	—	—	12,269
30-5921	Achievement Plus John A Johnson	—	—	—	—	—	—	16,685
33-5302/5350/5909	Nonpublic State Aid Programs	1,477,728	1,262,832	225,665	—	—	1,488,497	1,488,497
	<b>Total State</b>	<b>1,724,831</b>	<b>1,394,321</b>	<b>390,427</b>	<b>—</b>	<b>(9,473)</b>	<b>1,775,275</b>	<b>1,775,275</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, 2005

<b>Budget code</b>	<b>Program description</b>	<b>Budget</b>	<b>Cash received or transferred during year ended June 30, 2005</b>	<b>Grant receivable June 30, 2005</b>	<b>Grant payable June 30, 2005</b>	<b>Unearned revenue June 30, 2005</b>	<b>Total revenue</b>	<b>Total expenditures</b>
	Other Governmental Units:							
30-5062	Publications Advertising	\$ —	31,438	—	—	(20,537)	10,901	10,901
30-5220	Robinsdale Agreement	—	32,871	—	—	—	32,871	32,871
30-5700	Day Cares	887,472	703,046	5,632	—	(88,780)	619,898	619,898
30-5700	Day Cares – LCTS	123,824	—	—	—	—	—	—
30-5803	LCTS – ECFE	93,500	93,500	—	—	—	93,500	93,500
30-5807	LCTS ECFE	260,790	105,775	191,877	—	(159,360)	138,292	138,292
30-5820	LCTS – School Readiness	117,500	117,500	—	—	—	117,500	117,500
30-5821	LCTS Summer SR	100,000	100,000	24,886	—	—	124,886	124,886
30-5908	LCTS Preschool Screening	14,734	(100,593)	115,327	—	—	14,734	14,734
	<b>Total Other Governmental Units</b>	<b>1,597,820</b>	<b>1,083,537</b>	<b>337,722</b>	<b>—</b>	<b>(268,677)</b>	<b>1,152,582</b>	<b>1,152,582</b>
	Private:							
30-5201	Ronald M Hubbs Scholarship	5,942	12,086	—	—	(11,493)	593	593
30-5202	UAW – Ford Enhancement	210,467	137,180	60,511	—	—	197,691	197,691
30-5300	Indian Ed Scholarships	1,300	1,500	—	—	(1,500)	—	—
30-5808	Working Family Resource Center	180,000	180,000	—	—	(108,046)	71,954	71,954
30-5911	CET – Fair Parking	—	24,112	—	—	—	24,112	24,112
	No budget	—	—	—	—	—	—	—
	<b>Total Private</b>	<b>397,709</b>	<b>354,878</b>	<b>60,511</b>	<b>—</b>	<b>(121,039)</b>	<b>294,350</b>	<b>294,350</b>
	<b>Total Community Service Fully Financed</b>	<b>\$ 6,721,464</b>	<b>4,435,673</b>	<b>1,404,116</b>	<b>—</b>	<b>(399,189)</b>	<b>5,440,600</b>	<b>5,440,600</b>