

INDEPENDENT SCHOOL DISTRICT #832  
REGULAR MEETING – BOARD OF EDUCATION  
Thursday, November 15, 2012 - 7:00 PM  
Mahtomedi District Education Center - Community Room

**Mission Statement** - Mahtomedi Public Schools will ensure a rigorous and relevant education where: all learners are valued and supported, positive relationships are developed, and students are empowered to reach their full potential in a global society.

**- AGENDA -**

1. CALL TO ORDER
2. ROLL CALL OF ATTENDANCE
3. APPROVAL OF THE AGENDA
4. APPROVAL OF THE CONSENT AGENDA - See #14 for Consent Agenda Items
5. PRESENTATIONS/RECOGNITION
  - A. Student Recognition
  - B. Mahtomedi Middle School - Getting Middle School Students College and Future Ready  
Presenter: Mike Neubeck and Su Sorenson
6. PUBLIC COMMENT  
Visitors attending the meeting who wish to address the school board on any issue that is on the agenda may do so at this time. Please refer to the last page for the procedure that has been established for public comments.
7. REPORT FROM STUDENT REPRESENTATIVE
  - A. Carly Perry, Student Representative
8. APPROVAL OF MINUTES
  - A. October 11 2012 - Regular Meeting 5
  - B. October 25, 2012 - Study Session 10
9. DISCUSSION/INFORMATION ITEMS
  - A. Calendar of Events 12
  - B. Facilities Update  
Presenter: Todd Richter, JCI
  - C. Curriculum Review - World Language 14  
Presenter: Lynne Viker and Beth Sneden
  - D. NWEA Fall Test Scores 15  
Presenter: Lynne Viker
10. ACTION ITEMS
  - A. Approval of 2011-2012 Audit 16  
Presenter: Jim Eichten, MMKR

- B. Approval of Resolution Canvassing Returns of Votes of School District General Election 118  
Presenter: Mark Larson
- C. Approval of Resolution Authorizing Issuance of Certificates of Election and Directing School District Clerk to Perform Other Election Related Duties 126  
Presenter: Mark Larson
- 11. SCHOOL BOARD COMMITTEE REPORTS
  - A. Association of Metropolitan School Districts (AMSD) Board  
Presenter: Bob Donohoe
  - B. Integration District: Educational Equity Alliance (EEA)  
Presenter: Mary Jo Deters
  - C. Minnesota School Boards Association (MSBA) Legislative Liaison  
Presenter: Kevin Donovan
  - D. Northeast Metro 916 Board 133  
Presenter: Judy Schwartz
  - E. Other Items/Reports
- 12. SUPERINTENDENT'S REPORT
- 13. ADJOURNMENT
- 14. CONSENT AGENDA ITEMS (Items Approved Under #4)
  - A. Approval to Pay Bills - Check No. 377622 to 378021 and 80002952 to 80003063 135
  - B. Approval of Wire Transfer Transactions 146
  - C. Donations/Grants - Totaling \$15,300
    - 1. Approval of Donation from 3M Foundation to Mahtomedi Area Community Education - \$9,000
    - 2. Approval of Donation from Margaret Rivers Fund to Mahtomedi Area Community Education Adult Senior Program - \$4,000
    - 3. Approval of Donation from Dr. Thomas and Joan Briggs to Mahtomedi High School (Scholarship) - \$2,000
    - 4. Approval of Donation from Mielke Family Foundation, Inc. to Mahtomedi High School Nordic Ski Program - \$300
  - D. Personnel
    - 1. Approval of Contracts and Work Agreements
      - a. Emily Allen - Cleaner - Mahtomedi High School (10/16/12)
      - b. Sally Peterson - Long-Term Substitute Language Arts Teacher - Mahtomedi Middle School (11/15/12 to 1/9/13)
    - 2. Approval of Leaves of Absence
      - a. Morgan Deneen - Spanish Teacher - Mahtomedi Middle School (12/17/12 to 6/7/13)

**Agenda** - November 15, 2012

- b. Geraldine Rye - Special Educational Paraprofessional - Mahtomedi High School (1/2/13 to 6/6/13)

## **PUBLIC PARTICIPATION IN SCHOOL BOARD MEETINGS REGULAR SCHOOL BOARD MEETING**

Thank you for coming. The School Board of Independent School District #832 hopes you will find the meeting informative. By attending, you will better understand how your school district operates. The School Board meeting is a meeting "in public," and not a public meeting. In order to conduct its work in a professional and business-like manner, the school board has established the following rules for conducting the meeting:

- Comments and questions on issues are welcome at the scheduled time on the agenda. The school board is prohibited by law from discussing concerns about individual employees or students in a public meeting. Please forward comments or issues regarding individual employees or students to the superintendent at [mark.larson@mahtomedi.k12.mn.us](mailto:mark.larson@mahtomedi.k12.mn.us) or 651-407-2001.
- If you would like to speak to the school board, you will be recognized during the Public Comment portion of the meeting. The public may comment on any item on the agenda. The school board generally does not take action on any issue that is not on the agenda. Concerns or questions are forwarded to the superintendent for review and recommended action before consideration by the school board. Unless requested by a school board member, items on the consent agenda are not discussed by the school board at the meeting.
- The chairperson will ask citizens in attendance to sign in if they wish to address the school board. If you are late and wish to speak, please give your name, address, and agenda number to the clerk when you arrive. Individuals will be recognized in the order received.
- Since we are videotaping tonight's meeting for delayed broadcast, individuals who wish to address the school board or ask questions need to go to the microphone. Please state your name and address after being recognized and limit your comments to three minutes (approximately 450 written words). Everyone wishing to comment will be recognized and heard before anyone speaks twice.

# Minutes of Regular Meeting

## Board of Education Mahtomedi Public Schools

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A **Regular** meeting of the Board of Education of the Mahtomedi Public Schools was held **Thursday, October 11, 2012**, beginning at 7:00 PM in the Mahtomedi District Education Center - Community Room.

### 1. CALL TO ORDER

Meeting called to order at 7:00 p.m. by Chair Cathy Dalton.

### 2. ROLL CALL OF ATTENDANCE

Present: Cathy Dalton; Mary Jo Deters; Bob Donohoe; Kevin Donovan; Judy Schwartz; and Superintendent Mark Larson, ex officio. Absent: Steve Wolgamot and Carly Perry, Student Representative.

### 3. APPROVAL OF THE AGENDA

Donovan moved, Schwartz seconded, approval of the agenda. Carried.

### 4. APPROVAL OF THE CONSENT AGENDA - See #14 for Consent Agenda Items

Schwartz moved, Donohoe seconded, approval of the actions recommended on the consent agenda. Carried.

### 5. PRESENTATIONS/RECOGNITION

#### A. Student Recognition - National Merit & National Youth Leadership Mentor

The following students were recognized by the school board and administration:

2013 National Merit Program Commended Students: Alexander Gallwas, Rebecca Meldman, David Newhall, and Elizabeth Souder. Not Present: Alexander Criswell, Colin Denis, Laura Heinzen, Eric Kalkman, Andrea Kittleson, and Steven Theis.

2013 National Merit Scholarship Semifinalists: Claire Belisle and Thomas Neumiller. Not Present: Jason Kuennen and Karna Ringham.

National Youth Leadership Mentor: Hayat Butta.

B. Wildwood Elementary School - New Wildwood Update

Wildwood Elementary School Principal Mark Hamre updated the school board on various committee work as it relates to the new Wildwood School such as the Interior Design Committee picking out carpet and colors, FF&E (Fixtures, Furniture and Equipment) Committee determining what to bring over from current building and what to order new, and the Playground Committee. The playground committee will have four subcommittees: 1) preschool playground, 2) K-2 playground, 3) natural play area, and 4) hard surface play area.

6. PUBLIC COMMENT

None.

7. REPORT FROM STUDENT REPRESENTATIVE

A. Carly Perry, Student Representative

In Carly Perry's absence, Superintendent Mark Larson read her report which included the following happenings at MHS: fall sports, homecoming week, and upcoming concerts and events.

8. APPROVAL OF MINUTES

A. September 13, 2012 - Regular Meeting

Donohoe moved, Schwartz seconded, approval of the minutes from the September 13, 2012, school board meeting. Carried.

B. September 25, 2012 - Study Session

Donohoe moved, Schwartz seconded, approval of the minutes from the September 25, 2012, study session. Carried.

9. DISCUSSION/INFORMATION ITEMS

A. Calendar of Events

Chair Cathy Dalton reviewed with school board members the calendar of events.

B. Facilities Update

Todd Richter, Project Manager from JCI, reviewed with the school board the construction project schedules for Mahtomedi High School and new Wildwood Elementary.

C. Growing Scholars Program

Lisa Blake, Gifted and Talented Coordinator and Lindsey Olson, ELL/Integration Coordinator presented information to the school board on the Growing Scholars Program. This program seeks to support students that are typically underrepresented in the gifted and talented program and is based off of the Young Scholars Program which is nationwide. Blake and Olson explained the identification process, student demographics, keeping data, MAP Scores comparison, student and parent feedback, and looking ahead at growing the program.

D. Q-Comp Update

Beth Sneden, Professional Practice and Development Coordinator, presented an update on the Mahtomedi Compensation Plan. Sneden reviewed the 2012-2013 goals for ECSE - increase skill on Assessment, Evaluation and Programming System (AEPS), Wildwood Elementary School - move up tier in reading, O. H. Anderson Elementary School - increase MCA percentage on reading standards, Mahtomedi Middle School - increase MCA percentage in math standards, and Mahtomedi High School - increase MCA percentage in math standards.

E. Curriculum Review Update - Student Support Services

The following representatives from each building highlighted student support services: Elementary Schools - Christina Boice-Mallach and Joe Pendleton discussed Responsive Classroom/PBIS, Wildwood - C.A.R.E.S. and O. H. Anderson - social-emotional lessons, intervention supports - check in/check out and second step, and individual problem solving. Mahtomedi Middle School - Su Sorenson stated that they are focusing on a safe, healthy, and caring environment this year with their experienced counseling staff, formation of a building crisis team, advisory, and positive youth events. Mahtomedi High School - Kathe Nickleby discussed the ambassador program, class meetings, common application, Naviance software, remodeled facility and the welcome back curriculum night.

F. MCA Results - Science

Lynne Viker, Director of Teaching and Learning and Support Services, presented the 2012 MCA test results in science. District wide we were 80.5% proficient which was the highest in the state. The breakdown was as follows: 5<sup>th</sup> Grade - 79.7% proficient. 8<sup>th</sup> Grade - 79.6% proficient. MHS - 82.0% proficient.

G. School Board Goals

Superintendent Mark Larson presented the 2012-2013 school board goals: 1. Student Achievement and Equity. 2. Financial Stability and Effective Resource Management. 3. Customer Service. 4. Climate, Culture, Sustainability, and Wellness. School board members agreed that these were the goals they would be working on this year.

H. Superintendent Goals

Superintendent Mark Larson presented the 2012-2013 superintendent goals that he will be working on this year: 1. Student Achievement. 2. Facilities. 3. Financials. 4. Student Activities. 5. Customer Service. The superintendent will be evaluated on achievement of these goals next July.

10. ACTION ITEMS

A. Policies

1. Approval of Policy 611 - Home Schooling

Schwartz moved, Donovan seconded, approval of Policy 611 - Home Schooling. Carried.

11. SCHOOL BOARD COMMITTEE REPORTS

A. Association of Metropolitan School Districts (AMSD) Board

School Board Treasurer Bob Donohoe reported on a conversation that he had with Scott Croonquist, executive director of AMSD, regarding the goals of the education finance working group. Superintendent Mark Larson reported on the last AMSD meeting.

B. Integration District: Educational Equity Alliance (EEA)

School Board Clerk Mary Jo Deters recapped events that happened in the last month and school board participating in SEED courses. The next MDCC meeting is October 23.

C. Minnesota School Boards Association (MSBA) Legislative Liaison

School Board Director Kevin Donovan reported on delegate assembly meetings and the January winter conference.

D. Northeast Metro 916 Board

School Board Director Judy Schwartz reported that a 916 report is included in the packet and still moving forward on purchasing property in Blaine for a new school.

E. Other Items/Reports

School Board Treasurer Bob Donohoe reported on his attendance at a recent M Club meeting.

12. SUPERINTENDENT'S REPORT

Superintendent Mark Larson reported on the following: coverage in the *White Bear Press*, Chamber of Commerce meeting, TIES annual meeting, *WBL Magazine*, city/school leaders meeting, Automated Enforcement Systems Task Force meeting regarding school safety issues, PTO presentation, MAEF strategic planning, construction meetings, school visits, and communicating through Twitter and Podcasts.

13. ADJOURNMENT

Donovan moved, Donohoe seconded, adjournment. Meeting adjourned at 8:51 p.m. Carried.

14. CONSENT AGENDA ITEMS (Items Approved Under #4)

- A. Approval to Pay Bills - Check No. 377217 to 377621 and 80002844 to 80002951
- B. Approval of Wire Transfer Transactions
- C. Approval of Assurance of Compliance with State and Federal Law Prohibiting Discrimination
- D. Approval of Student Travel Request - French Students to Concordia Language Village: Lac du Bois in Bemidji, MN - November 30-December 2, 2012
- E. Approval of Revised 2012-2013 School Calendar  
March 27, 2013-Evening Conferences 1-5 changed to March 26, 2013
- F. Personnel
  - 1. Approval of Contracts and Work Agreements
    - a. John Baufield - Interim Activities Director - Mahtomedi High School (8/31/12)
    - b. International Union of Operating Engineers, Local 70 (2012-2014)
    - c. Office and Professional Employees International Union, Local 12 (2012-2014)
    - d. Bridget Sundgaard - Paraprofessional - Wildwood Elementary School (9/24/12)
  - 2. Approval of Leaves of Absence
    - a. Pam Cowan - Paraprofessional - Wildwood Elementary School (9/12/12 to 6/6/13)
    - b. Laura Tussey - Language Arts Teacher - Mahtomedi Middle School (11/15/12 to 1/9/13)
  - 3. Approval of Resignations/Retirements/Terminations
    - a. James Klover - Cleaner - Mahtomedi High School (9/21/12)

MARY JO DETERS, CLERK

Public notice for solicitation of bids, requests for quotes, and requests for proposals are located on the ISD 832 website, [www.mahtomedi.k12.mn.us](http://www.mahtomedi.k12.mn.us).

# Minutes of Study Session

## Board of Education Mahtomedi Public Schools

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A **Study Session** of the Board of Education of the Mahtomedi Public Schools was held **Thursday, October 25, 2012**, beginning at 7:00 PM in the Mahtomedi District Education Center - Community Room.

### 1. CALL TO ORDER

Meeting called to order at 7:03 p.m. by Chair Cathy Dalton.

### 2. ROLL CALL OF ATTENDANCE

Present: Cathy Dalton; Mary Jo Deters; Bob Donohoe; Kevin Donovan; and Superintendent Mark Larson, ex officio. Absent: Judy Schwartz and Steve Wolgamot.

Also Present: Carrie Ardito, Communications Coordinator; Patrick Crothers, Technology Coordinator; Nick Falde, MDLA Coordinator; Emily Osborne, Social Studies Teacher; Denise Sundstrom, Director of Business Services; and Lynne Viker, Director of Teaching and Learning and Support Services.

### 3. APPROVAL OF THE AGENDA

Donovan moved, Donohoe seconded, approval of the agenda. Carried.

### 4. DISCUSSION/INFORMATION ITEMS

#### A. Technology in the Classroom

Mahtomedi High School Social Studies Teacher Emily Osborne showed school board members how she uses Moodle as a teaching tool with her students. Moodle is a web application for producing modular internet-based courses. Osborne explained that Moodle is very customizable and only students can access the courses with their password. Some of the features are: calendar/schedule, resources tab, imbedded video clips, flashcards, and student surveys. Osborne explained that once the lesson is set up in Moodle and taught it can be turned off and then back on when she is ready to teach that course again.

#### B. Mahtomedi Digital Learning Academy

Nick Falde, Coordinator of the Mahtomedi Digital Learning Academy, presented an update on the online learning courses that the district is offering. Falde reviewed the

timeline of how we got here, what we are doing now, where we are going, and where we hope to be in the fall of 2013 and beyond. Currently set up as an independent study/credit recovery option. Some of the courses in the development stages for the summer/fall 2013 semester are: Geometry, AP calculus AB, Psychology, AP Psychology, and Engineering.

C. Web Site Update

Carrie Ardito, Communications Coordinator, and Patrick Crothers, Technology Coordinator, discussed the revamping of the school district's website. Ardito and Crothers discussed the history of the district's website, good reviews in a recent survey, will not be changing the provider but refreshing the look and the information provided on the website. Examples of what the home pages will look like were shown.

D. Math Sequencing and Criteria

Lynne Viker, Director of Teaching and Learning and Support Services, handed out an elementary and secondary mathematics flow chart and a draft of the math acceleration criteria for grades 1-5. Viker discussed with school board members the various math paths students can take and how that relates to learning without limits.

E. Selection of SEED Program Topics

Superintendent Mark Larson handed out SEED Online courses information. School board members discussed having the January study session include the Moodle lesson and an April dinner session be the book discussion. School board members chose to read the book *Dear White America*.

F. Calendar of Events

School board members reviewed the calendar of events and the upcoming events that they will attend.

5. ADJOURNMENT

Donohoe moved, Donovan seconded, adjournment. Meeting adjourned at 8:50 p.m. Carried.

MARY JO DETERS, CLERK

Public notice for solicitation of bids, requests for quotes, and requests for proposals are located on the ISD 832 website, [www.mahtomedi.k12.mn.us](http://www.mahtomedi.k12.mn.us).

## CALENDAR OF EVENTS

<b>NOVEMBER</b>		
DATE/TIME	MEETING/EVENT	LOCATION
<b><u>Monday, November 12</u></b> 9:30 a.m.-4:00 p.m.	School Finance Elections ( <i>Dalton/Donohoe/Donovan</i> )	Cray Plaza, St. Paul
6:00 p.m.	MAEF Planning Retreat-( <i>Donovan</i> )	District Education Center - Community Room
6:00 p.m.	Zephyr "M" Club Meeting-( <i>Donohoe</i> )	Mahtomedi High School - Media Center
6:30 p.m.	<i>Jack Gladstone Performance</i> - Hosted by Elementary PTO	Chautauqua Fine Arts Center
7:00 p.m.	Parent Communication Network - <i>College Prep Forum</i> -( <i>Donohoe</i> )	Mahtomedi High School - Choir Room
<b><u>Thursday, November 15</u></b> 5:45 p.m.	School Board Dinner Session	District Education Center - Board Room
7:00 p.m.	School Board Meeting	District Education Center - Community Room
7:30 p.m.	MHS Fall Play	Chautauqua Fine Arts Center
<b><u>Friday, November 16</u></b> 1:00 p.m.	MMSPA Meeting - <i>School View Overview &amp; How to Grow a 4.0</i>	Mahtomedi Middle School - Room 123
7:30 p.m.	MHS Fall Play	Chautauqua Fine Arts Center
<b><u>Saturday, November 17</u></b> 2:00 p.m.	MHS Fall Play	Chautauqua Fine Arts Center
<b><u>Wednesday, November 21</u></b> Noon	No School - Staff Development Adult Senior Community Lunch	District Education Center - Community Room
<b><u>Thursday, November 22 - Friday, November 23</u></b>	No School - Thanksgiving Break	
<b><u>Tuesday, November 27</u></b> 6:30-8:00 p.m.	Community Education Advisory Council Open House-( <i>Donovan</i> )	District Education Center - Community Room
<b><u>Friday, November 30</u></b> 1:00-3:00 p.m.	Dr. Sharroky Hollie Workshop	North High School - Forum
<b>DECEMBER</b>		
DATE/TIME	MEETING/EVENT	LOCATION
<b><u>Monday, December 3</u></b> 6:00 p.m.	MAEF Potluck Social-( <i>Donovan</i> )	TBD
7:00 p.m.	6 <sup>th</sup> Grade Band Concert	Chautauqua Fine Arts Center
<b><u>Tuesday, December 4</u></b> 6:00 p.m.	Northeast Metro 916 School Board Meeting-( <i>Schwartz</i> )	Bellaire School, White Bear Lake
6:30 p.m.	7 <sup>th</sup> Grade Band Concert	Chautauqua Fine Arts Center
8:00 p.m.	8 <sup>th</sup> Grade Band Concert	Chautauqua Fine Arts Center
<b><u>Wednesday, December 5</u></b> Noon	Adult Senior Community Lunch	District Education Center - Community Room
<b><u>Friday, December 7</u></b> 7:00 a.m.	AMSD Board of Directors Meeting-( <i>Donohoe</i> )	TIES Building, St. Paul

## CALENDAR OF EVENTS

<b>DECEMBER Cont.</b>		
<b>DATE/TIME</b>	<b>MEETING/EVENT</b>	<b>LOCATION</b>
<b><u>Monday, December 10</u></b> 6:00 p.m.	Zephyr "M" Club Meeting-(Dalton)	Mahtomedi High School - Media Center
<b><u>Wednesday, December 12</u></b> 3:00 p.m.	Multi-District Collaborative Council Mtg. (Deters)	NSP-M-O District Education Center
<b><u>Thursday, December 13</u></b> 5:45 p.m. 7:00 p.m. 7:00 p.m.	Dinner Session School Board Meeting MMS Play - <i>Around the World in 80 Days</i>	District Education Center - Board Room District Education Center - Community Room Black Box Theatre
<b><u>Friday, December 14</u></b> 7:00 p.m.	MMS Play - <i>Around the World in 80 Days</i>	Black Box Theatre
<b><u>Saturday, December 15</u></b> 2:00 & 7:00 p.m. 7:00 p.m.	MMS Play - <i>Around the World in 80 Days</i> MHS Choir Concert with Redpath	Black Box Theatre Chautauqua Fine Arts Center
<b><u>Monday, December 17</u></b> 4:00-5:30 p.m.  6:30 p.m. 7:30 p.m.	Curriculum Advisory Committee Meeting - <i>2011-2012 Elementary World Languages</i> 6 <sup>th</sup> Grade Choir Concert 7 <sup>th</sup> Grade Choir Concert	O. H. Anderson School - Lynn Mucciacciaro's Classroom Chautauqua Fine Arts Center Chautauqua Fine Arts Center
<b><u>Tuesday, December 18</u></b> 7:00 p.m.	8 <sup>th</sup> Grade Choir Concert	Chautauqua Fine Arts Center
<b><u>Wednesday, December 19</u></b> Noon	Adult Senior Community Lunch	District Education Center - Community Room
<b><u>Thursday, December 20</u></b> 8:00 p.m.	MHS Choir Concert	Chautauqua Fine Arts Center
<b><u>Monday, December 24- Tuesday, January 1</u></b>	No School - Winter Break	

**Mahtomedi Public Schools**  
**Independent School District #832**  
**1520 Mahtomedi Avenue**  
**Mahtomedi, MN 55115**

**Regular Meeting - Board of Education**

**Date:** November 15, 2012

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**Agenda Item # 9. C.**

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**TOPIC:** Curriculum Review - World Language

**PURPOSE OF PRESENTATION:** Update the Board on the changes that are happening in the K-5 Spanish Program.

**ACTION RECOMMENDED:** None.

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**Submitted By:**

**Concurrence By:**

Lynne Viker and Beth Sneden

**Name**



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**Dr. Mark Larson**  
**Superintendent of Schools**

Director of Teaching & Learning & Support Services  
and Professional Practice and Development Coordinator

**Title**

**Mahtomedi Public Schools**  
**Independent School District #832**  
**1520 Mahtomedi Avenue**  
**Mahtomedi, MN 55115**

**Regular Meeting - Board of Education**

**Date:** November 15, 2012

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**Agenda Item #9. D.**

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**TOPIC:** NWEA Fall Test Scores

**PURPOSE OF PRESENTATION:** Informational.

**ACTION RECOMMENDED:** None.

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**Submitted By:**

Lynne Viker

**Name**

Director of Teaching & Learning & Support Services

**Title**

**Concurrence By:**



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**Dr. Mark Larson**

**Superintendent of Schools**

**Mahtomedi Public Schools**  
**Independent School District #832**  
**1520 Mahtomedi Avenue**  
**Mahtomedi, MN 55115**

**Regular Meeting - Board of Education**

**Date:** November 15, 2012

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**Agenda Item #10. A.**

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**TOPIC:** Approval of 2011-2012 Audit

**PURPOSE OF PRESENTATION:** Presentation of the 2011-2012 Audit by Jim Eichten, Partner, MMKR (Malloy, Montague, Karnowski, Radosevich & Co., P.A.).

**ACTION RECOMMENDED:** Approval.

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**Submitted By:**

*Denise Sundstrom*

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**Denise Sundstrom**  
**Director of Business Services**

**Concurrence By:**

*Mark Larson*

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**Dr. Mark Larson**  
**Superintendent of Schools**

Management Report

for

Independent School District No. 832  
Mahtomedi, Minnesota  
June 30, 2012

To the School Board of  
Independent School District No. 832  
Mahtomedi, Minnesota

We have prepared this management report in conjunction with our audit of Independent School District No. 832, Mahtomedi, Minnesota's (the District) financial statements for the year ended June 30, 2012. The purpose of this report is to communicate information relevant to the financing of public education in Minnesota and to provide comments resulting from our audit process. We have organized this report into the following sections:

- Audit Summary
- Funding Public Education in Minnesota
- Financial Trends of Your District
- Accounting and Auditing Updates
- Legislative Summary

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

This report is intended solely for the information and use of management, those charged with governance of the District, and those who have responsibility for oversight of the financial reporting process. It is not intended to be, and should not be, used by anyone other than these specified parties.

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

November 8, 2012

## AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the School Board, administration, or those charged with governance of the District.

### **OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND THE U.S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

### **PLANNED SCOPE AND TIMING OF THE AUDIT**

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

### **AUDIT OPINION AND FINDINGS**

Based on our audit of the District's financial statements for the year ended June 30, 2012:

- We have issued an unqualified opinion on the District's annual financial statements.
- We reported one deficiency involving the District's internal control over financial reporting that we considered to be a significant deficiency:
  - 1) The District has limited segregation of duties in several areas, including the processing of general disbursements and payroll transactions. The limited segregation of duties is primarily caused by the limited size of the District's business office staff.
- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
- We noted that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.
- The results of our tests indicate that the District has complied, in all material respects, with the compliance requirements that could have a direct and material effect on each major federal program.
- We reported no deficiencies in the internal controls over compliance and its operation that we consider to be material weaknesses in our testing of major federal programs.
- We reported no findings based on our testing of the District's compliance with Minnesota laws and regulations.

## **SIGNIFICANT ACCOUNTING POLICIES**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

## **ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a state-wide database—MARSS. Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for fiscal year 2012 is not finalized until well into fiscal year 2013. General education revenue and certain other revenues are computed using preliminary information on the number of students served in the resident district and also utilizing some estimates, particularly in the area of enrollment options.

Special education state aid includes an adjustment related to tuition billings to and from other school districts for special education services which are computed using formulas derived by the Minnesota Department of Education (MDE). Because of the timing of the calculations, this adjustment for fiscal 2012 is not finalized until after the District has closed its financial records for the fiscal period. The impact of this adjustment on the receivable and revenue recorded for state special education aid is calculated using preliminary information available to the District.

The District has recorded a liability in the Statement of Net Assets for severance benefits payable for which it is probable employees will be compensated. The "vesting method" used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), the potential use of accumulated sick leave prior to termination, and the age at which such employees are likely to retire.

The District has recorded activity for other post-employment benefits (OPEB). These obligations are calculated using actuarial methodologies described in Governmental Accounting Standards Board (GASB) Statement No. 45. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, and employee turnover.

The depreciation of capital assets involves estimates pertaining to useful lives.

We evaluated the key factors and assumptions used by management in the areas discussed above in determining that they are reasonable in relation to the financial statements taken as a whole.

## **CORRECTED AND UNCORRECTED MISSTATEMENTS**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Where applicable, management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management, when applicable, were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

## **DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

## **DISAGREEMENTS WITH MANAGEMENT**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## **MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## **OTHER AUDIT FINDINGS OR ISSUES**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the management representation letter dated November 8, 2012.

## **OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Other information, including the introductory section, supplemental information, the Schedule of Expenditures of Federal Awards, and the Uniform Financial Accounting and Reporting (UFARS) Compliance Table accompanying the basic financial statements, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

With respect to the supplemental information, the Schedule of Expenditures of Federal Awards, and the UFARS Compliance Table accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

With respect to the introductory section accompanying the financial statements, our procedures were limited to reading this other information, and in doing so we did not identify any material inconsistencies with the audited financial statements.

## FUNDING PUBLIC EDUCATION IN MINNESOTA

Due to its complexity, it would be impossible to fully explain the funding of public education in Minnesota within this report. The last section of this report, which contains a summary of legislative changes affecting school districts, gives an indication of how complicated the funding system is. The following section provides some state-wide funding and financial trend information.

### STATE FINANCIAL OUTLOOK

The 2011 legislative session began with a projected budget deficit of \$6.2 billion (later revised down to \$5.0 billion in the February 2011 economic forecast) and strong disagreement between the Democratic Governor and Republican controlled Legislature on how to address the deficit. As the 2011 regular legislative session ended, the Governor vetoed eight major state appropriation bills and the omnibus tax bill passed by the Legislature, leaving the majority of state agencies without a budget for the next fiscal year. This resulted in the longest government shutdown in Minnesota history, with all “nonessential” state agencies closed from July 1, 2011 until the passing of appropriation bills in a special session on July 19th and 20th. As was the case in the last biennium, the state budget finally adopted for 2012–2013 utilized several large “accounting shifts” in an attempt to minimize the need for tax increases or state aid cuts to balance the budget. The accounting shifts included delaying an even higher percentage of estimated state aid payments to school districts and charter schools than was already being delayed, and a small expansion of the “tax shift,” which accelerates the recognition of district tax levy revenue with an off-setting reduction in state aid. Both of these types of shifts significantly reduce the amount of operating cash available to Minnesota school districts and charter schools, but were intended to be revenue neutral, thereby sparing districts from deeper funding cuts.

The 2012 legislative session began on a much more positive note, with the November 2011 economic forecast projecting an unexpected surplus of \$876 million for the remainder of the biennium. Even year legislative sessions are not typically budget years, but recently the Legislature has often had to adopt supplemental budgets in even year sessions to address large projected shortfalls. The projected surplus, which had increased another \$323 million by the February 2012 economic forecast, eliminated any need for a supplemental budget and allowed legislators to pay down some state borrowing. This resulted in Minnesota school districts receiving a slightly higher percentage of their estimated state aid entitlements by June 30, 2012 than anticipated. Unfortunately, this short-term improvement in the state’s financial condition is not expected to continue. The same February 2012 economic forecast that projected a surplus for the remainder of current biennium anticipates a \$1.1 billion deficit for the 2014–2015 biennium.

**BASIC GENERAL EDUCATION REVENUE**

The largest single funding source for Minnesota school districts is basic general education aid. Each year, the Legislature sets a basic formula allowance. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a district is entitled to aid. Pupil units are calculated using a legislatively determined weighting system applied to average daily membership (ADM). Over the years, various modifications have been made to this calculation, including changes in weighting and special consideration for declining enrollment districts.

The table below presents a summary of the formula allowance for the past decade and as approved for the next fiscal year. The amount of the formula allowance and the percentage change from year to year excludes non-comparable changes such as temporary funding increases, the “roll-in” of aids that were previously funded separately, and the one-time replacement of a portion of general education aid with federal fiscal stabilization funds in fiscal 2010.

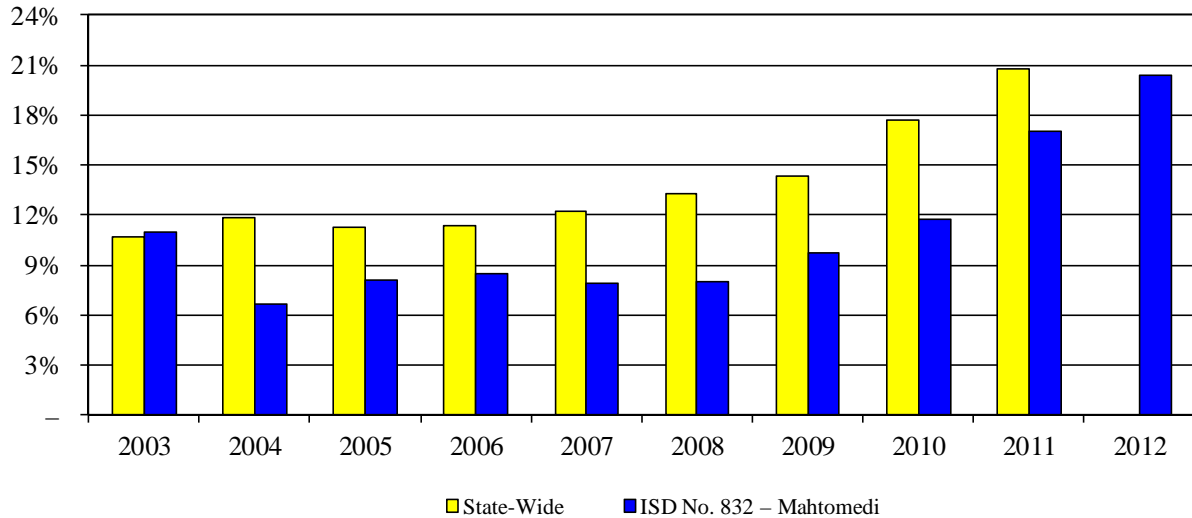
Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2003	\$ 4,601	2.6 %
2004	\$ 4,601	– %
2005	\$ 4,601	– %
2006	\$ 4,783	4.0 %
2007	\$ 4,974	4.0 %
2008	\$ 5,074	2.0 %
2009	\$ 5,124	1.0 %
2010	\$ 5,124	– %
2011	\$ 5,124	– %
2012	\$ 5,174	1.0 %
2013	\$ 5,224	1.0 %

As noted in the table above, after having been frozen at the same level for the last three years, the Legislature added \$50 to the basic formula allowance for both fiscal 2012 and 2013. In recent years, the limited increases, if any, in the formula allowance have forced many districts to continually cut expenditure budgets or seek increased referendum revenue in order to maintain programs.

## STATE-WIDE SCHOOL DISTRICT FINANCIAL HEALTH

One of the most common and comparable statistics used to evaluate school district financial health is the unrestricted (formerly unreserved) operating fund balance as a percentage of operating expenditures.

State-Wide Unrestricted/Unreserved Operating Fund Balance  
as a Percentage of Operating Expenditures



Note: State-wide information is not available for fiscal 2012.

The calculation above reflects only the unrestricted/unreserved fund balance of the General Fund, and the corresponding expenditures, which is the same method the state uses for the calculation of statutory operating debt (SOD). We have also included the comparable percentages for your district.

Even with limited funding increases, school district unrestricted/unreserved fund balance has been increasing as a percentage of operating expenditures on a state-wide basis in recent years. This trend is the result of many factors, including districts reducing operating expenditures, adapting to funding restrictions, efforts to maintain fund balance for cash flow purposes, and in some cases community support in the form of operating referendums.

As of June 30, 2011, this ratio was 17.0 percent for the District, as compared to a state-wide average of 20.8 percent. The District's unrestricted operating fund balance as a percentage of operating expenditures was 20.4 percent at the end of the current year.

The table below shows a comparison of governmental fund revenue per ADM received by Minnesota school districts and your district. Revenues for all governmental funds are included, except for the Capital Projects – Building Construction Fund and the Other Post-Employment Benefits Debt Service Fund. Other financing sources, such as proceeds from sales of capital assets, insurance recoveries, bond sales, loans, and interfund transfers, are also excluded.

<b>Governmental Funds Revenue per Student (ADM) Served</b>							
	State-Wide		Seven-County Metro Area		ISD No. 832 – Mahtomedi		
	2010	2011	2010	2011	2010	2011	2012
<b>General Fund</b>							
Property taxes	\$ 1,473	\$ 2,130	\$ 1,968	\$ 2,811	\$ 2,011	\$ 2,734	\$ 1,917
Other local sources	435	432	372	358	456	432	492
State	7,119	7,213	7,143	7,063	6,597	6,527	7,436
Federal	1,233	720	1,274	755	853	334	457
<b>Total General Fund</b>	<b>10,260</b>	<b>10,495</b>	<b>10,757</b>	<b>10,987</b>	<b>9,917</b>	<b>10,027</b>	<b>10,302</b>
<b>Special revenue funds</b>							
Food Service	469	474	465	470	431	436	445
Community Service	503	513	604	619	634	610	597
Debt Service Fund	1,040	1,053	1,137	1,131	985	1,187	1,704
<b>Total revenue</b>	<b>\$ 12,272</b>	<b>\$ 12,535</b>	<b>\$ 12,963</b>	<b>\$ 13,207</b>	<b>\$ 11,967</b>	<b>\$ 12,260</b>	<b>\$ 13,048</b>
ADM served per MDE School District Profiles Report (current year estimated)					<u>3,236</u>	<u>3,227</u>	<u>3,243</u>
Note: Excludes the Capital Projects – Building Construction Fund and Other Post-Employment Benefits Debt Service Fund.							
Source of state-wide and seven-county metro area data: School District Profiles Report published by the MDE							

ADM used in the table above is based on enrollments consistent with those used in the MDE School District Profiles Report, which include extended time ADM, and may differ from ADM reported in other tables.

The mix of local and state revenues vary from year to year primarily based on funding formulas and the state’s financial condition. The mix of revenue components from district to district varies due to factors such as the strength of property values, mix of property types, operating and bond referendums, enrollment trends, density of population, types of programs offered, and countless other criteria.

The District earned approximately \$42.3 million in the governmental funds reflected above in fiscal 2012, an increase of about \$2.7 million (7.0 percent) from the prior year. Total revenue per ADM served increased by \$788 per student. General Fund tax revenue decreased \$817 per student, mainly due to a \$2.4 million decrease in the tax shift. General Fund revenue from federal grants increased by \$123 per student, primarily due to the use of Education Jobs funding in the current year. General Fund state aid revenues were \$909 per student greater than last year primarily due to the effects of the tax shift combined with an increase in the general education funding formula and special education state aid funding.

The District also experienced an increase in the Debt Service Fund revenue in fiscal 2012, which was related to an increase in the certified property tax levy from the passage of a building referendum.

The table below reflects similar comparative data available from the MDE for all governmental fund expenditures, excluding the Capital Projects – Building Construction Fund and the Other Post-Employment Benefits Debt Service Fund. Other financing uses, such as bond refunding and transfers, are also excluded.

<b>Governmental Funds Expenditures per Student (ADM) Served</b>							
	State-Wide		Seven-County Metro Area		ISD No. 832 – Mahtomedi		
	2010	2011	2010	2011	2010	2011	2012
	General Fund						
Administration and district support	\$ 807	\$ 813	\$ 781	\$ 788	\$ 801	\$ 765	\$ 808
Elementary and secondary regular instruction	4,885	4,829	5,069	5,107	4,873	4,783	4,912
Vocational education instruction	149	144	150	136	229	172	194
Special education instruction	1,832	1,904	1,992	2,015	1,678	1,722	1,812
Instructional support services	461	446	550	526	456	357	359
Pupil support services	861	874	937	937	674	680	705
Sites and buildings and other	794	811	755	765	794	864	871
Total General Fund expenditures (excluding capital)	9,789	9,821	10,234	10,274	9,505	9,343	9,661
General Fund capital expenditures	440	452	414	419	275	266	200
Special revenue funds							
Food Service	458	469	456	469	426	431	408
Community Service	513	515	618	623	636	597	605
Debt Service Fund	1,129	1,111	1,184	1,208	1,054	1,524	1,899
Total expenditures	<u>\$ 12,329</u>	<u>\$ 12,368</u>	<u>\$ 12,906</u>	<u>\$ 12,993</u>	<u>\$ 11,896</u>	<u>\$ 12,161</u>	<u>\$ 12,773</u>
ADM served per MDE School District Profiles Report (current year estimated)					<u>3,236</u>	<u>3,227</u>	<u>3,243</u>
Note: Excludes the Capital Projects – Building Construction Fund and Post-Employment Benefits Debt Service Fund.							
Source of state-wide and seven-county metro area data: School District Profiles Report published by the MDE							

Expenditure patterns also vary from district to district for various reasons. Factors affecting the comparison include the growth cycle or maturity of the District, average employee experience, availability of funding, population density, and even methods of allocating costs.

The differences from program to program reflect the District’s particular character, such as its community service programs, as well as the fluctuations from year to year for such things as capital expenditures.

The District experienced an increase in total expenditures per student in fiscal 2012 of \$612, or 5.0 percent, due mostly to a 24.6 percent increase in scheduled debt service payments. The General Fund expenditures (excluding capital) increased \$318 per student, mainly in regular instruction (\$129 per pupil) and special education instruction (\$90 per pupil) due to increased personnel costs. As the table reflects, the District has traditionally expended less per ADM on general operating costs and total costs than the seven-county metro area averages.

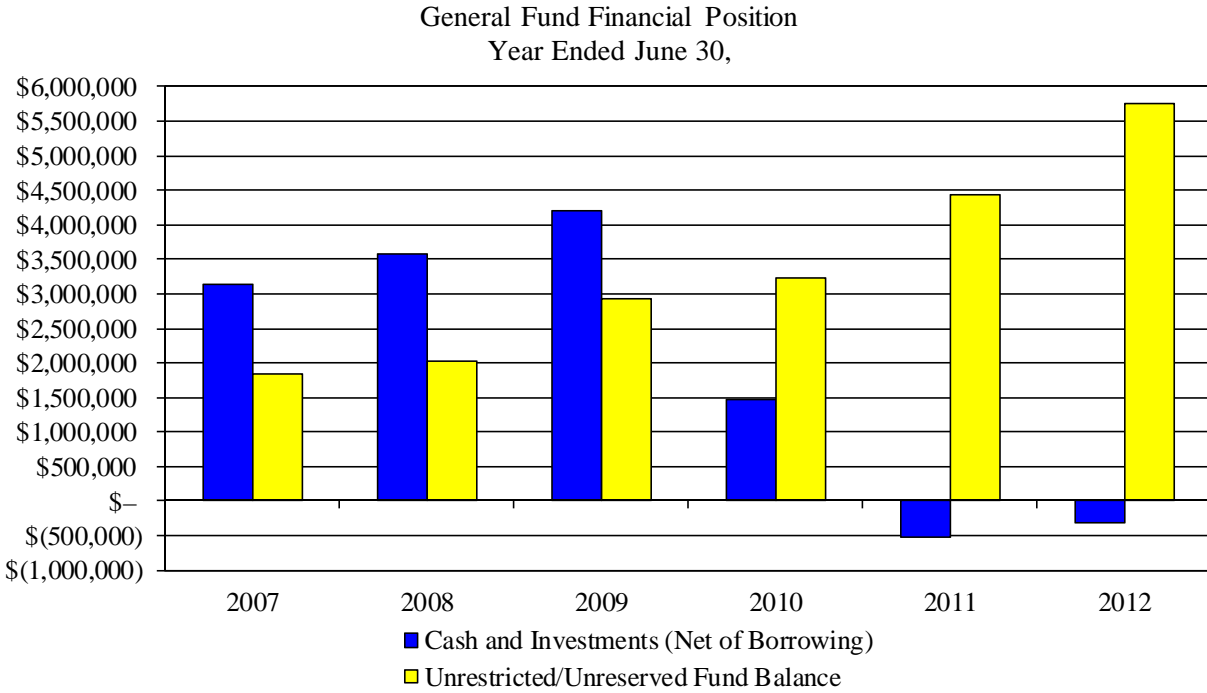
## SUMMARY

The funding for and financial position of Minnesota school districts has fluctuated significantly over the past several years due to a number of factors, including those discussed above. This situation continues to present a challenge for school boards, administrators, and management of these districts in providing the best education with the limited resources available in a climate of unknown future funding levels.

## FINANCIAL TRENDS OF YOUR DISTRICT

### GENERAL FUND FINANCIAL POSITION

The following graph displays the District's General Fund trends of financial position and changes in the volume of financial activity. Unrestricted (formerly unreserved) fund balance and cash balance are typically used as indicators of financial health.



The District ended fiscal year 2012 with a deficit General Fund cash balance of \$309,342 (net of borrowing or interfund payables), an increase of \$221,738 from the previous year. This cash balance does not include cash and investments held in trust. The deficit cash balance was primarily due to the metering of state aid payments and the tax shift accounting the past several years.

Unrestricted/unreserved fund balance at year-end was \$5,754,109, an increase of \$1,314,483. The General Fund has continued to experience a stable fund balance position. The increase in the General Fund balance was related to a planned increase as outlined in the adopted budgeted and a combination of revenues being slightly above projected amounts and expenditures being slightly below budgeted amounts.

The following table presents the components of the General Fund balance for the past five years:

	June 30,				
	2008	2009	2010	2011	2012
Nonspendable fund balances	\$ -	\$ -	\$ -	\$ 11,999	\$ 3,417
Restricted (formerly reserved) fund balances	1,345,567	895,449	1,047,845	1,164,796	1,289,271
Unrestricted (formerly unreserved) fund balances					
Assigned (formerly designated)	419,409	1,018,148	996,208	966,193	1,516,438
Unassigned (formerly undesignated)	1,599,834	1,904,204	2,224,000	3,473,433	4,237,671
<b>Total fund balance</b>	<b>\$ 3,364,810</b>	<b>\$ 3,817,801</b>	<b>\$ 4,268,053</b>	<b>\$ 5,616,421</b>	<b>\$ 7,046,797</b>
Unassigned (formerly undesignated) fund balances as a percentage of expenditures	5.5%	5.6%	7.0%	11.2%	13.3%

In the preceding table, General Fund unassigned fund balances and the related percentages of total General Fund expenditures differ from those used in the previous discussion of state-wide fund balances, which are based on the state SOD formula.

The School Board has formally adopted a fund balance policy. This policy states that the School Board will strive to maintain a minimum unassigned General Fund balance of 8 percent of total General Fund expenditures. At June 30, 2012, the unassigned fund balance of the General Fund was 13.3 percent of the total General Fund Expenditures.

The resources represented by this fund balance are critical to a district's ability to maintain adequate cash flow throughout the year, to retain its programs, and to cushion against the impact of unexpected costs or funding shortfalls.

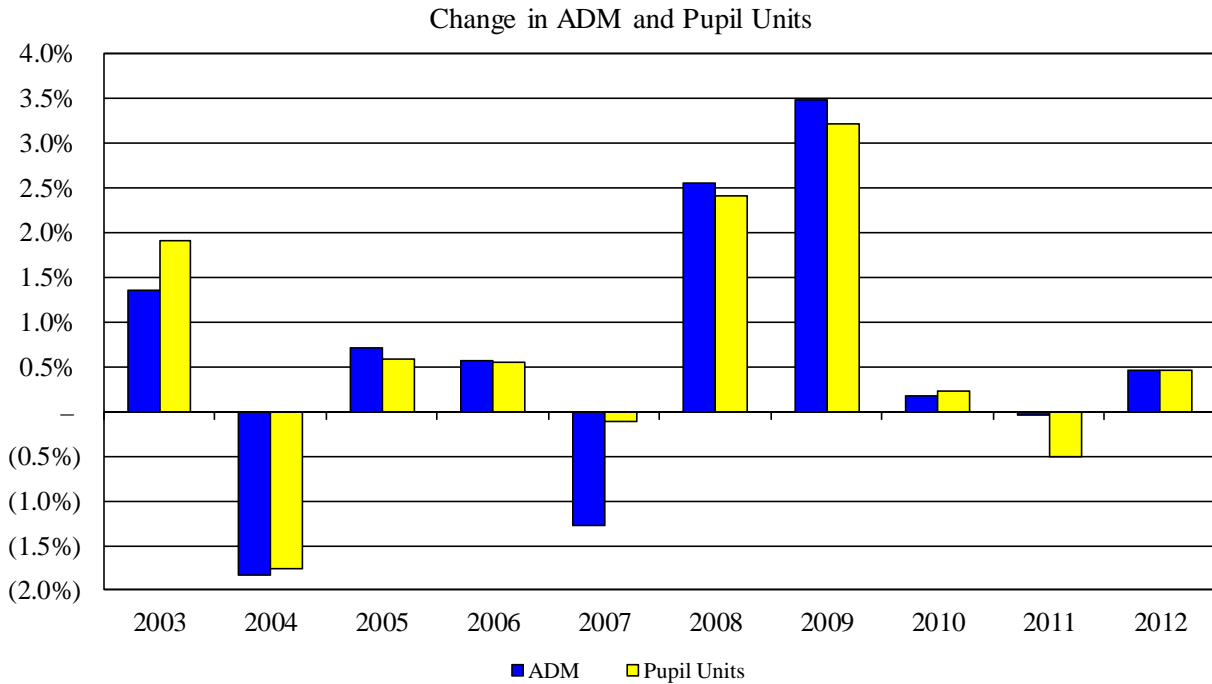
#### **GENERAL FUND CASH FLOW**

The level of cash and investments varies considerably during the year due to the timing of various revenues and expenditures.

Changes in funding structure and state aid payment schedules significantly affect the cash flow of Minnesota school districts. As further described in the Legislative Summary section of this report, state aids normally paid on a 90–10 schedule were changed to a 73–27 schedule for fiscal 2010, 70–30 for fiscal 2011, and 64.3–35.7 for fiscal 2012. Beginning in fiscal 2011, a further delay in aid payments occurred with a significant increase in the tax shift.

## AVERAGE DAILY MEMBERSHIP AND PUPIL UNITS

The following graph shows the rate of ADM change from year to year, and the relationship of the resulting pupil units:

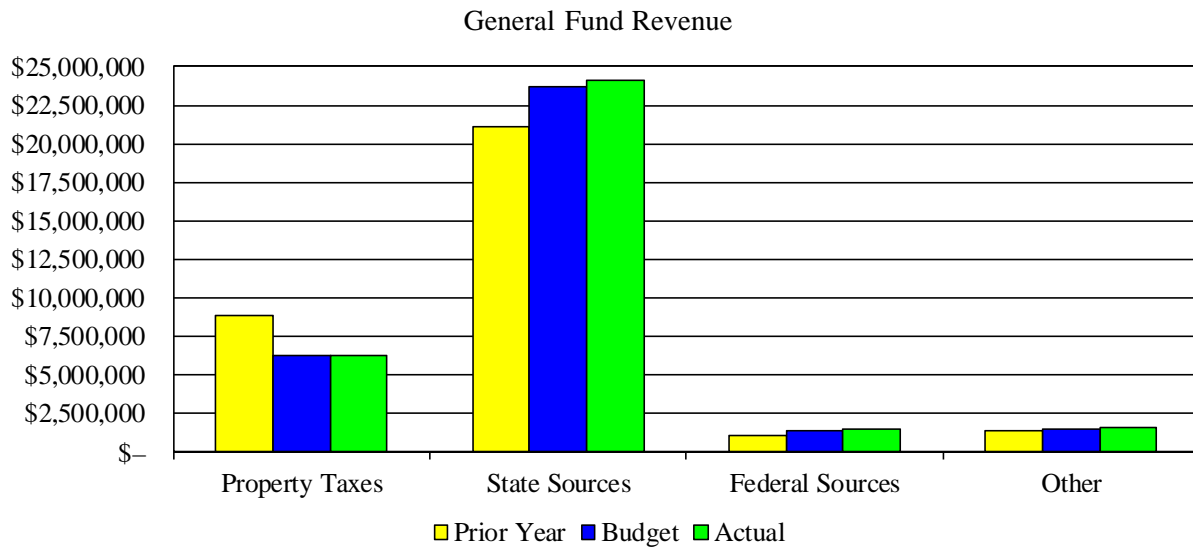


ADM is a measure of students attending class, which is then converted to pupil units (the base for determining revenue) using a statutory formula. Not only is the original budget based on ADM estimates, the final audited financial statements are based on updated, but still estimated, ADM since the counts are not finalized until around January of the following year. When viewing revenue budget variances, one needs to consider these ADM changes, the impact of the prior year final adjustments which affect this year's revenue, and also the final adjustments caused by open enrollment gains and losses.

The District experienced an increase of 15 ADM from the prior year to 3,241 served in the current year.

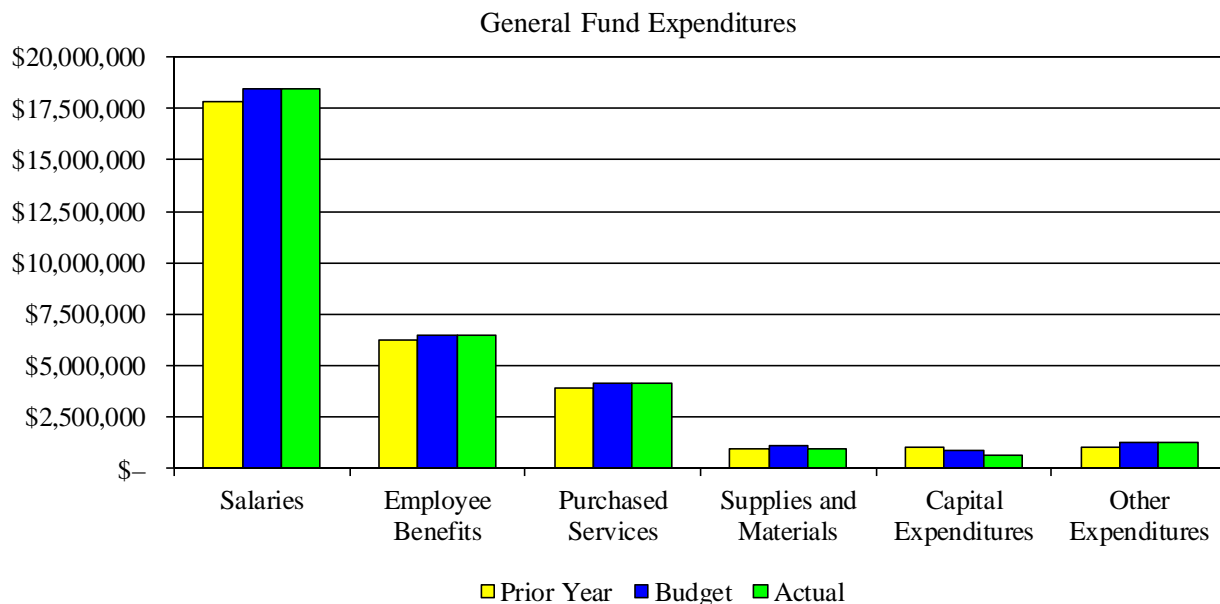
## GENERAL FUND REVENUE AND EXPENDITURES

The following graph summarizes the District's General Fund revenue for 2012:



Total General Fund revenues were \$33,407,705 for the year ended June 30, 2012, which was \$657,571 (2.0 percent) over the final budget, and \$1,050,170 higher than the previous year. The increase over prior year was due to additional federal revenue from the Education Jobs Fund and additional state aid funding received on eligible special education costs incurred, which also exceeded amounts anticipated in the budget. This graph also reflects the tax shift between state aids and tax sources that offset dollar-for-dollar.

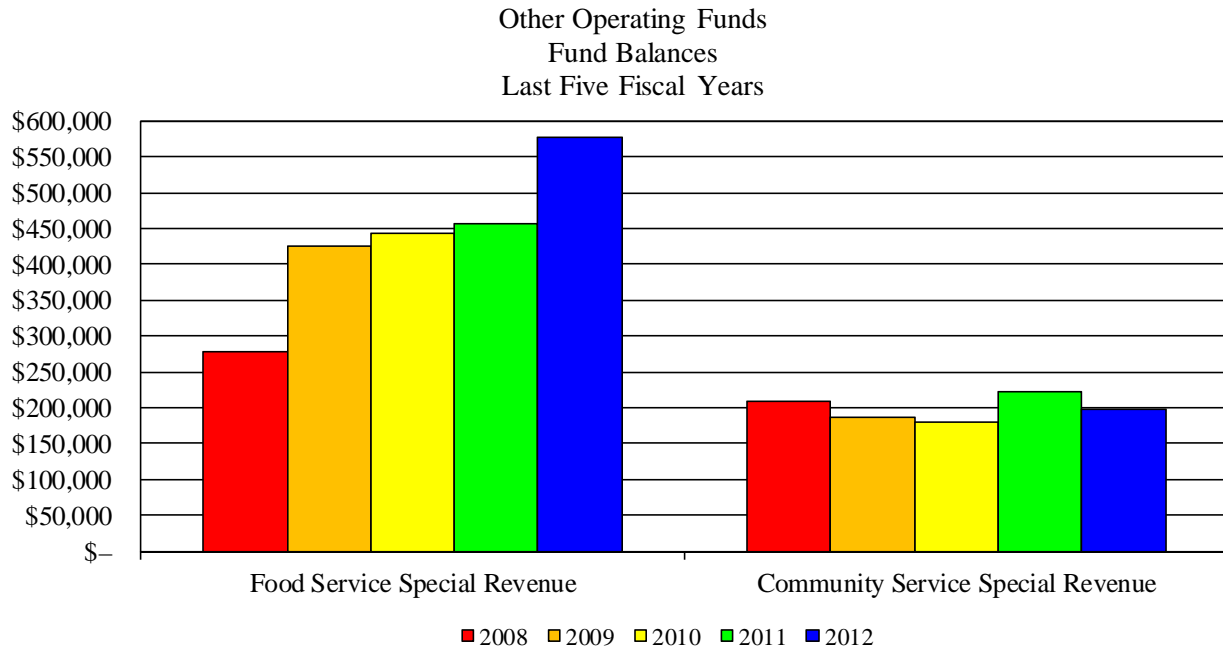
The following graph presents the District's General Fund expenditures for 2012:



Total General Fund expenditures were \$31,977,329 for the year ended June 30, 2012, which was \$403,815 (1.2 percent) under the final budget, and \$968,162 (3.1 percent) more than the prior year. Salaries and benefits were \$919,198 higher than the previous year due to planned contractual salary and benefit increases. Expenditures were less than projected in capital expenditures and supplies and materials, due to cost containment efforts in the District.

## OTHER FUNDS OF THE DISTRICT

The following graph shows what is referred to as the other operating funds. The remaining non-operating funds are only included in narrative form below, since their level of fund balance can fluctuate significantly due to such things as issuing and spending the proceeds of refunding or building bonds and, therefore, the trend of fund balance levels are not necessarily a key indicator of financial health. It does not mean that these funds cannot experience financial trouble or that their fund balances are unimportant.



### Food Service Special Revenue Fund

The District's Food Service Special Revenue Fund's financial condition has been improving for the past several years. In fiscal 2012, the fund experienced a \$119,198 increase in fund balance, which was \$120,978 more than the planned \$1,780 decrease in fund balance.

This operation has maintained a healthy fund balance for several years and has also been able to assist in funding a portion of several capital improvements to food service facilities in recent years. The District should review upcoming capital needs of the child nutrition operation and incorporate that information in establishing an optimal level of fund balance that is also within state and federal fund balance limits.

### Community Service Special Revenue Fund

The District's Community Service Special Revenue Fund experienced a decrease in fund balance of \$24,313 for the year ended June 30, 2012, which was \$24,541 lower than the \$228 planned increase in fund balance.

The Community Service Special Revenue Fund, like the Food Service Special Revenue Fund, needs to be self-sustaining. In addition to cost controls, financial analysis of the costs of providing programs, including overhead, is important. Fees and tuition charges should be sufficient to cover these costs as well as potential funding shortfalls from state, federal, or property tax sources.

### Capital Projects – Building Construction Fund

The activity in this fund represents the District's revenue and expenditures for the construction of capital facilities authorized by bond issue. The District utilized \$15,326,000 of capital project funds during fiscal 2012. At June 30, 2012, this fund has \$18,615,879 of building construction funds available.

## Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. It is important to remember that resources of the Debt Service Fund are dedicated to the payment of outstanding debt obligations of the District.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's financial statements include fund-based information that focuses on budgetary compliance, and the sufficiency of the District's current assets to finance its current liabilities. The current reporting model also requires the inclusion of two government-wide financial statements designed to present a clear picture of the District as a single, unified entity. These government-wide statements provide information on the total cost of delivering educational services, including capital assets and long-term liabilities.

Theoretically, net assets represent the resources the District has leftover to use for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, the statement divides the net assets into three components: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The following table presents a summarized conversion of the District's governmental fund balances (as discussed earlier) to net assets and the separate components for the last two years:

	June 30,	
	2011	2012
Net assets – governmental activities		
Total fund balances – governmental funds	\$ 50,451,005	\$ 27,226,004
Total capital assets, net of depreciation	37,130,422	52,046,523
Total long-term debt	(78,519,251)	(66,807,801)
Other adjustments	1,549,495	1,671,753
Total net assets – governmental activities	<u>\$ 10,611,671</u>	<u>\$ 14,136,479</u>
Net assets		
Invested in capital assets, net of related debt	\$ 4,930,599	\$ 7,391,507
Restricted	1,851,917	1,832,561
Unrestricted	3,829,155	4,912,411
Total net assets	<u>\$ 10,611,671</u>	<u>\$ 14,136,479</u>

Some of the District's fund balances translate into restricted net assets by virtue of external restrictions (statutory restrictions) or by the nature of the fund they are in (e.g. Food Service Special Revenue Fund balance can only be spent for food service program costs). The unrestricted net assets category consists mainly of the General Fund unrestricted fund balances, offset against non-capital long-term obligations such as vacation or severance payable. Consequently, many Minnesota school districts have accumulated deficits in this component of net assets.

Invested in capital assets, net of related debt is the ratio of capitalized asset purchases, net of any depreciation to the amount of outstanding debt obligations that were issued to finance these capital purchases.

Total net assets increased \$3,524,808 during fiscal 2012, including an increase in unrestricted net assets of \$1,083,256, which is mostly the result of the increase in the General Fund balance.

## ACCOUNTING AND AUDITING UPDATES

### **GASB STATEMENT NO. 60 – ACCOUNTING AND FINANCIAL REPORTING FOR SERVICE CONCESSION ARRANGEMENTS**

This statement provides accounting and financial reporting guidance for governments that participate as either a transferor or an operator in a service concession arrangement (SCA). SCAs are arrangements whereby a government transfers the rights to operate one of its capital assets to a third party operator (either a private party or another government) for consideration, with the operator then being compensated from the fees or charges collected in connection with the operation of the asset. To qualify as an SCA, an arrangement must meet all of the following criteria: 1) the transferor must convey to the operator both the right and the obligation to use one of its capital assets to provide services to the public; 2) the operator must provide significant consideration to the transferor; 3) the operator must be compensated from the fees or charges it collects from third parties; 4) the transferor must have the ability to either determine, modify, or approve what services are to be provided to whom at what price; and 5) the transferor must retain a significant residual interest in the service utility of the asset. This statement provides guidance to governments that are party to an SCA for reporting the assets, obligations, and flow of revenues that result from the arrangement; along with the required financial statement disclosures. The requirements of this statement must be implemented for periods beginning after December 15, 2011, with earlier implementation encouraged.

### **GASB STATEMENT NO. 61 – THE FINANCIAL REPORTING ENTITY: OMNIBUS**

This statement amends the current guidance in GASB Statement No. 14, “The Financial Reporting Entity,” for identifying and presenting component units. This statement changes the fiscal dependency criterion for determining component units. Potential component units that meet the fiscal dependency criterion for inclusion in the financial reporting entity under existing guidance will only be included if there is also “financial interdependency” (an ongoing relationship of potential financial benefit or burden) with the primary government. This statement also clarifies the types of relationships that are considered to meet the “misleading to exclude” criterion for inclusion as a component unit; changes the criteria for blending component units; gives direction for the determination and disclosure of major component units; and adds a requirement to report an explicit, measurable equity interest in a discretely presented component unit in a statement of position prepared using the economic resources measurement focus. The requirements of this statement must be implemented for periods beginning after June 15, 2012, with earlier implementation encouraged.

### **GASB STATEMENT NO. 63 – FINANCIAL REPORTING OF DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources; which are defined as the consumption or acquisition of net assets, respectively, applicable to a future reporting period. The statement amends certain reporting requirements in GASB Statement No. 34 and related pronouncements, providing a format for a new Statement of Net Position, which reports deferred outflows of resources and deferred inflows of resources separately from assets and liabilities. It also renames the residual of assets, deferred outflows of resources, liabilities, and deferred inflows of resources as net position, rather than net assets. The requirements of this statement must be implemented for periods beginning after December 15, 2011, with earlier implementation encouraged.

### **GASB STATEMENT NO. 65 – ITEMS PREVIOUSLY REPORTED AS ASSETS AND LIABILITIES**

This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

**GASB STATEMENT NO. 67 – FINANCIAL REPORTING FOR PENSION PLANS – AN AMENDMENT OF GASB STATEMENT NO. 25**

The primary objective of this statement is to improve financial reporting by state and local governmental pension plans. GASB Statement No. 67 replaces the requirements of GASB Statement Nos. 25 and 50 for pension plans that are administered through trusts or equivalent arrangements that meet the following criteria: contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable; pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms; and pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members. The requirements of GASB Statement Nos. 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement and to defined contribution plans that provide post-employment benefits other than pensions. The statement makes a number of changes in the financial statement presentation, measurement, and required disclosures relating to the reporting of these types pension plans. This statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged.

**GASB STATEMENT NO. 68 – ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS – AN AMENDMENT OF GASB STATEMENT NO. 27**

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This statement replaces the requirements of GASB Statement Nos. 27 and 50, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria (as described above for GASB Statement No. 67). The requirements of GASB Statement Nos. 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

Included in this statement are major changes in how employers that participate in cost-sharing pension plans, such as TRA and PERA, account for pension benefit expenses and liabilities. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability of all employers with benefits provided through the pension plan. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total of contributions from employers included in the collective net pension liability are required to be determined. These effects are required to be recognized in the employer's pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all active and inactive employees that are provided with pensions through the pension plan.

## LEGISLATIVE SUMMARY

The following is a brief summary of recent legislative changes and issues affecting the funding of Minnesota school districts. More detailed and extensive summaries are available from the MDE.

**Basic General Education Revenue** – The per pupil basic general education formula allowance for fiscal year (FY) 2012 was \$5,174. The allowance will increase \$50 to \$5,224 for FY 2013.

**Small Schools Revenue** – Small schools revenue will be added as a new component of general education revenue beginning in FY 2013. School districts with less than 1,000 adjusted marginal cost pupil units (AMCPU) will qualify for an additional revenue allowance per AMCPU of: \$522.40 times (1,000 – AMCPU)/1,000. Charter schools are not eligible for this aid.

**Temporary Suspension of Reserved Revenue for Staff Development** – The temporary suspension of the requirement for school districts and charter schools to reserve 2 percent of their basic general education revenue for staff development, initially suspended for FY 2010 and FY 2011, was extended to include FY 2012 and FY 2013. The requirement for districts to allocate the reserved funds; 50 percent to sites on a per teacher basis, 25 percent for best practices, and 25 percent for district-wide staff development, has been repealed.

**Training and Experience Revenue** – Training and experience revenue was eliminated as a component of general education revenue effective FY 2012.

**Homeless Students** – For general education aid, the district where the parent or legal guardian of a homeless student resides is now considered their district of residence rather than the district where the homeless shelter is located, unless the parent or guardian lives outside the state, is imprisoned, or has had their parental rights terminated. If any of these three exceptions apply, the district of residence is the district in which the pupil resided when the qualifying event occurred. If the district of residence cannot otherwise be determined, it will be the district in which the pupil currently resides. Homeless students whose parent or legal guardian moves to another district are allowed to continue to enroll at the district they have been attending without the approval of either the resident or nonresident districts' boards. Transportation from the district of residence to and from the school of enrollment must be provided for homeless students by the serving district.

**State Aid Payment Deferral** – State aids normally paid on a 90–10 schedule were due to be paid on a 60–40 payment schedule beginning in FY 2012 for both school districts and charter schools. An exception was allowed for charter schools in which at least 90 percent of the enrollment receives special education services, accelerating regular special education aid payments only to a 90–10 payment schedule. Due to a projected budget surplus, the percentage of FY 2012 estimated state aids payable to districts and charter schools during the current year was increased to 64.3 percent, beginning with the March 15, 2012 payment. The March 15th payment was adjusted to catch districts and charter schools up to amount they would have received through that date had the current payment percentage been set at 64.3 percent throughout the year.

**Endowment/Permanent School Fund Payments** – Effective March 1, 2012, the distribution of endowment/permanent school fund revenue will be based on the adjusted average daily membership (ADM) pupils served by each school district rather than resident ADM pupils. Also, charter schools will qualify to receive endowment/permanent school fund payments beginning that same date.

**Compensatory Pilot Project Formula Aid** – The 20 largest school districts in the state in terms of adjusted pupil units may be eligible for this one-time aid for FY 2013. To be eligible, the district's compensatory revenue per compensatory pupil unit (free + 1/2 of reduced price lunch count) must be less than \$1,400. The aid, which can only be used for basic skills purposes, will equal the amount needed to bring the district's compensatory aid up to \$1,400 per compensatory pupil unit.

**Literacy Incentive Aid** – For FY 2013 and later, a new literacy incentive aid is available to school districts and charter schools. Only school sites that enroll students in Grades 3 and 4, with reading Minnesota Comprehensive Assessments (MCA) test results from the prior year, generate revenue. There is no requirement for the funds to be spent at the school generating the revenue. The aid may be used for any General Fund purpose.

Literacy incentive aid is the sum of two components, proficiency aid and growth aid. Proficiency aid equals the number of the school's third grade enrollment from October 1 of the previous year times the school's proficiency allowance (\$530 times the percent of third graders meeting or exceeding proficiency on the reading MCA test, averaged across the previous three test administrations). Growth aid equals the school's fourth grade enrollment on the previous October 1 times the school's growth allowance (\$530 times the percentage of students making medium or high growth on the fourth grade reading MCA, averaged across the previous three test administrations).

**Integration Aid** – The current integration rule remains in effect with no sunset. However, the current integration aid funding formula remains in place only through FY 2013. The integration revenue statute is repealed for FY 2014, and the base appropriation for a new program is established for FY 2014 and FY 2015. A 12-member Integration Revenue Replacement Advisory Task Force convened by the Commissioner of Education will develop recommendations for repurposing integration revenue funds to create and sustain opportunities for students to achieve improved educational outcomes.

**Homestead Market Value Credit (HMVC)** – The HMVC, which reduces the property taxes spread to homestead property based on net tax capacity and replaces it with state aid, is repealed effective for taxes payable in 2012. To help neutralize the impact of the credit repeal on homeowners, a portion of each homestead taxpayer's market value will be excluded in determining the property's net tax capacity for determining net tax capacity-based taxes. The exclusion starts at 40 percent of the value for homes valued up to \$76,000, and is gradually reduced as the home value increases, phasing out completely for homes valued over \$413,800.

**Career and Technical Levy** – Beginning with taxes payable in 2012, this levy is increased to the greater of \$80 times the district's ADM in Grades 9 through 12, or 35 percent of approved expenditures (simply 35 percent of approved expenditures for taxes payable in 2015 or later), rather than the old formula of the lesser of \$80 times the district's ADM in Grades 10 through 12, or 25 percent of approved expenditures.

**Early Graduation Programs** – Two programs were created that provide students that graduate early with awards between \$2,500 and \$7,500, depending on how many semesters early they graduate. Students qualifying for the Early Graduation Achievement Scholarship Program receive a scholarship award that may be used at any accredited higher education institution, and students qualifying for the Early Graduation Military Service Award Program receive a cash award equivalent to the scholarship program award amounts. Students are required to apply for these programs within two years of graduation. General education aid to school districts and charter schools is reduced for all early graduates, regardless of whether they participate in one of these programs.

**Post-Secondary Enrollment Options (PSEO)** – Eligibility to participate in PSEO programs has been expanded to include 10th graders who have passed the 8th grade reading MCA. Post-secondary institutions are now allowed to advertise and recruit students on educational and programmatic grounds only. The deadline for students to notify districts of plans to participate in PSEO was moved from March 30 to May 30, with the notification now binding on the student. Students will now receive both high school and college credit for PSEO courses. Parents or guardians can receive reimbursement for transportation from the post-secondary institution for travel between the secondary and post-secondary institutions.

**Innovation Zones Pilot Project** – A five-year pilot project (FY 2014–FY 2018) has been established to allow groups of school districts to collaborate in providing innovative education programs and activities and sharing district resources. Applications must be made to the MDE Commissioner by February 1, 2013.

**Fund Transfers** – For FY 2012 through FY 2015, school districts are authorized to transfer any money from one fund or account to another, excluding transfers from the food service or community service funds, as long as the transfer does not increase state aid obligations or increase local property taxes. School boards may only approve such transfers after they have adopted a resolution stating that the transfer will not diminish instructional opportunities for students.

**Purchase of Food Service Equipment** – The requirement for the MDE to approve capital expenditures from the food service fund is eliminated for food service equipment purchases made on or after July 1, 2012. However, the requirement remains that the cost of equipment purchased from the food service fund in any year cannot exceed the unreserved fund balance in the food service fund at the end of the previous fiscal year.

**Community Education Reserve Limits** – The limitations on the community education, early childhood family education, and school readiness reserve accounts and the associated aid and levy reductions have been repealed beginning in FY 2014.

**PERA and TRA Rates** – Contribution rates for employers and employees of the PERA Coordinated Plan increased by 0.25 percent effective January 1, 2011. Contribution rates for employers and employees for both the TRA Basic and Coordinated Plans increase by 0.5 percent each year through FY 2015. There is no additional aid to help fund these increases.

**Military Leave** – Effective July 1, 2012, school districts are required to pay the full salary for employees on active duty military leave that would have been paid to the employee during their leave for military service into a special service member's aggregate salary savings account. The district must use the combined proceeds in the account to pay the full salary differentials (the difference between the employee's base active duty military pay and the salary they would have been paid as an active district employee, including any adjustments they would have received) of all eligible deployed employees of the district. Districts are no longer allowed to reduce the salaries paid to employees on military leave by the costs of substitute teachers used to replace them.

**Minnesota Department of Education Budget** – The MDE budget has been reduced by 5.0 percent annually for FY 2012 and FY 2013.

INDEPENDENT SCHOOL DISTRICT NO. 832  
MAHTOMEDI, MINNESOTA

Financial Statements  
and Supplemental Information

Year Ended  
June 30, 2012

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INTRODUCTORY SECTION

INDEPENDENT SCHOOL DISTRICT NO. 832

School Board and Administration  
as of June 30, 2012

**SCHOOL BOARD**

	<u>Term Expires</u>	<u>Position</u>
Cathy Dalton	January 5, 2015	Chairperson
Mary Jo Deters	January 7, 2013	Clerk/Vice Chair
Robert Donohoe	January 5, 2015	Treasurer
Kevin Donovan	January 5, 2015	Director
Judith Schwartz	January 7, 2013	Director
Steven Wolgamot	January 7, 2013	Director

**ADMINISTRATION**

Mark Larson  
Denise Sundstrom

Superintendent of Schools  
Director of Business Services

FINANCIAL SECTION



PRINCIPALS

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

INDEPENDENT AUDITOR'S REPORT

To the School Board of  
Independent School District No. 832  
Mahtomedi, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 832, Mahtomedi, Minnesota (the District) as of and for the year ended June 30, 2012, 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position, and the budgetary comparison for the General Fund 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 8, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(continued)

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements of the District. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District.

The supplemental information, the Schedule of Expenditures of Federal Awards, and the UFARS Compliance Table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

November 8, 2012

## INDEPENDENT SCHOOL DISTRICT NO. 832

### Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

This section of Independent School District No. 832, Mahtomedi, Minnesota's (the District) annual financial report presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the other components of the District's annual financial report.

#### **FINANCIAL HIGHLIGHTS**

- The District's total net assets of governmental activities increased by \$3,524,808, resulting in total net assets of \$14,136,479 as of June 30, 2012.
- At June 30, 2012, the District's governmental funds reported a combined ending fund balance of \$27,226,004, a decrease of \$23,225,001 from the prior year. Most of this change was in the District's Debt Service Fund and Capital Projects – Building Construction Fund due to the repayment of existing debt through a bond refunding and the construction of a new elementary school.
- The District's General Fund unassigned fund balance increased from \$3,473,433 to \$4,237,671 during fiscal year 2012. This balance is in compliance with the School Board's fund balance policy, which requires a minimum unassigned fund balance of at least 8 percent of expenditures.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of the following parts:

- Independent Auditor's Report;
- Management's Discussion and Analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplemental information, which includes combining and individual fund statements and schedules.

The following explains the two types of statements included in the basic financial statements:

#### **Government-Wide Statements**

The government-wide statements (Statement of Net Assets and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes *all* of the District's assets and liabilities except for the fiduciary funds. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

In the government-wide financial statements, the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called "nonmajor" funds. Detailed financial information for nonmajor funds can be found in the supplemental information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

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

**Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to others. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Assets:

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Current and other assets	\$ 43,316,235	\$ 67,108,741
Capital assets, net of depreciation	<u>52,046,523</u>	<u>37,130,422</u>
<b>Total assets</b>	<b><u>\$ 95,362,758</u></b>	<b><u>\$ 104,239,163</u></b>
<b>Liabilities</b>		
Current and other liabilities	\$ 14,418,478	\$ 15,108,241
Long-term liabilities, including due within one year	<u>66,807,801</u>	<u>78,519,251</u>
<b>Total liabilities</b>	<b><u>\$ 81,226,279</u></b>	<b><u>\$ 93,627,492</u></b>
<b>Net assets</b>		
Invested in capital assets, net of related debt	\$ 7,391,507	\$ 4,930,599
Restricted	1,832,561	1,851,917
Unrestricted	<u>4,912,411</u>	<u>3,829,155</u>
<b>Total net assets</b>	<b><u>\$ 14,136,479</u></b>	<b><u>\$ 10,611,671</u></b>

The District's financial position is the product of many factors. For example, the determination of the District's investment in capital assets, net of related debt involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net assets as compared to fund balances is the liability for severance benefits and compensated absences, which are basically unfunded. This impacts the unrestricted portion of net assets.

The decrease in current and other assets and long-term liabilities relates to the repayment of the 2002 bonds with the 2010A crossover refunding bond proceeds in fiscal 2012. The increase in capital assets, net of depreciation, relates to the construction of a new elementary school.

The District's total net assets increased by \$3,524,808 during the year ended June 30, 2012. Invested in capital assets, net of related debt, increased by \$2,460,908, due to the relationship of debt retirement as compared to depreciation on capital assets. Unrestricted net assets increased by \$1,083,256, due mostly to the operating results of the General Fund in the current year.

Table 2 presents a condensed version of the Statement of Activities of the District:

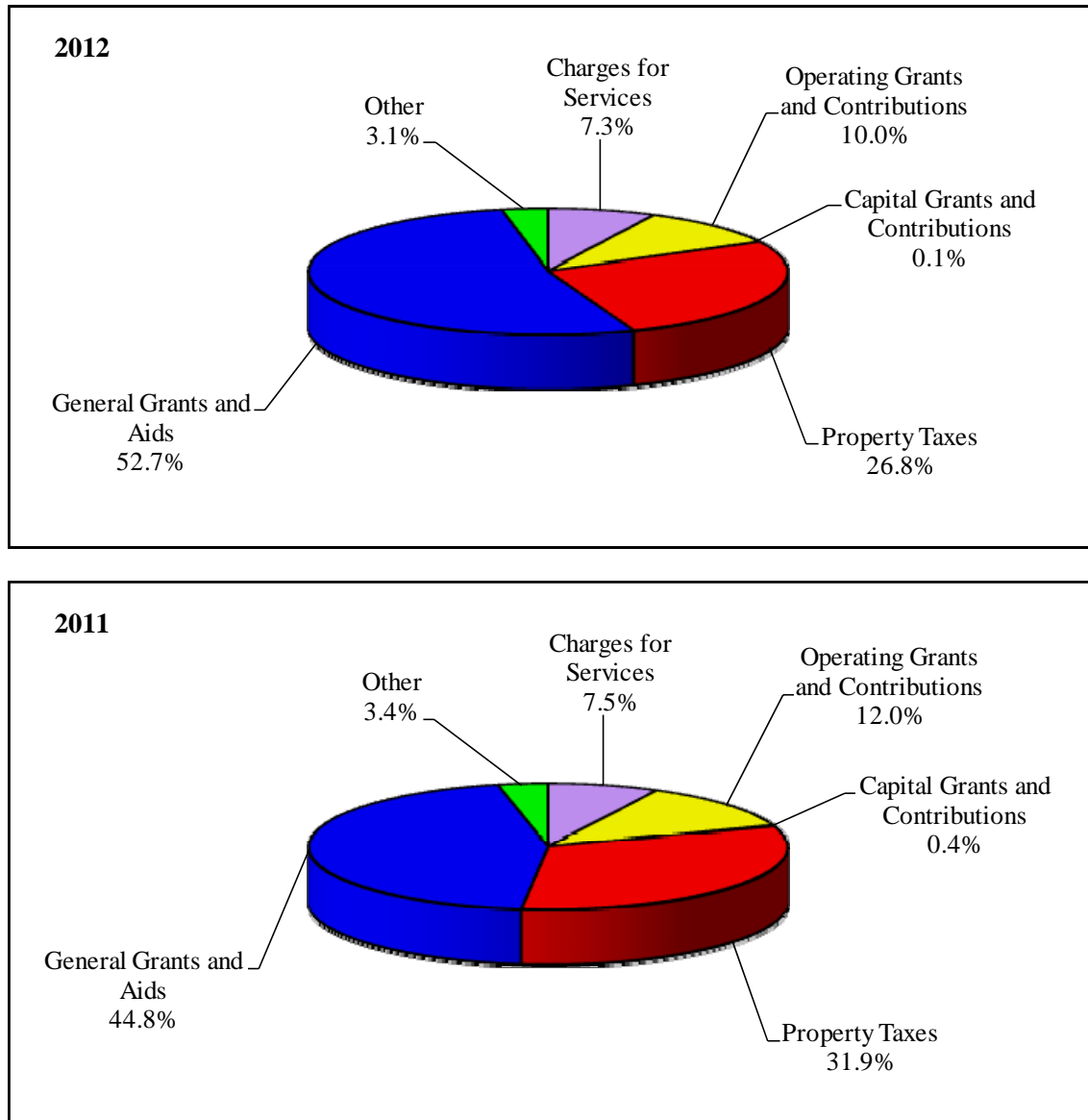
	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 3,149,454	\$ 3,005,699
Operating grants and contributions	4,285,586	4,795,505
Capital grants and contributions	22,459	147,291
General revenues		
Property taxes	11,457,233	12,792,932
General grants and aids	22,558,387	17,941,558
Other	1,329,849	1,347,540
<b>Total revenues</b>	<u>42,802,968</u>	<u>40,030,525</u>
<b>Expenses</b>		
Administration	1,546,258	1,421,436
District support services	1,118,406	1,084,293
Elementary and secondary regular instruction	16,100,509	15,650,000
Vocational education instruction	631,536	554,901
Special education instruction	5,935,824	5,622,043
Instructional support services	1,229,749	1,207,740
Pupil support services	2,300,874	2,210,751
Sites and buildings	2,594,788	3,325,449
Fiscal and other fixed cost programs	90,186	78,236
Food service	1,336,047	1,365,723
Community service	1,937,540	1,925,624
Depreciation not allocated to other functions	810,300	811,651
Interest and fiscal charges on debt	3,646,143	3,570,479
<b>Total expenses</b>	<u>39,278,160</u>	<u>38,828,326</u>
<b>Change in net assets</b>	3,524,808	1,202,199
<b>Net assets – beginning</b>	<u>10,611,671</u>	<u>9,409,472</u>
<b>Net assets – ending</b>	<u>\$ 14,136,479</u>	<u>\$ 10,611,671</u>

This format is similar to fund financial statements except that this is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The decrease in property taxes is due to a change in the recognition of the property tax shift in fiscal 2011 of \$2,490,126, which also raises general grants and aids by the same amount. Property taxes also increased from the increase in the debt service levy related to the recent building referendum. General grants and aids are higher in fiscal 2012 due to increases to the general education aid formula allowance, special education state aid revenue, and federal revenue related to new Education Jobs Fund dollars received.

Figures A and B show further analysis of these revenue sources and expense functions:

**Figure A – Sources of Revenues for Fiscal Years 2012 and 2011**

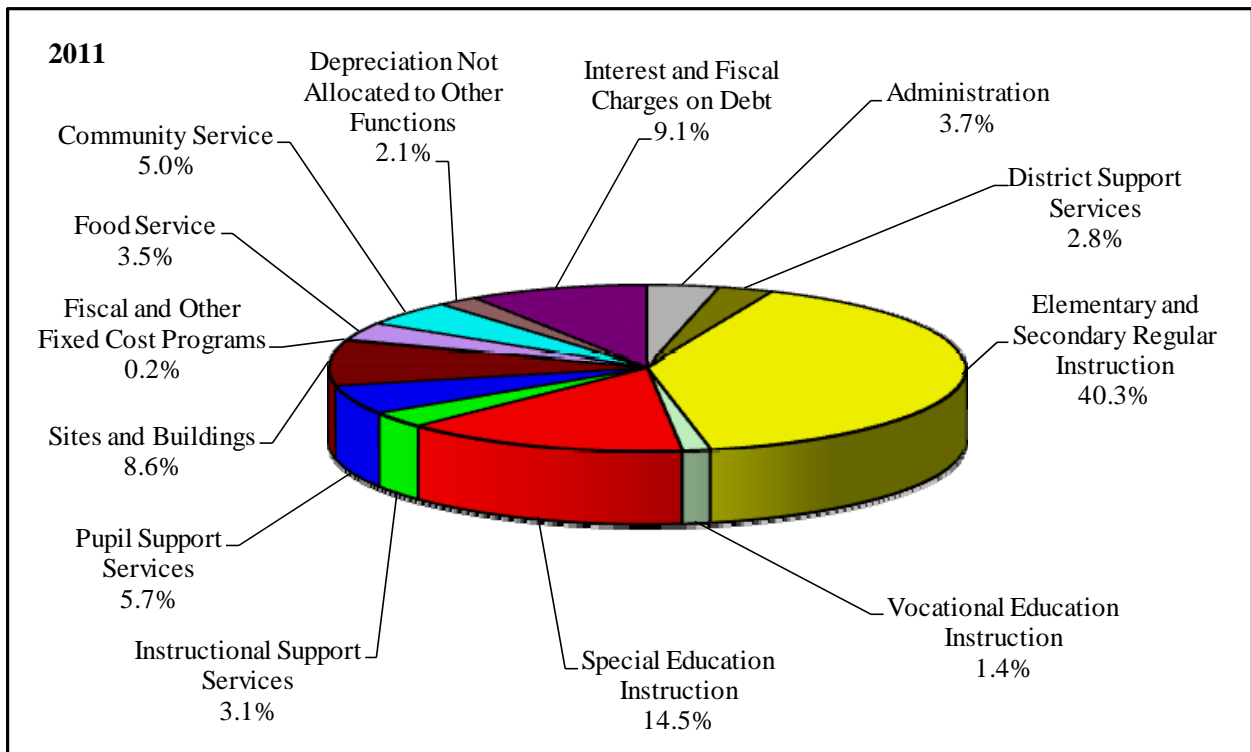
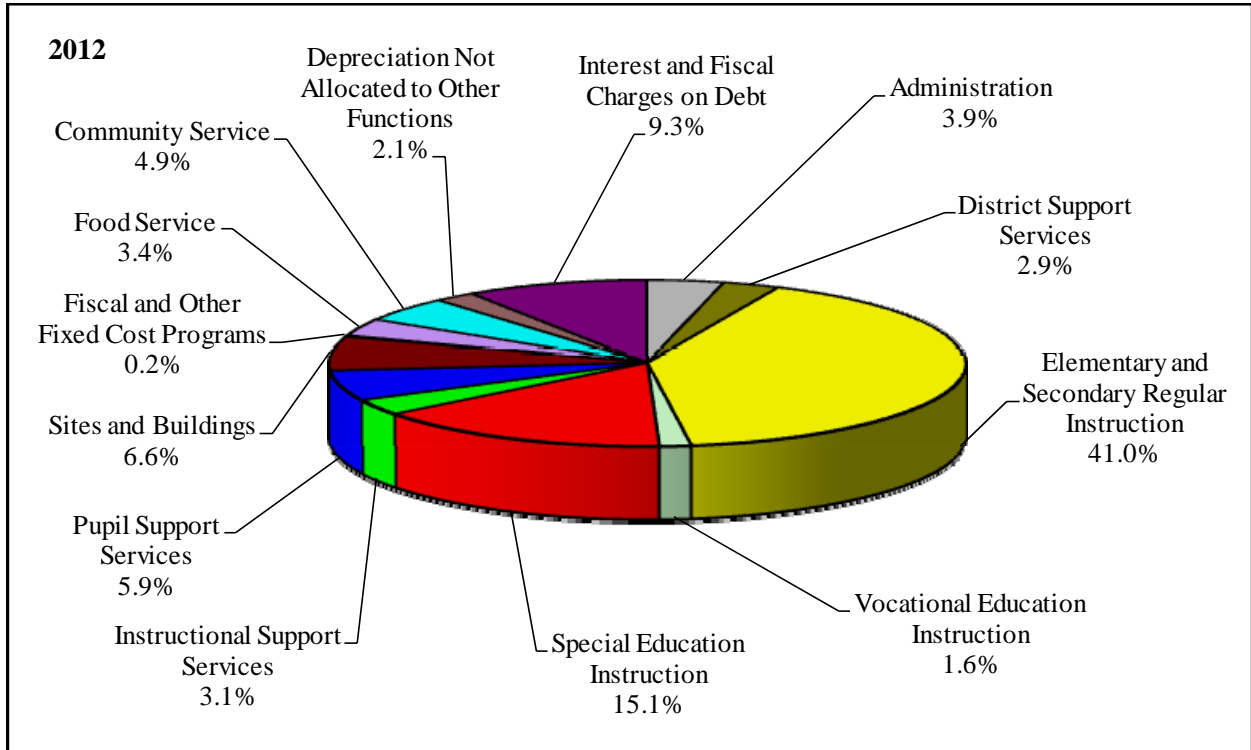


The largest share of the District’s revenue is received from the state, including the aid formula and most of the operating grants. This significant reliance on the state for funding has placed tremendous pressure on local school districts as a result of limited funding due to the state’s financial position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

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

The proportionate share of district revenue from these two sources changed significantly between fiscal 2011 to fiscal 2012, due to the “tax shift.” The tax shift is an accounting tool used on occasion to balance the state budget, whereby districts recognize cash collections for the subsequent year’s property tax levy as current year revenue, and the state reduces aid payments to districts by an equal amount.

**Figure B – Expenses for Fiscal Years 2012 and 2011**



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

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Major funds			
General	\$ 7,046,797	\$ 5,616,421	\$ 1,430,376
Capital Projects – Building Construction	18,615,879	33,806,722	(15,190,843)
Debt Service			
Regular	733,803	10,335,534	(9,601,731)
Other post-employment benefits	54,425	12,113	42,312
Nonmajor funds			
Food Service Special Revenue	576,183	456,985	119,198
Community Service Special Revenue	198,917	223,230	(24,313)
Total governmental funds	<u>\$ 27,226,004</u>	<u>\$ 50,451,005</u>	<u>\$ (23,225,001)</u>

Table 3 shows the changes in fund balances by each governmental fund. The increase in the General Fund balance was partially related to a planned increase in the adopted budget and a combination of revenues being slightly above projected amounts, and expenditures being slightly below budgeted amounts. The Capital Projects – Building Construction Fund balance decreased in the current year due to the spenddown of 2010B building bonds on construction project costs. Debt service regular fund balance decreased due to the repayment of the 2002 bonds, as previously discussed.

## General Fund

The General Fund is used to account for all revenues and expenditures of the District not accounted for elsewhere. The General Fund is used to account for: K–12 educational activities, district instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and other legal school district expenditures not specifically designated to be accounted for in any other fund.

Table 4 summarizes the amendments to the General Fund budget:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenue	<u>\$ 32,232,986</u>	<u>\$ 32,750,134</u>	<u>\$ 517,148</u>	<u>1.6%</u>
Expenditures	<u>\$ 32,186,902</u>	<u>\$ 32,381,144</u>	<u>\$ 194,242</u>	<u>0.6%</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amends the budget for known changes in circumstances such as enrollment levels, legislative funding, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

	<u>2012</u>	<u>Over (Under) Final Budget</u>		<u>Over (Under) Prior Year</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue	\$ 33,407,705	\$ 657,571	2.0%	\$ 1,050,170	3.2%
Expenditures	<u>(31,977,329)</u>	\$ (403,815)	(1.2%)	\$ 968,162	3.1%
Net change in fund balances	<u>\$ 1,430,376</u>				
N/A – Not Available					

The largest revenue variance was in state sources, which were over budget by \$425,404, and federal sources, which were over budget by \$134,400. These variances were due to better than anticipated special education entitlements. The increase in revenues from the prior year was a combination of increased special education entitlements and an increase in the Education Jobs Fund federal grant.

The largest variances in expenditures were in capital outlay for sites and buildings, which were lower than budget by about \$350,000 due mostly to various capital expenditures planned in the budget that did not occur. Expenditures increased from the prior year mostly due to increased personnel costs in the elementary and secondary regular instructional areas.

**Comments on Significant Activities in Other Funds**

The Food Service Special Revenue Fund balance increased \$119,198 in fiscal 2012. The fund balance at the end of the fiscal year was \$576,183, or 43.5 percent, of current year expenditures. This year was the eighth year of a successful joint powers agreement for food service with Independent School District No. 834, Stillwater Area Public Schools.

The Community Service Special Revenue Fund balance decreased \$24,313 to a balance of \$198,917, or 10.1 percent, of expenditures. The decrease in fund balance was due to additional expenditures in the Disabled School Age Child Care program. These expenditures will be levied for but not received until fiscal year 2014–2015.

The Capital Projects – Building Construction Fund balance decreased \$15.2 million due to the continued spenddown of 2010B building bonds for construction projects.

The Debt Service Fund balance ended fiscal 2012 at \$788,228, a decrease of \$9,559,419. This decrease was primarily due to the District refunding the remaining balance of the 2002 general obligation bonds.

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

Table 6 shows the District’s capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2012 and 2011:

<b>Table 6 Capital Assets</b>			
	<u>2012</u>	<u>2011</u>	Increase (Decrease)
Land	\$ 1,571,466	\$ 1,571,466	\$ –
Construction in progress	20,513,459	9,794,388	10,719,071
Buildings	37,197,609	37,197,609	–
Land improvements	9,097,735	3,992,115	5,105,620
Furniture and equipment	2,091,241	2,125,179	(33,938)
Less accumulated depreciation	<u>(18,424,987)</u>	<u>(17,550,335)</u>	<u>(874,652)</u>
Total	<u>\$ 52,046,523</u>	<u>\$ 37,130,422</u>	<u>\$ 14,916,101</u>
Depreciation expense	<u>\$ 1,030,659</u>	<u>\$ 1,020,349</u>	<u>\$ 10,310</u>

The District’s \$16.0 million of capital asset additions in fiscal 2012 relate to building construction on a new elementary school in the District.

## Long-Term Liabilities

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

	<u>2012</u>	<u>2011</u>	Increase (Decrease)
General obligation bonds payable	\$ 66,370,000	\$ 78,360,000	\$ (11,990,000)
Net (discount) premium	(508,783)	(917,738)	408,955
Certificates of participation payable	575,000	740,000	(165,000)
Severance benefits payable	157,917	140,426	17,491
Compensated absences payable	<u>213,667</u>	<u>196,563</u>	<u>17,104</u>
<b>Total</b>	<u><u>\$ 66,807,801</u></u>	<u><u>\$ 78,519,251</u></u>	<u><u>\$ (11,711,450)</u></u>

The repayment of 2002 bonds with the 2010A refunding bond proceeds caused long-term liabilities to decrease significantly.

The state limits the amount of general obligation debt the District can issue to 15 percent of the market value of all taxable property within the District's corporate limits. (See Table 8)

District's market value	\$ 1,877,129,900
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 281,569,485</u></u>

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

## FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The basic general education formula allowance for Minnesota school districts increased \$50 per pupil in fiscal year 2012 to \$5,174. The Legislature has added \$50 per pupil to the formula for fiscal year 2013. A weakened economy and growing demand on limited resources continue to present challenges in funding education for Minnesota schools.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives and utilizes. Should you have questions about this report or need additional information, please contact Denise Sundstrom, Director of Business Services (phone (651) 407-2000), Independent School District No. 832, 1520 Mahtomedi Avenue, Mahtomedi, Minnesota 55115.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 832

Statement of Net Assets  
as of June 30, 2012

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and temporary investments	\$ 25,130,782
Receivables	
Current taxes	6,248,802
Delinquent taxes	292,915
Accounts and interest	93,175
Due from other governmental units	8,679,605
Inventory	7,289
Prepaid items	6,817
Negative net other post-employment benefits obligation	2,619,484
Restricted assets – temporarily restricted	
Cash and investments for debt service	237,366
Capital assets	
Not depreciated	22,084,925
Depreciated, net of accumulated depreciation	29,961,598
Total capital assets, net of accumulated depreciation	<u>52,046,523</u>
Total assets	<u>\$ 95,362,758</u>
<b>Liabilities</b>	
Salaries payable	\$ 85,337
Accounts and contracts payable	4,045,134
Accrued interest payable	1,163,693
Due to other governmental units	250,160
Property taxes levied for subsequent year	8,583,516
Unearned revenue	290,638
Long-term liabilities	
Due within one year	3,528,667
Due in more than one year	63,279,134
Total long-term liabilities	<u>66,807,801</u>
Total liabilities	81,226,279
<b>Net assets</b>	
Invested in capital assets, net of related debt	7,391,507
Restricted for	
Capital asset acquisition	1,051,905
Food service	576,183
Community service	204,473
Unrestricted	4,912,411
Total net assets	<u>14,136,479</u>
Total liabilities and net assets	<u>\$ 95,362,758</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

Statement of Activities  
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities</b>					
Administration	\$ 1,546,258	\$ -	\$ -	\$ -	\$ (1,546,258)
District support services	1,118,406	-	-	-	(1,118,406)
Elementary and secondary regular instruction	16,100,509	334,492	164,097	-	(15,601,920)
Vocational education instruction	631,536	-	-	-	(631,536)
Special education instruction	5,935,824	-	3,744,667	-	(2,191,157)
Instructional support services	1,229,749	-	-	-	(1,229,749)
Pupil support services	2,300,874	21,583	-	-	(2,279,291)
Sites and buildings	2,594,788	58,226	-	22,459	(2,514,103)
Fiscal and other fixed cost programs	90,186	-	-	-	(90,186)
Food service	1,336,047	1,140,790	302,065	-	106,808
Community service	1,937,540	1,594,363	74,757	-	(268,420)
Depreciation not allocated to other functions	810,300	-	-	-	(810,300)
Interest and fiscal charges	3,646,143	-	-	-	(3,646,143)
<b>Total governmental activities</b>	<b>\$ 39,278,160</b>	<b>\$ 3,149,454</b>	<b>\$ 4,285,586</b>	<b>\$ 22,459</b>	<b>(31,820,661)</b>
<b>General revenue</b>					
Taxes					
Property taxes, levied for general purposes					
Property taxes, levied for community service					
Property taxes, levied for debt service					
General grants and aids					
Other general revenues					
Investment earnings					
Total general revenue					
Change in net assets					
Net assets – beginning					
Net assets – ending					

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

Balance Sheet  
Governmental Funds  
as of June 30, 2012

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and temporary investments	\$ –	\$ 21,266,273	\$ 3,262,683	\$ 601,826	\$ 25,130,782
Cash and investments held by trustee	237,366	–	–	–	237,366
Receivables					
Current taxes	3,202,188	–	2,905,303	141,311	6,248,802
Delinquent taxes	168,646	–	116,858	7,411	292,915
Accounts and interest	39,318	52,608	–	1,249	93,175
Due from other funds	–	–	–	309,342	309,342
Due from other governmental units	8,615,627	–	33,101	30,877	8,679,605
Inventory	–	–	–	7,289	7,289
Prepaid items	3,417	–	–	3,400	6,817
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total assets	<u>\$ 12,266,562</u>	<u>\$ 21,318,881</u>	<u>\$ 6,317,945</u>	<u>\$ 1,102,705</u>	<u>\$ 41,006,093</u>
Liabilities and Fund Balances					
Liabilities					
Salaries payable	\$ 57,743	\$ –	\$ –	\$ 27,594	\$ 85,337
Accounts and contracts payable	1,274,650	2,703,002	1,199	66,283	4,045,134
Due to other funds	309,342	–	–	–	309,342
Due to other governmental units	198,899	–	–	51,261	250,160
Property taxes levied for subsequent year	3,003,864	–	5,443,561	136,091	8,583,516
Unearned revenue	249,818	–	–	40,820	290,638
Deferred revenue	125,449	–	84,957	5,556	215,962
Total liabilities	<u>5,219,765</u>	<u>2,703,002</u>	<u>5,529,717</u>	<u>327,605</u>	<u>13,780,089</u>
Fund balances					
Nonspendable	3,417	–	–	10,689	14,106
Restricted	1,289,271	18,615,879	788,228	764,411	21,457,789
Assigned	1,516,438	–	–	–	1,516,438
Unassigned	4,237,671	–	–	–	4,237,671
Total fund balances	<u>7,046,797</u>	<u>18,615,879</u>	<u>788,228</u>	<u>775,100</u>	<u>27,226,004</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total liabilities and fund balances	<u>\$ 12,266,562</u>	<u>\$ 21,318,881</u>	<u>\$ 6,317,945</u>	<u>\$ 1,102,705</u>	<u>\$ 41,006,093</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

Reconciliation of the Balance Sheet to the  
Statement of Net Assets  
Governmental Funds  
as of June 30, 2012

Total fund balances – governmental funds	\$ 27,226,004
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are included in net assets, but are excluded from fund balances because they do not represent financial resources.	
Cost of capital assets	70,471,510
Accumulated depreciation	(18,424,987)
Long-term liabilities are included in net assets, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net assets until amortized, but are included in fund balances upon issuance as other financing sources and uses.	
General obligation bonds	(66,370,000)
Net discount (premium)	508,783
Certificates of participation	(575,000)
Severance benefits	(157,917)
Compensated absences	(213,667)
Net other post-employment benefit obligations reported in the Statement of Net Assets do not require the use of current financial resources and are not reported as assets (liabilities) in governmental funds until actually due.	
	2,619,484
Accrued interest payable is included in net assets, but is excluded from fund balances until due and payable.	
	(1,163,693)
Certain revenues (including delinquent property taxes) are included in net assets, but are excluded from fund balances until they are available to liquidate liabilities of the current period.	
	<u>215,962</u>
Total net assets – governmental activities	<u><u>\$ 14,136,479</u></u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2012

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>					
Local sources					
Property taxes	\$ 6,218,295	\$ –	\$ 4,995,236	\$ 261,680	\$ 11,475,211
Investment earnings	2,054	135,157	8,729	712	146,652
Other	1,592,131	–	–	2,740,520	4,332,651
State sources	24,114,594	–	92,720	121,397	24,328,711
Federal sources	1,480,631	–	801,049	256,041	2,537,721
Total revenue	<u>33,407,705</u>	<u>135,157</u>	<u>5,897,734</u>	<u>3,380,350</u>	<u>42,820,946</u>
<b>Expenditures</b>					
Current					
Administration	1,517,549	–	–	–	1,517,549
District support services	1,111,583	–	–	–	1,111,583
Elementary and secondary regular instruction	16,062,922	–	–	–	16,062,922
Vocational education instruction	631,536	–	–	–	631,536
Special education instruction	5,930,353	–	–	–	5,930,353
Instructional support services	1,172,604	–	–	–	1,172,604
Pupil support services	2,288,445	–	–	–	2,288,445
Sites and buildings	2,974,967	–	–	–	2,974,967
Fiscal and other fixed cost programs	82,180	–	–	–	82,180
Food service	–	–	–	1,323,785	1,323,785
Community service	–	–	–	1,937,526	1,937,526
Capital outlay	–	15,326,000	–	24,154	15,350,154
Debt service					
Principal	165,000	–	3,030,000	–	3,195,000
Interest and fiscal charges	40,190	–	3,459,147	–	3,499,337
Total expenditures	<u>31,977,329</u>	<u>15,326,000</u>	<u>6,489,147</u>	<u>3,285,465</u>	<u>57,077,941</u>
Excess (deficiency) of revenue over expenditures	1,430,376	(15,190,843)	(591,413)	94,885	(14,256,995)
<b>Other financing sources (uses)</b>					
Debt issued	–	–	2,135,000	–	2,135,000
Discount on debt issued	–	–	(8,006)	–	(8,006)
Refunding bond payment from escrow	–	–	(11,095,000)	–	(11,095,000)
Total other financing sources (uses)	<u>–</u>	<u>–</u>	<u>(8,968,006)</u>	<u>–</u>	<u>(8,968,006)</u>
Net change in fund balances	1,430,376	(15,190,843)	(9,559,419)	94,885	(23,225,001)
<b>Fund balances</b>					
Beginning of year	<u>5,616,421</u>	<u>33,806,722</u>	<u>10,347,647</u>	<u>680,215</u>	<u>50,451,005</u>
End of year	<u>\$ 7,046,797</u>	<u>\$ 18,615,879</u>	<u>\$ 788,228</u>	<u>\$ 775,100</u>	<u>\$ 27,226,004</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

Reconciliation of the Statement of  
Revenue, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2012

Total net change in fund balances – governmental funds \$ (23,225,001)

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

Capital outlays are recorded as net assets and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.

Capital outlays	15,954,646
Depreciation expense	(1,030,659)

A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net assets. However, only the sale proceeds are included in the change in fund balances. (7,886)

The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities. (2,135,000)

Repayment of long-term debt does not affect the change in net assets. However, it reduces fund balances.

General obligation bonds	14,125,000
Certificates of participation	165,000

Interest on long-term debt is included in the change in net assets as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due. 262,149

Debt issuance premiums, discounts, and issuance costs are included in the change in net assets as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses. (408,955)

Certain expenses are included in the change in net assets, but do not require the use of current funds, and are not included in the change in fund balances.

Severance benefits payable	(17,491)
Compensated absences payable	(17,104)
Negative net other post-employment benefits obligation	(121,913)

Certain revenues (including delinquent property taxes) are included in the change in net assets, but are excluded from the change in fund balances until they are available to liquidate liabilities of the current period. (17,978)

Change in net assets – governmental activities \$ 3,524,808

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 General Fund  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Property taxes	\$ 6,357,938	\$ 6,230,721	\$ 6,218,295	\$ (12,426)
Investment earnings	10,000	4,000	2,054	(1,946)
Other	1,438,050	1,479,992	1,592,131	112,139
State sources	23,114,122	23,689,190	24,114,594	425,404
Federal sources	1,312,876	1,346,231	1,480,631	134,400
Total revenue	<u>32,232,986</u>	<u>32,750,134</u>	<u>33,407,705</u>	<u>657,571</u>
Expenditures				
Current				
Administration	1,487,560	1,527,121	1,517,549	(9,572)
District support services	1,162,396	1,131,562	1,111,583	(19,979)
Elementary and secondary regular instruction	16,409,929	16,298,098	16,062,922	(235,176)
Vocational education instruction	558,793	590,892	631,536	40,644
Special education instruction	5,613,587	5,667,704	5,930,353	262,649
Instructional support services	1,138,409	1,194,095	1,172,604	(21,491)
Pupil support services	2,315,265	2,357,134	2,288,445	(68,689)
Sites and buildings	3,211,773	3,325,348	2,974,967	(350,381)
Fiscal and other fixed cost programs	84,000	84,000	82,180	(1,820)
Debt service				
Principal	165,000	165,000	165,000	-
Interest	40,190	40,190	40,190	-
Total expenditures	<u>32,186,902</u>	<u>32,381,144</u>	<u>31,977,329</u>	<u>(403,815)</u>
Net change in fund balances	<u>\$ 46,084</u>	<u>\$ 368,990</u>	<u>1,430,376</u>	<u>\$ 1,061,386</u>
Fund balances				
Beginning of year			<u>5,616,421</u>	
End of year			<u>\$ 7,046,797</u>	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

Statement of Fiduciary Net Assets  
Fiduciary Funds  
as of June 30, 2012

	Post-Employment Benefits Trust Fund	Private-Purpose Trust Fund
<b>Assets</b>		
Cash and temporary investments	\$ 1,457,800	\$ —
Investments		
Negotiable certificates of deposit	226,382	—
Local government obligations	747,291	—
MNTrust Investment Shares Portfolio	388,338	—
Accounts and interest receivable	35,167	—
Total assets	<u>2,854,978</u>	<u>—</u>
<b>Net assets</b>		
Held in trust for other post-employment benefits	<u>\$ 2,854,978</u>	<u>\$ —</u>

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended June 30, 2012

	Post-Employment Benefits Trust Fund	Private-Purpose Trust Fund
<b>Additions</b>		
Contributions		
Employer	\$ 88,717	\$ —
Investment earnings	47,759	—
Total additions	<u>136,476</u>	<u>—</u>
<b>Deductions</b>		
Other private-purpose expenses	—	4,650
Benefits paid to plan members	221,523	—
Total deductions	<u>221,523</u>	<u>4,650</u>
Change in net assets	(85,047)	(4,650)
<b>Net assets</b>		
Beginning of year	<u>2,940,025</u>	<u>4,650</u>
End of year	<u>\$ 2,854,978</u>	<u>\$ —</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 832

Notes to Basic Financial Statements  
June 30, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

Independent School District No. 832, Mahtomedi, Minnesota (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a six-member School Board elected by voters of the District to serve four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

Component units are legally separate entities for which the District (the primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, the District's School Board can elect to either control or not control extracurricular student activities. 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.

**C. Government-Wide Financial Statement Presentation**

The government-wide financial statements (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, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Assets at the fund financial statement level. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory “tax shift” described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation expense is reported as “depreciation not allocated to other functions.” Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

### D. Fund Financial Statement Presentation

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are generally considered as available if collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, compensated absences, severance, other post-employment health benefits, and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Trust fund financial statements are reported using the economic resources measurement focus. All fiduciary funds use the accrual basis of accounting as described earlier in these notes.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education. Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

### Major Governmental Funds

**General Fund** – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

**Capital Projects – Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue.

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) Debt Service Account. The OPEB Debt Service Account is used to pay principal, interest, and related costs on the 2009A taxable OPEB bond issue.

### Nonmajor Governmental Funds

**Food Service Special Revenue Fund** – The Food Service Special Revenue Fund is used primarily to record financial activities of the District's child nutrition program.

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

### Fiduciary Funds

**Post-Employment Benefits Trust Fund** – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits of eligible employees.

**Private-Purpose Trust Fund** – The Private-Purpose Trust Fund is used to account for resources held in trust to be used by various other third parties to award scholarships to students and for other purposes for which the resources are being held.

### E. Budgetary Information

The budget for each fund is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds except the Capital Projects – Building Construction Fund. Budgetary controls for the Capital Project – Building Construction Fund are accomplished through the use of project controls.

Community Service Special Revenue Fund expenditures exceeded final budgeted appropriations by \$30,698 for the year ended June 30, 2012.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **F. Cash and Temporary Investments**

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Bond proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings from these proceeds are allocated specifically to that fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the General Fund, an escrow account is established for cash and investments held for debt service related to the issuance of certificates of participation. Interest earned in this trust account is allocated directly to the General Fund.

In the Post-Employment Benefits Trust Fund, investments reported at fair value are deposited by the District in an irrevocable trust account, the use of which is restricted to paying other post-employment health insurance benefits as specified in the trust agreement. Interest earned on this trust account is allocated directly to that fund.

Investments are generally stated at fair value, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost.

### **G. Receivables**

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are property taxes receivable.

### **H. Inventories**

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Purchased food and supplies are recorded at cost on a first-in, first-out basis. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

### **I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recognized at the time of consumption.

### **J. Interfund Balances**

All outstanding balances between funds that are lending or borrowing arrangements are reported as "due to/from other funds." Interfund balances are reported in the fund financial statements, but are eliminated in the government-wide financial statements. At June 30, 2012, the General Fund had a payable of \$309,342 to the Food Service Special Revenue Fund, which was made to assist with cash flows.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **K. Property Taxes**

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aid by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$3,111,412 of the property tax levy collectible in 2012 as revenue to the District in fiscal year 2011–2012. The remaining portion of the taxes collectible in 2012 is recorded as unearned revenue (property taxes levied for subsequent year).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid by the state of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

Taxes which 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.

### **L. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$2,500 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-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. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary, ranging from 20 to 50 years for land improvements and buildings and improvements, and 5 to 20 years for furniture and equipment. Capital assets that are not depreciated include land and construction in progress.

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **M. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. If material, bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

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

### **N. Compensated Absences Payable**

Under the terms of union contracts, certain employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued when earned in the government-wide financial statements. Compensated absences are accrued in governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end.

### **O. Severance Benefits**

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The severance benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

Severance benefits payable are recorded as a liability in the government-wide statements as they are earned and it becomes probable they will vest at some point in the future. Severance benefits payable are accrued in the governmental fund financial statements as the liability matures due to employee termination.

### **P. Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which it carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal year 2012.

### **Q. Use of Estimates**

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### R. Net Assets

In the government-wide financial statements, net assets represent the difference between assets and liabilities. Net assets are displayed in three components:

- **Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Assets** – Consists of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Assets** – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### S. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the Director of Business Services is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**A. Components of Cash and Investments**

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

Deposits	\$ 16,211,962
Investments	11,975,997
	<hr/>
Total	<u>\$ 28,187,959</u>

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

Statement of Net Assets	
Cash and temporary investments	\$ 25,130,782
Restricted assets – temporarily restricted	
Cash and investments for debt service	237,366
Statement of Fiduciary Net Assets	
Cash and temporary investments	
Post-Employment Benefits Trust Fund	1,457,800
Investments	
Post-Employment Benefits Trust Fund	1,362,011
	<hr/>
Total	<u>\$ 28,187,959</u>

**B. Deposits**

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the District’s School Board.

The following is considered the most significant risk associated with deposits:

**Custodial Credit Risk** – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The District’s deposit policy does not further limit depository choices.

At year-end, the carrying amount of the District’s deposits was \$16,211,962 while the balance on the bank records was \$16,857,400. At June 30, 2012, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the District’s agent in the District’s name.

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Investments**

The District has the following investments at year-end:

Investment Type	Credit Risk		Interest Risk –		Total
	Credit	Rating	Maturity Duration in Years		
	Rating	Agency	Less Than 1	1 to 5	
Local government obligations	Aaa	Moody's	\$ 736,007	\$ –	\$ 736,007
Local government obligations	Aa	Moody's	\$ 286,832	\$ 97,328	384,160
Local government obligations	AA	S&P	\$ 201,286	\$ 649,963	851,249
Negotiable certificates of deposit	N/A	N/A	\$ 2,212,985	\$ –	2,212,985
Investment pools/mutual funds					
Minnesota School District Liquid Asset Fund					
Liquid portfolio	AAAm	S&P	N/A	N/A	1,313,229
First American Treasury Fund Obligation	Aaa	Moody's	N/A	N/A	237,366
MNTrust Investment Shares Portfolio	AAAm	S&P	N/A	N/A	6,241,001
Total					<u>\$ 11,975,997</u>

N/A – Not Applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) and the MNTrust Investment Shares Portfolio (MNTrust) are regulated by Minnesota Statutes and are external investment pools not registered with the Securities Exchange Commission (SEC) that follow the same regulatory rules of the SEC under rule 2a7. The District's investment in the MSDLAF and the MNTrust is measured at the net asset value per share provided by the pools, which is based on an amortized cost method that approximates fair value.

Investments are subject to various risks, the following of which are considered the most significant:

**Custodial Credit Risk** – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

**Credit Risk** – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The District’s investment policies do not further restrict investing in specific financial instruments.

**Other Post-Employment Benefits (OPEB) Trust Fund** – This fund represents investments administered by the District’s OPEB Trust Fund investment managers. The District’s investment policy, discussed previously, extends to the OPEB Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers’ acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper of the highest quality with a maturity no longer than 270 days and in the State Board of Investments. Investments are stated at fair value.

The OPEB Trust Agreement indicates permitted investments include one or more series of MNTrust shares relating to a separate portfolio of investments, or from multi-class shares of MNTrust within the same portfolio.

**Concentration Risk** – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds.

The District’s investment policy states that the District will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The maximum percent of the District’s portfolio in any instrument is as follows:

U.S. treasury obligations (bills, notes, and bonds)	100%
U.S. government agency securities and instrumentalities of government-sponsored corporations	100%
Bankers’ acceptances (Ba)	75%
Commercial paper – prime (C)	75%
Repurchase agreements (Repos)	50%
Certificates of deposit (CDs)	75%
Local government investment pool	100%

Also, no more than 50 percent of the total portfolio will be with any one instrument.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2012, the District's investment portfolio includes the following percentages of specific issuers:

Evanston, Ill. Taxable Service Bonds 6.1%

**Interest Rate Risk** – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District's investment policy includes limits on investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

## NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 1,571,466	\$ –	\$ –	\$ –	\$ 1,571,466
Construction in progress	9,794,388	15,827,296	–	(5,108,225)	20,513,459
Total capital assets, not depreciated	11,365,854	15,827,296	–	(5,108,225)	22,084,925
Capital assets, depreciated					
Buildings	37,197,609	–	–	–	37,197,609
Land improvements	3,992,115	23,299	(25,904)	5,108,225	9,097,735
Furniture and equipment	2,125,179	104,051	(137,989)	–	2,091,241
Total capital assets, depreciated	43,314,903	127,350	(163,893)	5,108,225	48,386,585
Less accumulated depreciation for					
Buildings	(14,375,905)	(744,434)	–	–	(15,120,339)
Land improvements	(2,002,001)	(135,762)	18,018	–	(2,119,745)
Furniture and equipment	(1,172,429)	(150,463)	137,989	–	(1,184,903)
Total accumulated depreciation	(17,550,335)	(1,030,659)	156,007	–	(18,424,987)
Net capital assets, depreciated	25,764,568	(903,309)	(7,886)	5,108,225	29,961,598
Total capital assets, net	\$ 37,130,422	\$ 14,923,987	\$ (7,886)	\$ –	\$ 52,046,523

Depreciation expense for the year ended June 30, 2012 was charged to the following governmental functions:

District support services	\$ 630
Elementary and secondary regular instruction	20,812
Special education	779
Instructional support services	49,123
Pupil support services	12,830
Sites and buildings	123,259
Food service	12,091
Community education	835
Depreciation not allocated to other functions	810,300
Total depreciation expense	<u>\$ 1,030,659</u>

**NOTE 4 – LONG-TERM LIABILITIES**

**A. General Obligation Bonds Payable**

The District currently has the following general obligation bonds payable outstanding:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds payable					
School Building Bonds, Series 1995	06/01/1995	5.6–6.0%	\$ 5,194,754	02/01/2017	\$ 7,615,000
Taxable OPEB Bonds, Series 2009A	05/05/2009	3.5–5.4%	\$ 3,265,000	02/01/2024	2,900,000
School Refunding Bonds, Series 2010A	05/01/2010	4.0–5.0%	\$ 8,720,000	02/01/2018	8,720,000
School Building Bonds, Series 2010B (Build America Bonds)	07/26/2010	4.3–5.8%	\$ 45,000,000	02/01/2031	45,000,000
School Refunding Bonds, Series 2012A	05/01/2012	0.3–1.4%	\$ 2,135,000	02/01/2019	2,135,000
Total general obligation bonds payable					<u>\$ 66,370,000</u>

**B. Certificates of Participation Payable**

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Certificates of participation payable					
1997A Certificates of Participation	01/01/1997	4.00–5.50%	\$ 2,390,000	02/01/2015	\$ 575,000

In January 1997, the District sold \$2,390,000 of certificates of participation under Minnesota Statute § 123B.51. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

**C. Description of Long-Term Liabilities**

**General Obligation School Building and Refunding Bonds** – These bonds were issued to finance acquisition and/or construction of capital facilities or to refinance the retirement (refund) of prior bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

During fiscal year 2010, the District issued \$8,720,000 of General Obligation Refunding Bonds, Series 2010A, to replace the \$9,035,000 of General Obligation Bonds, Series 2002. The proceeds of this issue and interest earned thereon were used to refund, in advance of their stated maturities, the 2013 to 2018 maturities of the District’s 2002 General Obligation Building Bonds. The proceeds of the 2010A issue were placed in an escrow account pending the February 1, 2012 call date of the 2002 issue. Until the call date, the District continued to make all debt service payments on the 2002 issue. On the call date, the escrow account was used to call the remaining principal of this issue, and the District has assumed the principal and interest payments on the 2010A issue. This “crossover refunding” reduced the District’s total future debt service payments by \$523,939 and resulted in a present value savings of approximately \$456,785.

**NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)**

In May 2012, the District issued \$2,135,000 of General Obligation School Refunding Bonds, Series 2012A. The proceeds of this issue and interest earned thereon were used to refund, in advance of their stated maturities, the 2013 through 2017 maturities of the District’s 2003B General Obligation School Building Refunding Bonds and the 2013 through 2024 maturities of the District’s 2004A General Obligation Alternative Facility Bonds. This advance refunding will reduce the District’s total future debt service payments by approximately \$181,108 and will result in present value savings of approximately \$182,408.

**General Obligation Taxable OPEB Bonds** – These obligations were issued to finance OPEB. Assets of the OPEB Debt Service Account, together with scheduled deferred ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

**Build America Bonds** – The District’s 2010B General Obligation School Building Bonds were issued as Qualified School Construction Bonds – Direct Pay, for which the District will receive a federal tax credit equal to 35 percent of the interest payment on this debt issue.

**D. Other Long-Term Liabilities**

The District offers a number of benefits to its employees, including severance benefits and compensated absences. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid primarily from the General Fund.

**E. Minimum Debt Payments**

Minimum annual principal and interest payments to maturity for general obligation bonds and certificates of participation are as follows:

Year Ending June 30,	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2013	\$ 3,140,000	\$ 2,819,319	\$ 175,000	\$ 31,363
2014	3,200,000	2,776,158	175,000	21,913
2015	3,245,000	2,725,360	225,000	12,374
2016	3,305,000	2,669,750	–	–
2017	3,225,000	2,622,613	–	–
2018–2022	15,755,000	11,245,670	–	–
2023–2027	17,765,000	7,415,433	–	–
2028–2031	16,735,000	2,387,615	–	–
	<u>\$ 66,370,000</u>	<u>\$ 34,661,918</u>	<u>\$ 575,000</u>	<u>\$ 65,650</u>

**F. Changes in Long-Term Liabilities**

	Balance – June 30, 2011	Additions	Retirements	Balance – June 30, 2012	Due Within One Year
General obligation bonds payable	\$ 78,360,000	\$ 2,135,000	\$ 14,125,000	\$ 66,370,000	\$ 3,140,000
Net (discount) premium	(917,738)	(8,006)	(416,961)	(508,783)	–
Certificates of participation payable	740,000	–	165,000	575,000	175,000
Severance benefits payable	140,426	32,588	15,097	157,917	15,000
Compensated absences payable	196,563	258,282	241,178	213,667	198,667
	<u>\$ 78,519,251</u>	<u>\$ 2,417,864</u>	<u>\$ 14,129,314</u>	<u>\$ 66,807,801</u>	<u>\$ 3,528,667</u>

**NOTE 5 – FUND BALANCES**

**A. Classifications**

At June 30, 2012, a summary of the District’s governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
<b>Nonspendable</b>					
Inventory	\$ –	\$ –	\$ –	\$ 7,289	\$ 7,289
Prepaid items	3,417	–	–	3,400	6,817
Total nonspendable	<u>3,417</u>	<u>–</u>	<u>–</u>	<u>10,689</u>	<u>14,106</u>
<b>Restricted</b>					
Deferred maintenance	187,715	–	–	–	187,715
Health and safety	77,830	–	–	–	77,830
Capital projects levy	63,137	–	–	–	63,137
Operating capital	960,589	–	–	–	960,589
Building construction	–	18,615,879	–	–	18,615,879
Debt service	–	–	788,228	–	788,228
Community education programs	–	–	–	178,695	178,695
Early childhood family education programs	–	–	–	17,605	17,605
School readiness	–	–	–	2,617	2,617
Food service	–	–	–	565,494	565,494
Total restricted	<u>1,289,271</u>	<u>18,615,879</u>	<u>788,228</u>	<u>764,411</u>	<u>21,457,789</u>
<b>Assigned</b>					
Separation benefits	411,850	–	–	–	411,850
Student activities	194,885	–	–	–	194,885
Building carryover	409,703	–	–	–	409,703
New school operations	500,000	–	–	–	500,000
Total assigned	<u>1,516,438</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,516,438</u>
Unassigned	<u>4,237,671</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,237,671</u>
Total	<u>\$ 7,046,797</u>	<u>\$ 18,615,879</u>	<u>\$ 788,228</u>	<u>\$ 775,100</u>	<u>\$ 27,226,004</u>

## **NOTE 5 – FUND BALANCES (CONTINUED)**

### **B. Fund Balance Policy**

The School Board has formally adopted a fund balance policy. This policy states that the School Board will strive to maintain a minimum unassigned General Fund balance of 8 percent of total General Fund expenditures. At June 30, 2012, the unassigned fund balance of the General Fund was 13.3 percent of the total General Fund expenditures.

If the fund balance falls below 8 percent, the School Board shall implement a procedure to stabilize the District's financial position. This shall involve:

1. No new programs will be added at the District level unless matched by a like revenue source;
2. Allocations such as textbooks, supplies, etc., shall be frozen; and
3. The District will review other measures which shall not immediately affect delivery of programs but could have a cost savings. An example might be areas where expenditures have historically been lower than budgeted levels.

If the fund balance is projected to decrease below 7 percent, the District shall take measures to either generate additional revenues or to reduce expenditures through budget cuts or a combination of both.

## **NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

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

### **Teachers' Retirement Association (TRA)**

#### **A. Plan Description**

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

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

**NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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

**Tier I**

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

With these provisions:

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

**Tier II**

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

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

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

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

## **NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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

### **B. Funding Policy**

Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. These statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 6.0 percent and 9.0 percent, respectively, of their annual covered salary during fiscal year 2012 as employee contributions. The TRA employer contribution rates are 6.0 percent for Coordinated Plan members and 9.5 percent for Basic Plan members during fiscal year 2012. Total covered payroll salaries for all TRA members state-wide during the fiscal years ended June 30, 2011, 2010, and 2009 were approximately \$3.84 billion, \$3.79 billion, and \$3.76 billion, respectively.

The District's contributions for the years ended June 30, 2012, 2011, and 2010 were \$916,686, \$818,713, and \$845,700, respectively, equal to the contractually required contributions for each year as set by state statute.

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

### **Public Employees' Retirement Association (PERA)**

#### **A. Plan Description**

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

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

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

## **NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

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

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

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

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

### **B. Funding Policy**

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

The District's contributions to GERF for the years ended June 30, 2012, 2011, and 2010 were \$277,576, \$258,521, and \$249,794, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statutes.

## **NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN**

### **A. Plan Description**

The District provides post-employment benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

**Post-Employment Insurance Benefits** – All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays for all or part of the eligible retiree’s premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District’s younger and statistically healthier active employees.

In addition, full-time teachers who are at least 50 years of age or have completed 20 years of professional service in the appropriate unit in the District shall be eligible for severance pay pursuant to the provisions in the severance pay article of the teachers’ master agreement. All persons whose actual service began prior to July 1, 1989 shall be eligible for this benefit.

The full-time teachers shall accumulate 10 days of credit for each full year of actual teaching in the District up to a maximum of one year’s salary as determined by the salary schedule placement. In applying these provisions, a teacher’s daily rate of pay shall be the basic rate of the teacher’s last day of actual service as provided in the basic salary schedule for the basic school year. These amounts are contributed directly to a health savings account and are, therefore, by definition considered OPEB under the provisions of GASB Statement No. 45.

### **B. Funding Policy**

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the District. There are invested plan assets accumulated for payment of future benefits which are held in the Post-Employment Benefits Trust Fund.

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**C. Annual OPEB Cost and Net OPEB Obligation**

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

ARC	\$ 148,541
Interest on net OPEB obligation	(82,242)
Adjustment to ARC	144,331
Annual OPEB cost (expense)	<u>210,630</u>
Contributions made	<u>88,717</u>
Increase in net OPEB obligation	121,913
Negative net OPEB obligation – beginning of year	<u>(2,741,397)</u>
Negative net OPEB obligation – end of year	<u><u>\$ (2,619,484)</u></u>

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

Fiscal Year Ended June 30,	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Negative Net OPEB Obligation (Asset)
2010	\$ 209,254	\$ –	– %	\$ (2,901,103)
2011	\$ 223,450	\$ 63,744	28.5 %	\$ (2,741,397)
2012	\$ 210,630	\$ 88,717	42.1 %	\$ (2,619,484)

**D. Funded Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the plan was 97.0 percent funded. The actuarial accrued liability for benefits was \$2,994,460, and the actuarial value of assets was \$2,905,712, resulting in an unfunded actuarial accrued liability (UAAL) of \$88,748. The covered payroll (annual payroll of active employees covered by the plan) was \$16,983,592, and the ratio of the UAAL to the covered payroll was 0.5 percent.

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

## NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

### E. Actuarial Methods and Assumptions

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 3.0 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 3.0 percent rate of projected salary increases; an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent for medical insurance; and an annual healthcare trend rate of 4.0 percent for dental insurance. All rates include a 2.5 percent inflation assumption. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period at July 1, 2010 for the various amortization layers ranged from 28 to 30 years.

### F. Post-Employment Benefits Trust Fund

The District administers a defined benefit OPEB Plan. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan.

The Post-Employment Benefits Trust Fund is reported using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

### G. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	17
Active plan members	<u>324</u>
Total members	<u><u>341</u></u>

## **NOTE 8 – COMMITMENTS AND CONTINGENCIES**

### **A. Federal and State Receivables**

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

### **B. Construction Contracts**

The District is committed to various contracts awarded for construction and maintenance projects. The District's commitment for uncompleted work on these contracts at June 30, 2012 was approximately \$19,400,000.

### **C. Legal Claims**

The District is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 832

Other Post-Employment Benefits Plan  
 Schedule of Funding Progress and Schedule of Employer Contributions  
 June 30, 2012

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
July 1, 2008	\$ 3,162,316	\$ -	\$ 3,162,316	- %	\$ 16,347,056	19.3 %
July 1, 2010	\$ 2,994,460	\$ 2,905,712	\$ 88,748	97.0 %	\$ 16,983,592	0.5 %

**Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contribution	Employer Contributions	Percentage Contributed	Net OPEB Obligation
2009	\$ 348,926	\$ 3,459,283	991.4 %	\$ (3,110,357)
2010	\$ 162,427	\$ -	- %	\$ (2,901,103)
2011	\$ 161,340	\$ 63,744	28.5 %	\$ (2,741,397)
2012	\$ 148,541	\$ 88,717	59.7 %	\$ (2,619,484)

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 832

Nonmajor Governmental Funds  
 Combining Balance Sheet  
 as of June 30, 2012

	Special Revenue Funds		Total
	Food Service	Community Service	
Assets			
Cash and temporary investments	\$ 305,303	\$ 296,523	\$ 601,826
Receivables			
Current taxes	–	141,311	141,311
Delinquent taxes	–	7,411	7,411
Accounts and interest	421	828	1,249
Due from other funds	309,342	–	309,342
Due from other governmental units	2,853	28,024	30,877
Inventory	7,289	–	7,289
Prepaid items	3,400	–	3,400
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 628,608</u>	<u>\$ 474,097</u>	<u>\$ 1,102,705</u>
Liabilities and Fund Balances			
Liabilities			
Salaries payable	\$ –	\$ 27,594	\$ 27,594
Accounts and contracts payable	1,164	65,119	66,283
Due to other governmental units	51,261	–	51,261
Property taxes levied for subsequent year	–	136,091	136,091
Unearned revenue	–	40,820	40,820
Deferred revenue	–	5,556	5,556
Total liabilities	<u>52,425</u>	<u>275,180</u>	<u>327,605</u>
Fund balances			
Nonspendable for inventory	7,289	–	7,289
Nonspendable for prepaids	3,400	–	3,400
Restricted	<u>565,494</u>	<u>198,917</u>	<u>764,411</u>
Total fund balances	<u>576,183</u>	<u>198,917</u>	<u>775,100</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 628,608</u>	<u>\$ 474,097</u>	<u>\$ 1,102,705</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

Nonmajor Governmental Funds  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Year Ended June 30, 2012

	Special Revenue Funds		Total
	Food Service	Community Service	
<b>Revenue</b>			
Local sources			
Property taxes	\$ -	\$ 261,680	\$ 261,680
Investment earnings	480	232	712
Other	1,140,811	1,599,709	2,740,520
State sources	46,024	75,373	121,397
Federal sources	256,041	-	256,041
Total revenue	<u>1,443,356</u>	<u>1,936,994</u>	<u>3,380,350</u>
<b>Expenditures</b>			
Current			
Food service	1,323,785	-	1,323,785
Community service	-	1,937,526	1,937,526
Capital outlay	373	23,781	24,154
Total expenditures	<u>1,324,158</u>	<u>1,961,307</u>	<u>3,285,465</u>
Net change in fund balances	119,198	(24,313)	94,885
<b>Fund balances</b>			
Beginning of year	<u>456,985</u>	<u>223,230</u>	<u>680,215</u>
End of year	<u>\$ 576,183</u>	<u>\$ 198,917</u>	<u>\$ 775,100</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

General Fund  
Balance Sheet  
as of June 30, 2012

Assets	
Cash and investments held by trustee	\$ 237,366
Receivables	
Current taxes	3,202,188
Delinquent taxes	168,646
Accounts and interest	39,318
Due from other governmental units	8,615,627
Prepaid items	<u>3,417</u>
 Total assets	 <u><u>\$ 12,266,562</u></u>
Liabilities and Fund Balances	
Liabilities	
Salaries payable	\$ 57,743
Accounts and contracts payable	1,274,650
Due to other funds	309,342
Due to other governmental units	198,899
Property taxes levied for subsequent year	3,003,864
Unearned revenue	249,818
Deferred revenue – delinquent taxes	<u>125,449</u>
Total liabilities	5,219,765
Fund balances	
Nonspendable for prepaid items	3,417
Restricted for deferred maintenance	187,715
Restricted for health and safety	77,830
Restricted for capital projects levy	63,137
Restricted for operating capital	960,589
Assigned for separation benefits	411,850
Assigned for student activities	194,885
Assigned for building carryover	409,703
Assigned for new school operations	500,000
Unassigned	<u>4,237,671</u>
Total fund balances	<u>7,046,797</u>
 Total liabilities and fund balances	 <u><u>\$ 12,266,562</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 832

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	Budget	Actual	Over (Under) Budget
<b>Revenue</b>			
Local sources			
Property taxes	\$ 6,230,721	\$ 6,218,295	\$ (12,426)
Investment earnings	4,000	2,054	(1,946)
Other	1,479,992	1,592,131	112,139
State sources	23,689,190	24,114,594	425,404
Federal sources	1,346,231	1,480,631	134,400
Total revenue	<u>32,750,134</u>	<u>33,407,705</u>	<u>657,571</u>
<b>Expenditures</b>			
Current			
Administration			
Salaries	1,081,287	1,079,231	(2,056)
Employee benefits	360,234	364,590	4,356
Purchased services	61,950	52,800	(9,150)
Supplies and materials	3,700	4,616	916
Other expenditures	19,950	16,312	(3,638)
Total administration	<u>1,527,121</u>	<u>1,517,549</u>	<u>(9,572)</u>
District support services			
Salaries	424,941	427,143	2,202
Employee benefits	190,160	167,241	(22,919)
Purchased services	412,611	358,933	(53,678)
Supplies and materials	12,400	14,966	2,566
Capital expenditures	10,000	9,543	(457)
Other expenditures	81,450	133,757	52,307
Total district support services	<u>1,131,562</u>	<u>1,111,583</u>	<u>(19,979)</u>
Elementary and secondary regular instruction			
Salaries	10,489,847	10,271,269	(218,578)
Employee benefits	3,643,141	3,688,374	45,233
Purchased services	673,956	663,371	(10,585)
Supplies and materials	496,146	503,233	7,087
Capital expenditures	127,433	131,828	4,395
Other expenditures	867,575	804,847	(62,728)
Total elementary and secondary regular instruction	<u>16,298,098</u>	<u>16,062,922</u>	<u>(235,176)</u>

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 832

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual (continued)  
 Year Ended June 30, 2012

	Budget	Actual	Over (Under) Budget
Expenditures (continued)			
Current (continued)			
Vocational education instruction			
Salaries	370,977	381,045	10,068
Employee benefits	119,025	122,239	3,214
Purchased services	86,680	109,749	23,069
Supplies and materials	13,340	14,178	838
Capital expenditures	500	3,990	3,490
Other expenditures	370	335	(35)
Total vocational education instruction	590,892	631,536	40,644
Special education instruction			
Salaries	3,685,080	3,789,278	104,198
Employee benefits	1,281,782	1,276,437	(5,345)
Purchased services	424,573	607,307	182,734
Supplies and materials	102,719	89,108	(13,611)
Capital expenditures	59,550	54,380	(5,170)
Other expenditures	114,000	113,843	(157)
Total special education instruction	5,667,704	5,930,353	262,649
Instructional support services			
Salaries	724,504	753,775	29,271
Employee benefits	289,997	278,857	(11,140)
Purchased services	114,338	79,232	(35,106)
Supplies and materials	64,756	53,784	(10,972)
Capital expenditures	-	6,777	6,777
Other expenditures	500	179	(321)
Total instructional support services	1,194,095	1,172,604	(21,491)
Pupil support services			
Salaries	587,004	621,876	34,872
Employee benefits	202,719	208,269	5,550
Purchased services	1,460,387	1,379,303	(81,084)
Supplies and materials	92,574	67,776	(24,798)
Capital expenditures	5,000	3,027	(1,973)
Other expenditures	9,450	8,194	(1,256)
Total pupil support services	2,357,134	2,288,445	(68,689)

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 832

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual (continued)  
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued)			
Current (continued)			
Sites and buildings			
Salaries	1,094,225	1,098,161	3,936
Employee benefits	416,548	405,381	(11,167)
Purchased services	811,203	797,307	(13,896)
Supplies and materials	325,071	234,480	(90,591)
Capital expenditures	677,101	438,833	(238,268)
Other expenditures	1,200	805	(395)
Total sites and buildings	<u>3,325,348</u>	<u>2,974,967</u>	<u>(350,381)</u>
Fiscal and other fixed cost programs			
Purchased services	84,000	82,180	(1,820)
Debt service			
Principal	165,000	165,000	-
Interest	40,190	40,190	-
Total debt service	<u>205,190</u>	<u>205,190</u>	<u>-</u>
Total expenditures	<u>32,381,144</u>	<u>31,977,329</u>	<u>(403,815)</u>
Net change in fund balances	<u>\$ 368,990</u>	1,430,376	<u>\$ 1,061,386</u>
Fund balances			
Beginning of year		<u>5,616,421</u>	
End of year		<u>\$ 7,046,797</u>	

INDEPENDENT SCHOOL DISTRICT NO. 832

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

Assets

Cash and temporary investments	\$	305,303
Receivables		
Accounts and interest		421
Due from other funds		309,342
Due from other governmental units		2,853
Inventory		7,289
Prepaid items		3,400
		<hr/>
Total assets	\$	<u>628,608</u>

Liabilities and Fund Balances

Liabilities		
Accounts and contracts payable	\$	1,164
Due to other governmental units		51,261
Total liabilities		<hr/> 52,425
Fund balances		
Nonspendable for inventory		7,289
Nonspendable for prepaid items		3,400
Restricted for food service		565,494
Total fund balances		<hr/> 576,183
		<hr/>
Total liabilities and fund balances	\$	<u>628,608</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

Food Service Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue			
Local sources			
Investment earnings	\$ 2,500	\$ 480	\$ (2,020)
Other – primarily meal sales	1,127,000	1,140,811	13,811
State sources	53,000	46,024	(6,976)
Federal sources	246,500	256,041	9,541
Total revenue	<u>1,429,000</u>	<u>1,443,356</u>	<u>14,356</u>
Expenditures			
Current			
Salaries	141,567	128,237	(13,330)
Employee benefits	8,063	7,028	(1,035)
Purchased services	540,400	532,270	(8,130)
Supplies and materials	700,000	655,635	(44,365)
Other expenditures	750	615	(135)
Capital outlay	40,000	373	(39,627)
Total expenditures	<u>1,430,780</u>	<u>1,324,158</u>	<u>(106,622)</u>
Net change in fund balances	<u>\$ (1,780)</u>	119,198	<u>\$ 120,978</u>
Fund balances			
Beginning of year		<u>456,985</u>	
End of year		<u>\$ 576,183</u>	

INDEPENDENT SCHOOL DISTRICT NO. 832

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

Assets

Cash and temporary investments	\$ 296,523
Receivables	
Current taxes	141,311
Delinquent taxes	7,411
Accounts and interest	828
Due from other governmental units	<u>28,024</u>
Total assets	<u><u>\$ 474,097</u></u>

Liabilities and Fund Balances

Liabilities	
Salaries payable	\$ 27,594
Accounts and contracts payable	65,119
Property taxes levied for subsequent year	136,091
Unearned revenue	40,820
Deferred revenue – delinquent taxes	<u>5,556</u>
Total liabilities	275,180
Fund balances	
Restricted for community education programs	178,695
Restricted for early childhood family education programs	17,605
Restricted for school readiness	<u>2,617</u>
Total fund balances	<u>198,917</u>
Total liabilities and fund balances	<u><u>\$ 474,097</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 832

Community Service Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue			
Local sources			
Property taxes	\$ 266,036	\$ 261,680	\$ (4,356)
Investment earnings	482	232	(250)
Other – primarily tuition and fees	1,589,939	1,599,709	9,770
State sources	<u>74,380</u>	<u>75,373</u>	<u>993</u>
Total revenue	1,930,837	1,936,994	6,157
Expenditures			
Current			
Salaries	985,873	988,521	2,648
Employee benefits	339,578	344,505	4,927
Purchased services	508,961	523,658	14,697
Supplies and materials	59,087	60,933	1,846
Other expenditures	5,550	19,909	14,359
Capital outlay	<u>31,560</u>	<u>23,781</u>	<u>(7,779)</u>
Total expenditures	1,930,609	1,961,307	30,698
Net change in fund balances	<u>\$ 228</u>	(24,313)	<u>\$ (24,541)</u>
Fund balances			
Beginning of year		<u>223,230</u>	
End of year		<u>\$ 198,917</u>	

INDEPENDENT SCHOOL DISTRICT NO. 832

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

Assets	
Cash and temporary investments	\$ 21,266,273
Receivables	
Accounts and interest	<u>52,608</u>
Total assets	<u>\$ 21,318,881</u>
Liabilities and Fund Balances	
Liabilities	
Accounts and contracts payable	\$ 2,703,002
Fund balances	
Restricted for building construction	<u>18,615,879</u>
Total liabilities and fund balances	<u>\$ 21,318,881</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

Capital Projects – Building Construction Fund  
Schedule of Revenue, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2012

Revenue		
Local sources		
Investment earnings	\$	135,157
Expenditures		
Capital outlay		
Purchased services		1,459,700
Capital expenditures		<u>13,866,300</u>
Total expenditures		<u>15,326,000</u>
Net change in fund balances		(15,190,843)
Fund balances		
Beginning of year		<u>33,806,722</u>
End of year	\$	<u><u>18,615,879</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 832

Debt Service Fund  
Balance Sheet by Account  
as of June 30, 2012

	Regular Debt Service Account	OPEB Debt Service Account	Totals
Assets			
Cash and temporary investments	\$ 3,077,722	\$ 184,961	\$ 3,262,683
Receivables			
Current taxes	2,719,091	186,212	2,905,303
Delinquent taxes	109,706	7,152	116,858
Due from other governmental units	30,859	2,242	33,101
	<u>5,937,378</u>	<u>380,567</u>	<u>6,317,945</u>
Total assets	<u>\$ 5,937,378</u>	<u>\$ 380,567</u>	<u>\$ 6,317,945</u>
Liabilities and Fund Balances			
Liabilities			
Accounts and contracts payable	\$ 1,199	\$ -	\$ 1,199
Property taxes levied for subsequent year	5,094,663	348,898	5,443,561
Deferred revenue – delinquent taxes	107,713	(22,756)	84,957
Total liabilities	<u>5,203,575</u>	<u>326,142</u>	<u>5,529,717</u>
Fund balances			
Restricted for debt service	<u>733,803</u>	<u>54,425</u>	<u>788,228</u>
Total liabilities and fund balances	<u>\$ 5,937,378</u>	<u>\$ 380,567</u>	<u>\$ 6,317,945</u>

INDEPENDENT SCHOOL DISTRICT NO. 832

Debt Service Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account  
 Budget and Actual  
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>		<u>Total</u>	<u>Over (Under) Budget</u>
		<u>Regular Debt Service Account</u>	<u>OPEB Debt Service Account</u>		
Revenue					
Local sources					
Property taxes	\$ 5,047,152	\$ 4,629,995	\$ 365,241	\$ 4,995,236	\$ (51,916)
Investment earnings	50,184	8,729	–	8,729	(41,455)
State sources	50,000	86,441	6,279	92,720	42,720
Federal sources	801,049	801,049	–	801,049	–
Total revenue	<u>5,948,385</u>	<u>5,526,214</u>	<u>371,520</u>	<u>5,897,734</u>	<u>(50,651)</u>
Expenditures					
Debt service					
Principal	3,030,000	2,845,000	185,000	3,030,000	–
Interest	3,471,872	3,271,684	143,758	3,415,442	(56,430)
Fiscal charges and other	450	43,255	450	43,705	43,255
Total expenditures	<u>6,502,322</u>	<u>6,159,939</u>	<u>329,208</u>	<u>6,489,147</u>	<u>(13,175)</u>
Excess (deficiency) of revenue over expenditures	(553,937)	(633,725)	42,312	(591,413)	(37,476)
Other financing sources (uses)					
Debt issued	–	2,135,000	–	2,135,000	2,135,000
Discount on debt issued	–	(8,006)	–	(8,006)	(8,006)
Refunding bond payment from escrow	(8,960,000)	(11,095,000)	–	(11,095,000)	(2,135,000)
Total other financing sources (uses)	<u>(8,960,000)</u>	<u>(8,968,006)</u>	<u>–</u>	<u>(8,968,006)</u>	<u>(8,006)</u>
Net change in fund balances	<u>\$ (9,513,937)</u>	<u>(9,601,731)</u>	<u>42,312</u>	<u>(9,559,419)</u>	<u>\$ (45,482)</u>
Fund balances					
Beginning of year		<u>10,335,534</u>	<u>12,113</u>	<u>10,347,647</u>	
End of year		<u>\$ 733,803</u>	<u>\$ 54,425</u>	<u>\$ 788,228</u>	

SINGLE AUDIT AND OTHER REQUIRED REPORTS

INDEPENDENT SCHOOL DISTRICT NO. 832

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Federal Grantor Pass/Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
<b>U.S. Department of Education</b>		
Passed through Minnesota Department of Education		
Special education cluster		
Special Education – Grants to States	84.027	\$ 682,034
Special Education – Preschool Grants	84.173	<u>19,017</u>
Total special education cluster		701,051
Improving Teacher Quality State Grants	84.367	56,519
Title I – Grants to Local Educational Agencies	84.010	102,289
Education Jobs Fund	84.410	573,739
Special Education – Grants for Infants and Families	84.181	6,890
Passed through Intermediate School District No. 916		
Career and Technical Education – Basic Grants to States	84.048	5,289
<b>U.S. Department of Agriculture</b>		
Passed through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	12,363
National School Lunch Program	10.555	239,040
Special Milk Program for Children	10.556	<u>1,505</u>
Total child nutrition cluster		252,908
<b>U.S. Department of Energy</b>		
Passed through Minnesota Department of Commerce		
ARRA – Energy Efficiency and Conservation Block Grant Program	81.128	<u>22,458</u>
Total federal awards		<u>\$ 1,721,143</u>

Note 1: This Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: Non-monetary assistance of \$10,899 is reported in this schedule, representing the value of commodities received and disbursed for the U.S. Department of Agriculture National School Lunch Program (CFDA No. 10.555).

Note 3: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.



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Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the School Board of  
Independent School District No. 832  
Mahtomedi, Minnesota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 832, Mahtomedi, Minnesota (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2012. 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.

**Internal Control Over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis.

(continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financing reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financing reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1, that we consider to be significant deficiencies in internal control over financing reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated November 8, 2012.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the School Board, others within the District, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Malloy, Montague, Karnowski, Radoszewich, & Co., P.A.*

November 8, 2012



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the School Board of  
Independent School District No. 832  
Mahtomedi, Minnesota

**Compliance**

We have audited Independent School District No. 832, Mahtomedi, Minnesota's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

(continued)

## **Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the School Board, others within the District, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

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

November 8, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH MINNESOTA STATE LAWS AND REGULATIONS

To the School Board of  
Independent School District No. 832  
Mahtomedi, Minnesota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 832, Mahtomedi, Minnesota (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the Office of the State Auditor pursuant to Minnesota Statute § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, uniform financial accounting and reporting standards for school districts, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, the District complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of management, the School Board, others within the District, and the state of Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.

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

November 8, 2012

INDEPENDENT SCHOOL DISTRICT NO. 832

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

**A. SUMMARY OF AUDIT RESULTS**

This summary is formatted to provide federal granting agencies and pass-through entities answers to specific questions regarding the audit of federal awards.

**Financial Statements**

What type of auditor's report is issued?  Unqualified  
 Qualified  
 Adverse  
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiencies identified?  Yes  None reported

Noncompliance material to the financial statements noted?  Yes  No

**Federal Awards**

Internal controls over major federal award programs:

Material weakness(es) identified?  Yes  No

Significant deficiencies identified?  Yes  None reported

Type of auditor's report issued on compliance for major programs?  Unqualified  
 Qualified  
 Adverse  
 Disclaimer

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?  Yes  No

Programs tested as major programs:

Program or Cluster	CFDA No.
The U.S. Department of Education special education cluster consisting of:	
– Special Education – Grants to States	84.027
– Special Education – Preschool Grants	84.173
 The U.S. Department of Education	
– Education Jobs Fund	84.410
 Threshold for distinguishing type A and B programs.	 <u>\$ 300,000</u>
 Does the auditee qualify as a low-risk auditee?	 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

INDEPENDENT SCHOOL DISTRICT NO. 832

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2012

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCIES**

**2012-1 Segregation of Duties**

**Criteria** – Internal control over financial reporting.

**Condition** – Independent School District No. 832, Mahtomedi, Minnesota (the District) has limited segregation of duties in several areas, including the processing of general disbursements and payroll transactions.

**Questioned Costs** – Not applicable.

**Context** – This is a current year and prior year finding.

**Cause** – The limited segregation of duties is primarily caused by the limited size of the District's business office staff.

**Effect** – One important element of internal accounting controls is an adequate segregation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the District to a higher risk that errors or fraud could occur and not be detected in a timely manner in the normal course of business.

**Recommendation** – We recommend that the District continue its efforts to segregate duties as best it can within the limits of what the District considers to be cost beneficial.

**Corrective Action Plan**

**Actions Planned** – The District intends to review the transaction cycles identified above and work with the District's financial auditors to review specific weaknesses identified during the annual audit and actions needed to eliminate or mitigate this internal control weakness. Upon completion of this review, the District will weigh the related costs and benefits associated with implementation changes needed to eliminate this condition.

**Official Responsible** – Denise Sundstrom, Director of Business Services.

**Planned Completion Date** – June 30, 2013.

**Disagreement With or Explanation of Finding** – The District has no disagreement with the finding.

**Plan to Monitor** – Denise Sundstrom, Director of Business Services, will make the entire business office aware of its objective to address this condition and supervise the progress of planned actions during the year.

INDEPENDENT SCHOOL DISTRICT NO. 832

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2012

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None.

**D. FINDINGS – MINNESOTA LEGAL COMPLIANCE AUDIT**

None.

**E. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – MAJOR FEDERAL AWARD  
PROGRAMS AUDIT**

*SPECIAL EDUCATION CLUSTER (ARRA – SPECIAL EDUCATION – GRANTS TO STATES – CFDA  
No. 84.391 AND ARRA – SPECIAL EDUCATION – PRESCHOOL GRANTS – CFDA No. 84.392)*

**2011-3 Internal Control Over Compliance With Federal Reporting Requirements**

**Condition** – During our audit, we noted that the District did not have sufficient controls in place to assure compliance with this requirement for the major programs noted above, which resulted in noncompliance with a type of federal compliance requirement that could have a direct and material effect on these programs. The District did not properly submit the four required quarterly jobs data surveys for each of these programs.

**Recommendation** – We recommend that the District submit the quarterly jobs data surveys to report the number of the jobs created and retained as a result of funding received through the ARRA.

**Current Status** – This was not a current year finding.

INDEPENDENT SCHOOL DISTRICT NO. 832

Uniform Financial Accounting and Reporting Standards  
Compliance Table  
June 30, 2012

		Audit	UFARS	Audit – UFARS
<b>General Fund</b>				
Total revenue		\$ 33,407,705	\$ 33,407,707	\$ (2)
Total expenditures		\$ 31,977,329	\$ 31,977,330	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ 3,417	\$ 3,417	\$ –
Restricted/reserve				
403	Staff development	\$ –	\$ –	\$ –
405	Deferred maintenance	\$ 187,715	\$ 187,715	\$ –
406	Health and safety	\$ 77,830	\$ 77,830	\$ –
407	Capital projects levy	\$ 63,137	\$ 63,137	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
411	Severance pay	\$ –	\$ –	\$ –
413	Projects funded by COP	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
423	Certain teacher programs	\$ –	\$ –	\$ –
424	Operating capital	\$ 960,589	\$ 960,589	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ –	\$ –	\$ –
441	Basic skills programs	\$ –	\$ –	\$ –
445	Career and technical programs	\$ –	\$ –	\$ –
446	First grade preparedness	\$ –	\$ –	\$ –
449	Safe schools levy	\$ –	\$ –	\$ –
450	Pre-kindergarten	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ –	\$ –	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ 1,516,438	\$ 1,516,438	\$ –
Unassigned				
422	Unassigned fund balance	\$ 4,237,671	\$ 4,237,671	\$ –
<b>Food Service</b>				
Total revenue		\$ 1,443,356	\$ 1,443,356	\$ –
Total expenditures		\$ 1,324,158	\$ 1,324,158	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 10,689	\$ 10,689	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ 565,494	\$ 565,494	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
<b>Community Service</b>				
Total revenue		\$ 1,936,994	\$ 1,936,994	\$ –
Total expenditures		\$ 1,961,307	\$ 1,961,307	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ 178,695	\$ 178,695	\$ –
432	ECFE	\$ 17,605	\$ 17,605	\$ –
444	School readiness	\$ 2,617	\$ 2,617	\$ –
447	Adult basic education	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

INDEPENDENT SCHOOL DISTRICT NO. 832

Uniform Financial Accounting and Reporting Standards  
Compliance Table (continued)  
June 30, 2012

		Audit	UFARS	Audit - UFARS
<b>Building Construction</b>				
Total revenue		\$ 135,157	\$ 135,157	\$ -
Total expenditures		\$ 15,326,000	\$ 15,326,001	\$ (1)
Nonspendable				
460	Nonspendable fund balance	\$ -	\$ -	\$ -
Restricted/reserve				
407	Capital projects levy	\$ -	\$ -	\$ -
409	Alternative facility program	\$ -	\$ -	\$ -
413	Project funded by COP	\$ -	\$ -	\$ -
Restricted				
464	Restricted fund balance	\$ 18,615,879	\$ 18,615,879	\$ -
Unassigned				
463	Unassigned fund balance	\$ -	\$ -	\$ -
<b>Debt Service</b>				
Total revenue		\$ 5,526,214	\$ 5,526,214	\$ -
Total expenditures		\$ 6,159,939	\$ 6,159,939	\$ -
Nonspendable				
460	Nonspendable fund balance	\$ -	\$ -	\$ -
Restricted/reserve				
425	Bond refundings	\$ -	\$ -	\$ -
451	QZAB payments	\$ -	\$ -	\$ -
Restricted				
464	Restricted fund balance	\$ 733,803	\$ 733,803	\$ -
Unassigned				
463	Unassigned fund balance	\$ -	\$ -	\$ -
<b>Trust</b>				
Total revenue		\$ -	\$ -	\$ -
Total expenditures		\$ 4,650	\$ 4,650	\$ -
422	Net assets	\$ -	\$ -	\$ -
<b>Internal Service</b>				
Total revenue		\$ -	\$ -	\$ -
Total expenditures		\$ -	\$ -	\$ -
422	Net assets	\$ -	\$ -	\$ -
<b>OPEB Revocable Trust Fund</b>				
Total revenue		\$ -	\$ -	\$ -
Total expenditures		\$ -	\$ -	\$ -
422	Net assets	\$ -	\$ -	\$ -
<b>OPEB Irrevocable Trust Fund</b>				
Total revenue		\$ 136,476	\$ 136,476	\$ -
Total expenditures		\$ 221,523	\$ 221,523	\$ -
422	Net assets	\$ 2,854,978	\$ 2,854,978	\$ -
<b>OPEB Debt Service Fund</b>				
Total revenue		\$ 371,520	\$ 371,520	\$ -
Total expenditures		\$ 329,208	\$ 329,208	\$ -
Nonspendable				
460	Nonspendable fund balance	\$ -	\$ -	\$ -
Restricted				
425	Bond refundings	\$ -	\$ -	\$ -
464	Restricted fund balance	\$ 54,425	\$ 54,425	\$ -
Unassigned				
463	Unassigned fund balance	\$ -	\$ -	\$ -

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.



Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION CANVASSING RETURNS  
OF VOTES OF SCHOOL DISTRICT GENERAL ELECTION**

BE IT RESOLVED by the School Board of Independent School District No. 832, as follows:

1. It is hereby found, determined and declared that the general election of the voters of the district held on November 6, 2012, was in all respects duly and legally called and held.

2. As specified in the attached Abstract and Return of Votes Cast, a total of 15,479 voters of the district voted at said election on the election of three school board members for four-year term vacancies on the board caused by expiration of term on the first Monday in January next following the general election as follows:

Mary Jo Deters	<u>4,649</u>
Judith Schwartz	<u>4,524</u>
Steven Wolgamot	<u>4,518</u>

3. Candidate Mary Jo Deters, Candidate Judith Schwartz, and Candidate Steven Wolgamot, having received the highest number of votes, are elected to four-year terms beginning the first Monday in January, 2013.

4. The school district clerk is hereby authorized to certify the results of the election to the county auditor of each county in which the school district is located in whole or in part.

The motion for the adoption of the foregoing resolution was duly seconded by Member \_\_\_\_\_ and upon vote being taken thereon, the following voted in favor thereof: \_\_\_\_\_ and the following voted against: \_\_\_\_\_ whereupon said resolution was declared duly passed and adopted.

(Attach Abstract and Return of Votes Cast)

Abstract of Votes Cast  
Independent School District No. 832 (MAHTOMEDI)  
State of Minnesota  
at the State General Election  
Held Tuesday, November 6, 2012

Compiled from the Official Returns.

Summary of Totals  
Independent School District No. 832 (MAHTOMEDI)  
Tuesday, November 6, 2012 State General Election

Number of persons registered as of 7 a.m.	16526
Number of persons registered on Election Day	1994
Number of accepted regular, armed forces and temporarily overseas absentee ballots	1747
Number of federal office only absentee ballots	23
Number of presidential absentee ballots	0
Total number of persons voting	15479

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Summary of Totals  
Independent School District No. 832 (MAHTOMEDI)  
Tuesday, November 6, 2012 State General Election

**KEY TO PARTY ABBREVIATIONS**

NP - Nonpartisan

School Board Member at Large (ISD #832) (Elect 3)

NP  
JUDITH SCHWARTZ  
4524

NP  
MARY JO DETERS  
4649

NP  
STEVEN WOLGAMOT  
4518

WI  
WRITE-IN\*\*  
149

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Detail of Election Results  
 Independent School District No. 832 (MAHTOMEDI)  
 Tuesday, November 6, 2012 State General Election

Precinct	Persons Registered as of 7 A.M.	Persons Registered on Election Day	Total Number of Persons Voting
82 0095 : DELLWOOD	808	73	769
82 0130 : GRANT	3120	210	2904
82 0165 : HUGO W-3 P-3B	808	70	762
82 0175 : LAKE ELMO P-2	3021	287	2866
82 0200 : MAHTOMEDI P-1	2481	329	2300
82 0205 : MAHTOMEDI P-2	3034	315	2823
82 0245 : OAKDALE P-5	2348	595	2248
82 0275 : PINE SPRINGS	306	31	288
82 0365 : WHITE BEAR LAKE W-4 P-2	292	32	246
82 0370 : WILLERNIE	308	52	273
Independent School District No. 832 (MAHTOMEDI) Total:	16526	1994	15479

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Detail of Election Results  
 Independent School District No. 832 (MAHTOMEDI)  
 Tuesday, November 6, 2012 State General Election

Office Title: School Board Member at Large (ISD #832) (Elect 3)

Precinct	JUDITH SCHWARTZ	MARY JO DETERS	STEVEN WOLGAMOT	WRITE-IN**
82 0095 : DELLWOOD	425	435	427	10
82 0130 : GRANT	780	756	786	26
82 0165 : HUGO W-3 P-3B	192	187	173	6
82 0175 : LAKE ELMO P-2	124	119	117	3
82 0200 : MAHTOMEDI P-1	1149	1205	1205	30
82 0205 : MAHTOMEDI P-2	1411	1523	1397	61
82 0245 : OAKDALE P-5	37	34	27	2
82 0275 : PINE SPRINGS	162	150	160	7
82 0365 : WHITE BEAR LAKE W-4 P-2	112	113	102	3
82 0370 : WILLERNIE	132	127	124	1
<b>Total:</b>	<b>4524</b>	<b>4649</b>	<b>4518</b>	<b>149</b>

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We, the school board members of Independent School District No. 832 (MAHTOMEDI), certify that we have canvassed the returns of the State General Election held on Tuesday, November 6, 2012 and have herein specified the names of any candidates receiving votes and the number of votes received by each candidate, and have herein specified the number of votes for and against any ballot questions voted on in this election.

As appears by the returns of the election precincts voting in this election, duly returned to, filed, opened, and canvassed, and now remaining on file in the office of the clerk of Independent School District No. 832 (MAHTOMEDI).

Witness our official signature at \_\_\_\_\_ in \_\_\_\_\_ County this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
School Board Member

\_\_\_\_\_  
School Board Member

\_\_\_\_\_  
School Board Member

\_\_\_\_\_  
School Board Member

\_\_\_\_\_  
School Board Member

\_\_\_\_\_  
School Board Member

\_\_\_\_\_  
School Board Member

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State of Minnesota  
Independent School District No. 832 (MAHTOMEDI)

I, \_\_\_\_\_, Clerk of the Independent School District No. 832 (MAHTOMEDI) do hereby certify the within and foregoing \_\_\_\_\_ pages to be a full and correct copy of the original abstract and return of the votes cast in the Independent School District No. 832 (MAHTOMEDI) State General Election held on Tuesday, November 6, 2012.

Witness my hand and official seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_



Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION AUTHORIZING ISSUANCE OF CERTIFICATES  
OF ELECTION AND DIRECTING SCHOOL DISTRICT CLERK TO  
PERFORM OTHER ELECTION RELATED DUTIES**

WHEREAS, the board has canvassed the general election for school board members held on November 6, 2012.

NOW THEREFORE, BE IT RESOLVED by the School Board of Independent School District No. 832, State of Minnesota, as follows:

1. The chair and clerk are hereby authorized to execute certificates of election on behalf of the school board of Independent School District No. 832 to the following candidates:

- a. Mary Jo Deters
- b. Judith Schwartz
- c. Steven Wolgamot

who have received a sufficiently large number of votes to be elected to fill vacancies on the board caused by expiration of term on the first Monday in January next following the election, based on the results of the canvass.

2. The certificate of election shall be in substantially the form attached hereto.

3. After the time for contesting the election has passed and the candidate has filed all campaign financial reports required by Minnesota Statutes, Chapter 211A, the clerk of the school board is hereby directed to deliver the certificates to the persons entitled thereto personally or by certified mail.

4. The clerk is hereby directed to enclose with the certificate a form of acceptance of office and oath of office in substantially the form attached hereto.

The motion for the adoption of the foregoing resolution was duly seconded by Member \_\_\_\_\_, and upon vote being taken thereon, the following voted in favor thereof: \_\_\_\_\_ and the following voted against the same: \_\_\_\_\_ whereupon said resolution was declared duly passed and adopted.

CERTIFICATE OF ELECTION  
Full 4-Year Term

This is to certify as follows:

1. The School Board of Independent School District No. 832 on November 15, 2012, canvassed the general election of school board members held on November 6, 2012.

2. Mary Jo Deters received the largest number of votes cast for the office of school board member of Independent School District No. 832 for a full four-year term.

3. There are three full four-year term vacancies on the board caused by expiration of term on the first Monday in January next following the election.

4. Therefore Mary Jo Deters is elected to the office of school board member of Independent School District No. 832 for a full four-year term beginning the first Monday in January, 2013 and expiring the first Monday in January, 2017.

By authority of the School Board of Independent School District No. 832, pursuant to resolution dated November 15, 2012.

Dated: November 15, 2012

\_\_\_\_\_

Chair

Dated: November 15, 2012

\_\_\_\_\_

Clerk

CERTIFICATE OF ELECTION  
Full 4-Year Term

This is to certify as follows:

1. The School Board of Independent School District No. 832 on November 15, 2012, canvassed the general election of school board members held on November 6, 2012.

2. Judith Schwartz received the second largest number of votes cast for the office of school board member of Independent School District No. 832 for a full four-year term.

3. There are three full four-year term vacancies on the board caused by expiration of term on the first Monday in January next following the election.

4. Therefore Judith Schwartz is elected to the office of school board member of Independent School District No. 832 for a full four-year term beginning the first Monday in January, 2013 and expiring the first Monday in January, 2017.

By authority of the School Board of Independent School District No. 832, pursuant to resolution dated November 15, 2012.

Dated: November 15, 2012

\_\_\_\_\_

Chair

Dated: November 15, 2012

\_\_\_\_\_

Clerk

CERTIFICATE OF ELECTION  
Full 4-Year Term

This is to certify as follows:

1. The School Board of Independent School District No. 832 on November 15, 2012, canvassed the general election of school board members held on November 6, 2012.

2. Steven Wolgamot received the third largest number of votes cast for the office of school board member of Independent School District No. 832 for a full four-year term.

3. There are three full four-year term vacancies on the board caused by expiration of term on the first Monday in January next following the election.

4. Therefore Steven Wolgamot is elected to the office of school board member of Independent School District No. 832 for a full four-year term beginning the first Monday in January, 2013 and expiring the first Monday in January, 2017.

By authority of the School Board of Independent School District No. 832, pursuant to resolution dated November 15, 2012.

Dated: November 15, 2012

\_\_\_\_\_

Chair

Dated: November 15, 2012

\_\_\_\_\_

Clerk

ACCEPTANCE OF OFFICE  
AND OATH OF OFFICE

To: Mary Jo Deters

The following acceptance and oath of office must be filed with the school district clerk within 30 days of the date of mailing or personal service of the certificate of election.

ACCEPTANCE OF OFFICE

I hereby accept the office of school board member of Independent School District No. 832 for a term beginning the first Monday in January, 2013 and expiring the first Monday in January, 2017.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

STATE OF MINNESOTA     )  
  )  
COUNTY OF WASHINGTON )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by Mary Jo Deters.

\_\_\_\_\_  
Notary Public

OATH OF OFFICE

I swear/affirm that I will support the Constitution of the United States and of this state, and that I will discharge faithfully the duties of the office of school board member of Independent School District No. 832 to the best of my judgment and ability.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

STATE OF MINNESOTA     )  
  )  
COUNTY OF WASHINGTON )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by Mary Jo Deters.

\_\_\_\_\_  
Notary Public



ACCEPTANCE OF OFFICE  
AND OATH OF OFFICE

To: Steven Wolgamot

The following acceptance and oath of office must be filed with the school district clerk within 30 days of the date of mailing or personal service of the certificate of election.

ACCEPTANCE OF OFFICE

I hereby accept the office of school board member of Independent School District No. 832 for a term beginning the first Monday in January, 2013 and expiring the first Monday in January, 2017.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

STATE OF MINNESOTA     )  
  )  
COUNTY OF WASHINGTON )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by Steven Wolgamot.

\_\_\_\_\_  
Notary Public

OATH OF OFFICE

I swear/affirm that I will support the Constitution of the United States and of this state, and that I will discharge faithfully the duties of the office of school board member of Independent School District No. 832 to the best of my judgment and ability.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

STATE OF MINNESOTA     )  
  )  
COUNTY OF WASHINGTON )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by Steven Wolgamot.

\_\_\_\_\_  
Notary Public



**TO:** Northeast Metro 916 Board of Education  
**FROM:** Connie Hayes  
**DATE:** November 13, 2012  
**RE:** November 7 Board of Education Meeting Talking Points

Members present: Auge'-622, Brunnette-833, Buchholz-834, Forsberg-16, Lodico-12, Newberg-624, Sturdevant-13, Sager-621, and Schwartz-832.

Members absent: Edstrom-623.

Among a number of topics discussed at the November 7, 2012, meeting of the Northeast Metro 916 Board of Education, the following agenda items were addressed:

1. **Jessica Wiley, director of educational services, gave an update on the Region 11 Math and Science Teacher Partnership Grant:** This grant has been funded through the MDE with Title II dollars. From 2008-2012, more than 1,900 teachers have received in-depth content training and classroom application strategies in the STEM areas. The training structure is intensive and includes: (a) five days of training, (b) agreement to apply new learnings in the classroom, (c) use prepared assessment tools, and (d) meet weekly in PLCs. All the schools that participate receive technical assistance to support systemic change. This model has been very successful improving teacher development. All 10 member districts have participated, 34 member district schools have been represented, 422 teachers have participated with an estimated value of \$20,000 per team. The teams are accepted on a first-come, first-serve basis and there has been a waiting list every year. Results include increased teacher knowledge and performance, as well as increased numbers of students designated as proficient in math and science on the MCAs.
2. **Vision Card Updates:** Special Education Director Dan Naidicz reported that the goal was met to enroll 100% of students referred by members and the goal has been adjusted to lower the referral time from 14.5 days to 10 days. Administrative Services Director Kristine Carr reported on the retention rate for all employees which is at a four on a five-point scale but she talked about the significant difficulty in filling positions, especially for the education assistants in the Level IV special education settings.
3. **Member District Annual Reports were presented:** Each year the District prepares a report on Participation and Fiscal Analysis for each member district and a combined report for all members and participating non-members. These reports can be found on the school board [link](#) on the District's website. The board had some questions about additional data in the fiscal analysis. Kristine Carr will

review this with the member district business managers regarding some additional detail to provide to the board.

4. **Building Design Update:** The Board was shown an update on the preliminary design for the new NW consolidated K-8 special education facility which will be built in the City of Blaine at the intersection of 95<sup>th</sup> Avenue NE and Hamline Avenue. The design was developed from the inside out creating a facility that will limit distractions for students when crises occur in the building. The design should reduce the number of times other students become agitated and lead to additional behavioral challenges. It is hoped this will improve the safety for both students and staff in the building. Final approval for zoning and permits from the city is pending.
5. **Open Enrollment Closed at Valley Crossing Community School:** Each year the Board takes action to officially close Valley Crossing to open enrollment so that district residents outside of the three participating members cannot enroll directly to Valley Crossing. These parents must open enroll to South Washington County Schools to get a potential placement at Valley Crossing.

## OCT 2012 CHECK REGISTER

Check Number	Check Status Description	Check Amount	Check Date	Vendor Number	Vendor Name	Payment Type
377622	Cleared	155.38	10/01/2012	00094	AMERICAN FAMILY ASSURANCE	S
377623	Cleared	652.00	10/01/2012	01556	MAHTOMEDI AREA EDUC.FOUNDATION	S
377624	Cleared	214.03	10/01/2012	05124	MN DEPT. OF REVENUE	S
377625	Cleared	9.90	10/01/2012	01888	NATIONAL INSURANCE SERVICES	S
377626	Cleared	272.00	10/01/2012	01740	NCPERS MINNESOTA-179220	S
377627	Cleared	711.50	10/01/2012	02017	OFFICE & PROFESSIONAL	S
377628	Cleared	815.50	10/01/2012	02048	OPERATING ENGINEERS LOCAL #70	S
377629	Cleared	129.00	10/04/2012	07739	ABEDLAZIZ SAGRASSE	S
377630	Cleared	761.00	10/04/2012	00049	ADVANCED SPORTSWEAR INC	S
377631	Cleared	6,502.13	10/04/2012	09416	AGROPUR	S
377632	Cleared	129.00	10/04/2012	04879	AHMED CHARAI	S
377633	Cleared	585.00	10/04/2012	04692	ALLINA HOSPITALS & CLINICS	S
377634	Cleared	500.00	10/04/2012	08936	ALYSSA KONGSVIK	S
377635	Cleared	418.60	10/04/2012	00088	AMERICAN BOOK COMPANY	S
377636	Cleared	82.00	10/04/2012	09420	AMY ISAACSON	S
377637	Cleared	291.87	10/04/2012	00139	ANDERSON'S	S
377638	Cleared	687.50	10/04/2012	09146	ASPEX	S
377639	Cleared	158.50	10/04/2012	00220	BATTERIES PLUS	S
377640	Cleared	9,265.76	10/04/2012	03340	BIX PRODUCE CO LLC	S
377641	Cleared	337.00	10/04/2012	04234	BLUE CROSS BLUE SHIELD OF MN/SUPPORT	S
377642	Cleared	1,557.62	10/04/2012	03057	BRAD BERGIE	S
377643	Cleared	5,313.25	10/04/2012	07031	CARRIE ARDITO	S
377644	Cleared	1,051.50	10/04/2012	03115	CHARLES LINDERKAMP	S
377645	Cleared	189.99	10/04/2012	02119	CMI EDUCATION INSTITUTE/PESI HEALTHCARE	S
377646	Cleared	1,208.21	10/04/2012	00558	COURAGE CENTER	S
377647	Cleared	181.48	10/04/2012	03745	DAWN KITTLESON	S
377648	Cleared	4,725.00	10/04/2012	00714	EAGLE SCREEN PRINTING/JEFFREY POESCHL	S
377649	Cleared	1,305.24	10/04/2012	06030	EARTHGRAINS CO.INC	S
377650	Cleared	50.00	10/04/2012	00725	ECKROTH MUSIC COMPANY	S
377651	Cleared	1,817.55	10/04/2012	03969	ENERGYWISE CONSULTING,LLC	S
377652	Cleared	5,000.00	10/04/2012	06335	FIRST	S
377653	Cleared	102,945.12	10/04/2012	06819	FIRST STUDENT	S
377654	Cleared	399.50	10/04/2012	08927	GB HANSON AWARDS	S
377655	Cleared	148.10	10/04/2012	09427	GREAT GARAGE DOOR CO	S
377656	Cleared	1,200.00	10/04/2012	01018	GROTH MUSIC	S
377657	Cleared	1,041.75	10/04/2012	01038	HAAS MUSICAL INSTRUMENT REPAIR	S
377658	Cleared	25.00	10/04/2012	06942	I.S.D #112-CHANHASSEN SCHOOL DISTRICT	S
377659	Cleared	425.00	10/04/2012	09426	INTERNATIONAL DIABETES CENTER	S
377660	Cleared	1,710.00	10/04/2012	09419	JAMBA JUICE	S
377661	Cleared	570.00	10/04/2012	03141	JOAN STAHLMANN	S
377662	Cleared	62.00	10/04/2012	08838	JOHN KOLNIK	S
377663	Cleared	54.00	10/04/2012	04813	JOHN PAISLEY	S
377664	Cleared	252.50	10/04/2012	06303	JOHNSON CONTROLS	S
377665	Cleared	82.00	10/04/2012	07020	KEITH POKELA	S
377666	Cleared	3,677.09	10/04/2012	03378	KELLY SERVICES, INC	S
377667	Cleared	62.00	10/04/2012	09425	LAEL BOOTH	S
377668	Cleared	417.88	10/04/2012	03195	LASERPLUS, LLC	S
377669	Cleared	250.00	10/04/2012	03486	LRP PUBLICATIONS	S
377670	Cleared	4,149.85	10/04/2012	03182	MADISON NATIONAL LIFE	S
377671	Cleared	10,196.58	10/04/2012	03182	MADISON NATIONAL LIFE	S
377672	Cleared	82.00	10/04/2012	09422	MARY GRAMS	S

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Check Number	Check Status Description	Check Amount	Check Date	Vendor Number	Vendor Name	Payment Type
377673	Outstanding	594.00	10/04/2012	01609	MASA	S
377674	Cleared	20.96	10/04/2012	01619	MASTER LOCK	S
377675	Cleared	62.00	10/04/2012	05234	MATT DORNFELD	S
377676	Cleared	85.34	10/04/2012	01684	MENARDS OAKDALE CASHWAY LUMBER	S
377677	Cleared	58.95	10/04/2012	01696	METRO ATHLETIC SUPPLY	S
377678	Cleared	2,570.00	10/04/2012	01699	METRO ECSU	S
377679	Cleared	400.00	10/04/2012	04889	MICHAEL FORBESS	S
377680	Outstanding	62.00	10/04/2012	09424	MICHAEL HEIFORT	S
377681	Cleared	62.00	10/04/2012	06894	MIKE MCNABB	S
377682	Cleared	6,277.85	10/04/2012	01744	MINNESOTA CONWAY FIRE & SAFETY	S
377683	Cleared	159.00	10/04/2012	08557	MINNETONKA HIGH SCHOOL	S
377684	Cleared	8,157.56	10/04/2012	08739	NAC MECHANICAL & ELECTRICAL SERVICE	S
377685	Cleared	29,619.19	10/04/2012	01971	NORTHEAST METRO 916	S
377686	Cleared	20,788.14	10/04/2012	01984	NORTHWEST YOUTH & FAMILY SERVICES	S
377687	Stop Payment	1,125.00	10/04/2012	03188	NWEA-NORTHWEST EVALUATION ASSN	S
377688	Cleared	75.00	10/04/2012	02043	ON SITE SANITATION INC	S
377689	Cleared	232.00	10/04/2012	03538	PARTSTOCK COMPUTER	S
377690	Outstanding	82.00	10/04/2012	04945	PERRY COONCE	S
377691	Cleared	129.00	10/04/2012	09423	PHILLIP LIND	S
377692	Cleared	51.27	10/04/2012	02161	POPP.COM INC	S
377693	Cleared	374.98	10/04/2012	02180	PRESS PUBLICATIONS	S
377694	Cleared	364.00	10/04/2012	04507	ROMAN MARKET INC	S
377695	Cleared	2,850.00	10/04/2012	02346	RYCO SUPPLY COMPANY	S
377696	Cleared	141.24	10/04/2012	02413	SCHOLASTIC INC	S
377697	Cleared	266.95	10/04/2012	04710	SCHOOL OUTFITTERS	S
377698	Cleared	592.00	10/04/2012	02420	SCHOOL SPECIALTY INC/PREMIER AGENDAS	S
377699	Cleared	330.00	10/04/2012	03123	SHEILA MERZER M A	S
377700	Outstanding	200.00	10/04/2012	04082	SNOM ANNUAL CONF	S
377701	Cleared	251.87	10/04/2012	00553	STAPLES	S
377702	Cleared	300.00	10/04/2012	02681	T J T-SHIRTS/CORINNE MCCARTY	S
377703	Cleared	157.00	10/04/2012	02135	THE PIANO WORKS	S
377704	Cleared	5,879.17	10/04/2012	02748	TIES	S
377705	Cleared	62.00	10/04/2012	04958	TOM HOULE	S
377706	Outstanding	15.00	10/04/2012	09421	TOM SCHWARTZ	S
377707	Cleared	155.00	10/04/2012	08784	TRUSTED EMPLOYEES	S
377708	Cleared	764.00	10/04/2012	02799	TWIN CITY ACOUSTICS INC	S
377709	Cleared	4,994.00	10/04/2012	08182	UNITED HEARTLAND	S
377710	Cleared	40.87	10/04/2012	02858	VERIZON WIRELESS	S
377711	Cleared	1,380.28	10/04/2012	02902	WASHINGTON COUNTY	S
377712	Cleared	75.00	10/04/2012	02946	WHITE BEAR LOCKSMITH	S
377713	Cleared	54.00	10/04/2012	04812	WOLFGANG KRAFT	S
377714	Cleared	27,369.56	10/04/2012	00723	XCEL ENERGY	S
377715	Cleared	196.50	10/11/2012	00044	ADA BADMINTON & TENNIS	S
377716	Cleared	321.60	10/11/2012	00095	AMERICAN FLAGPOLE & FLAG CO	S
377717	Cleared	157.00	10/11/2012	03636	APPLE INC	S
377718	Cleared	2,569.23	10/11/2012	08859	AWS SERVICE CENTER	S
377719	Cleared	1,227.78	10/11/2012	03057	BRAD BERGIE	S
377720	Cleared	129.00	10/11/2012	07636	BRIAN OLSEN	S
377721	Cleared	1,945.59	10/11/2012	08892	CAMBIUM LEARNING GROUP	S
377722	Cleared	1,595.97	10/11/2012	02227	CENTURYLINK	S
377723	Cleared	23,817.75	10/11/2012	01572	CITY OF MAHTOMEDI	S

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377724	Cleared	2,000.00	10/11/2012	06820	CLASS 5 INC	S
377725	Outstanding	30.00	10/11/2012	00485	CLASSIC SUBURBAN	S
377726	Cleared	289.18	10/11/2012	00487	CLASSROOM DIRECT / SCHOOL SPECIALTY	S
377727	Outstanding	129.00	10/11/2012	09408	CLINTON LABEAU	S
377728	Cleared	136.91	10/11/2012	07299	COBORNSDELIVERS LLC	S
377729	Cleared	532.50	10/11/2012	02007	COLLEEN O'KEEFE	S
377730	Cleared	35,018.55	10/11/2012	00527	COMSTOCK & SONS INC	S
377731	Cleared	336.56	10/11/2012	08544	CPI	S
377732	Cleared	181.00	10/11/2012	04065	CTB INC.	S
377733	Cleared	900.00	10/11/2012	09009	D & J QUALITY SOURCING LLC	S
377734	Cleared	60.44	10/11/2012	00599	DALCO	S
377735	Cleared	83.00	10/11/2012	06904	DAN NOVAK	S
377736	Cleared	5,901.35	10/11/2012	03328	DIVERSIFIED SNACK DIVISION	S
377737	Cleared	2,785.63	10/11/2012	00678	DOMINO'S PIZZA	S
377738	Cleared	1,026.00	10/11/2012	03360	DON BETHKE	S
377739	Cleared	221.00	10/11/2012	04719	DOOR SERVICE CO OF THE TWIN CITIES INC	S
377740	Cleared	2,436.00	10/11/2012	00714	EAGLE SCREEN PRINTING/JEFFREY POESCHL	S
377741	Cleared	292.37	10/11/2012	07112	ELECTRICAL MECHANICAL SERV.INC	S
377742	Cleared	82.00	10/11/2012	08849	EMILY SANNES	S
377743	Cleared	175.90	10/11/2012	00803	EXPRESS SERVICES INC	S
377744	Cleared	112.23	10/11/2012	00815	FASTENAL COMPANY	S
377745	Cleared	1,224.99	10/11/2012	06819	FIRST STUDENT	S
377746	Cleared	309.60	10/11/2012	06697	FRATTALLONE'S ACE HARDWARE STORES	S
377747	Cleared	260.38	10/11/2012	06146	GOPHER	S
377748	Cleared	111.73	10/11/2012	00987	GRAINGER	S
377749	Cleared	52.45	10/11/2012	04196	HANDWRITING WITHOUT TEARS	S
377750	Cleared	35,420.67	10/11/2012	01096	HEALTHPARTNERS	S
377751	Cleared	1,329.21	10/11/2012	01164	HOUGHTON MIFFLIN HARCOURT/HM RECEIVEABLES CO	S
377752	Cleared	3,000.00	10/11/2012	03248	I.S.D # 834 STILLWATER	S
377753	Cleared	138.00	10/11/2012	09395	IPEVO INFORMATION	S
377754	Cleared	160.00	10/11/2012	04793	JEFF LARSON	S
377755	Cleared	557.56	10/11/2012	08960	JILL GIBSON	S
377756	Cleared	160.00	10/11/2012	07042	JOE STOEHR	S
377757	Cleared	244.72	10/11/2012	08077	JOHN DEERE LANDSCAPES/ LESCO	S
377758	Cleared	3,095.00	10/11/2012	09429	JOHNSON DOCUMENT SOLUTIONS	S
377759	Cleared	760.96	10/11/2012	08458	K12 TRANSPORTATION MANAGEMENT SERVICES INC	S
377760	Cleared	9,423.87	10/11/2012	03378	KELLY SERVICES, INC	S
377761	Cleared	407.50	10/11/2012	07375	KRISTINE NOEL	S
377762	Cleared	128.67	10/11/2012	01419	LAKESHORE LEARNING MATERIALS	S
377763	Cleared	1,386.90	10/11/2012	08806	LANDS BEST FOODS	S
377764	Cleared	133.20	10/11/2012	06860	LARKIN DANCE STUDIO	S
377765	Cleared	83.00	10/11/2012	04947	LARRY KING	S
377766	Cleared	161.00	10/11/2012	03195	LASERPLUS, LLC	S
377767	Cleared	201.00	10/11/2012	07073	LOFFLER	S
377768	Cleared	6,247.98	10/11/2012	07606	LOFFLER COMPANY INC	S
377769	Outstanding	54.00	10/11/2012	05526	MARK WEBER	S
377770	Outstanding	99.00	10/11/2012	01609	MASA	S
377771	Cleared	382.50	10/11/2012	08289	MATRIX COMMUNICATIONS	S
377772	Cleared	143.98	10/11/2012	07990	MAYER-JOHNSON	S
377773	Cleared	2.59	10/11/2012	01684	MENARDS OAKDALE CASHWAY LUMBER	S
377774	Cleared	160.00	10/11/2012	04928	MICHAEL BONN	S

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377775	Cleared	475.04	10/11/2012	09187	MIDWAY TRAINING SERVICES INC	S
377776	Cleared	160.00	10/11/2012	05992	MIKE PETREY	S
377777	Cleared	129.00	10/11/2012	08823	MINH ANH VU	S
377778	Cleared	1,099.00	10/11/2012	03723	MINNESOTA COACHES	S
377779	Cleared	150.00	10/11/2012	01771	MN BOARD OF SCHOOL ADMINISTRATORS	S
377780	Cleared	47.50	10/11/2012	02205	NCS PEARSON INC	S
377781	Cleared	1,008.09	10/11/2012	06395	NCS PEARSON INC	S
377782	Cleared	99.47	10/11/2012	09417	OFFICE WORLD	S
377783	Cleared	54.00	10/11/2012	08828	OTORO EKEREKE	S
377784	Cleared	4,262.79	10/11/2012	05985	PAMS LUNCHROOM LLC	S
377785	Cleared	110.00	10/11/2012	02079	PARK HIGH SCHOOL	S
377786	Cleared	106.00	10/11/2012	03538	PARTSTOCK COMPUTER	S
377787	Cleared	70.00	10/11/2012	09415	PAT KERTZSCHER	S
377788	Cleared	57.95	10/11/2012	05675	PCI EDUCATIONAL PUBLISHING	S
377789	Cleared	754.65	10/11/2012	02108	PEOPLES ELECTRICAL CONTRACTORS	S
377790	Cleared	5,942.00	10/11/2012	08740	PHASOR ELECTRIC CO	S
377791	Cleared	600.00	10/11/2012	02142	PIONEER PRESS	S
377792	Cleared	192.00	10/11/2012	02165	POSTMASTER-U.S POST OFFICE	S
377793	Cleared	68.75	10/11/2012	06012	PREMIUM WATERS INC	S
377794	Cleared	150.00	10/11/2012	08908	PRIOR LAKE ROBOTICS	S
377795	Cleared	35.00	10/11/2012	09431	REGION 10 LOW INCIDENCE PROJECTS/ZED	S
377796	Cleared	237.60	10/11/2012	02301	RIVERSIDE PUBLISHING CO/HM REC.CO LLC	S
377797	Cleared	82.00	10/11/2012	05130	ROGER PACKER	S
377798	Cleared	155.87	10/11/2012	02417	SCHOOL HEALTH CORPORATION	S
377799	Cleared	313.43	10/11/2012	00020	SCHOOL SPECIALTY	S
377800	Cleared	107.88	10/11/2012	02420	SCHOOL SPECIALTY INC/PREMIER AGENDAS	S
377801	Cleared	415.39	10/11/2012	02441	SCIENCE KIT LLC	S
377802	Cleared	250.00	10/11/2012	09428	SHANNON SCALZE	S
377803	Cleared	220.00	10/11/2012	03123	SHEILA MERZER M A	S
377804	Cleared	1,260.00	10/11/2012	02473	SHERWIN-WILLIAMS CO	S
377805	Cleared	30.00	10/11/2012	02551	SOUTHEASTERN SECURITY CONSULTANTS INC	S
377806	Cleared	71.01	10/11/2012	09430	SPENCER LEGRED	S
377807	Cleared	735.43	10/11/2012	08401	SPRIGGS PLUMBING /HEATING	S
377808	Cleared	13,750.83	10/11/2012	02585	ST CROIX VALLEY RECREATION CE	S
377809	Cleared	138.80	10/11/2012	00553	STAPLES	S
377810	Cleared	1,445.40	10/11/2012	03088	STEVE HAMMERSCHMIDT	S
377811	Cleared	83.00	10/11/2012	06979	STEVE SCHNEIDER	S
377812	Cleared	525.00	10/11/2012	08307	SUE HEWITT	S
377813	Cleared	1,925.00	10/11/2012	04711	TAYLORS FALLS SCENIC BOAT TOURS	S
377814	Cleared	250.00	10/11/2012	07992	THREE RIVERS PARK DISTRICT	S
377815	Cleared	1,719.00	10/11/2012	02747	TIERNEY BROTHERS INC	S
377816	Cleared	701.30	10/11/2012	02748	TIES	S
377817	Cleared	95.00	10/11/2012	02751	TIME TIMERS LLC	S
377818	Outstanding	83.00	10/11/2012	04864	TOM KNOBLAUCH	S
377819	Cleared	83.00	10/11/2012	07160	TONY RODRIQUEZ	S
377820	Cleared	1,202.23	10/11/2012	03345	TRIO SUPPLY CO	S
377821	Cleared	4,413.34	10/11/2012	02861	TYLER TECHNOLOGIES INC	S
377822	Cleared	42,835.03	10/11/2012	06934	US FOODSERVICE INC	S
377823	Cleared	51.48	10/11/2012	02863	VIKING ELECTRIC SUPPLY	S
377824	Cleared	1,742.10	10/11/2012	04884	VIRCO INC	S
377825	Cleared	9,409.00	10/11/2012	08411	WEST METRO LEARNING CONNECTIONS INC	S

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377826	Cleared	12.00	10/11/2012	00755	XY JOHNSON	S
377827	Cleared	315.85	10/15/2012	05124	MN DEPT. OF REVENUE	S
377828	Cleared	68.82	10/15/2012	05124	MN DEPT. OF REVENUE	S
377829	Cleared	700.00	10/15/2012	04342	WISCONSIN SCTF	S
377830	Cleared	134.00	10/18/2012	09404	5-MINUTE KIDS	S
377831	Cleared	236.00	10/18/2012	03455	AARP	S
377832	Cleared	230.00	10/18/2012	00090	ACDA-AMERICAN CHORAL DIRECTORS ASSOC	S
377833	Outstanding	125.00	10/18/2012	08271	AEROSPACE INDUSTRIES ASSOCIATION	S
377834	Outstanding	125.00	10/18/2012	08271	AEROSPACE INDUSTRIES ASSOCIATION	S
377835	Outstanding	125.00	10/18/2012	08271	AEROSPACE INDUSTRIES ASSOCIATION	S
377836	Outstanding	125.00	10/18/2012	08271	AEROSPACE INDUSTRIES ASSOCIATION	S
377837	Outstanding	125.00	10/18/2012	08271	AEROSPACE INDUSTRIES ASSOCIATION	S
377838	Cleared	4,285.00	10/18/2012	00109	AMERICAN SECURITY CORP	S
377839	Cleared	20.00	10/18/2012	07911	ANOKA HIGH SCHOOL DEBATE TEAM	S
377840	Cleared	154.00	10/18/2012	00149	APPERSON	S
377841	Cleared	575.72	10/18/2012	06626	B & H PHOTO VIDEO	S
377842	Cleared	80.33	10/18/2012	09020	BECKY FEMRITE	S
377843	Cleared	50.00	10/18/2012	07589	BLAINE HIGH SCHOOL-DEBATE TEAM	S
377844	Cleared	5,973.00	10/18/2012	01173	CANVAS HEALTH/HSI	S
377845	Cleared	791.10	10/18/2012	03115	CHARLES LINDERKAMP	S
377846	Cleared	61.85	10/18/2012	07299	COBORNSDELIVERS LLC	S
377847	Cleared	1,042.80	10/18/2012	06754	COMMANDING EDGE INC	S
377848	Outstanding	100.00	10/18/2012	09439	DIANE WILSON	S
377849	Cleared	1,806.00	10/18/2012	00678	DOMINO'S PIZZA	S
377850	Cleared	8,590.59	10/18/2012	00725	ECKROTH MUSIC COMPANY	S
377851	Cleared	248.00	10/18/2012	03241	ELECTRONIC DESIGN CO	S
377852	Outstanding	544.72	10/18/2012	00764	ELSMORE AQUATICS	S
377853	Outstanding	75.00	10/18/2012	09433	ALLEN ARNESON / ENTERTAINMENT PLUS	S
377854	Cleared	299.40	10/18/2012	00803	EXPRESS SERVICES INC	S
377855	Cleared	54,721.58	10/18/2012	06819	FIRST STUDENT	S
377856	Cleared	130.00	10/18/2012	03081	GRAY SEEVER	S
377857	Cleared	212.35	10/18/2012	01018	GROTH MUSIC	S
377858	Cleared	229.71	10/18/2012	04015	HAAN CRAFTS	S
377859	Cleared	146.00	10/18/2012	07187	HANNAH HOLSTEN	S
377860	Cleared	214.50	10/18/2012	09445	HANNAH MEHRHOFF	S
377861	Cleared	615.00	10/18/2012	09369	HISTORY COMES TO LIFE	S
377862	Cleared	3,533.58	10/18/2012	06613	HM RECEIVABLES CO LLC	S
377863	Outstanding	100.00	10/18/2012	03475	I.S.D # 621 MOUNDS VIEW SCHOOL DISTRICT	S
377864	Cleared	4,029.83	10/18/2012	03331	I.S.D # 622 NO.ST PAUL-MAPLEWOOD-OAKDALE	S
377865	Cleared	145.00	10/18/2012	03409	I.S.D # 624 WHITE BEAR LAKE	S
377866	Cleared	938.57	10/18/2012	09442	IDEAL PRINTERS	S
377867	Cleared	1,175.51	10/18/2012	03408	INTERMEDIATE DISTRICT 287	S
377868	Outstanding	345.00	10/18/2012	04805	JAMES HIRSCH/JAH SCHEDULEING, LLC	S
377869	Cleared	86.90	10/18/2012	07002	JANELLE PUBLICATIONS	S
377870	Cleared	60.00	10/18/2012	08803	JENNIFER HART	S
377871	Cleared	603.00	10/18/2012	00618	JIM DEANS	S
377872	Cleared	62.00	10/18/2012	08838	JOHN KOLNIK	S
377873	Cleared	567.00	10/18/2012	03364	JUDY DEANS	S
377874	Cleared	1,167.25	10/18/2012	09443	KARI CAMPBELL	S
377875	Cleared	126.00	10/18/2012	03205	KATELYNN DEANS	S
377876	Cleared	432.00	10/18/2012	09440	KIDCREATE STUDIO	S

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377877	Cleared	653.79	10/18/2012	03195	LASERPLUS, LLC	S
377878	Cleared	4,738.67	10/18/2012	07606	LOFFLER COMPANY INC	S
377879	Cleared	247.00	10/18/2012	03486	LRP PUBLICATIONS	S
377880	Outstanding	40.00	10/18/2012	09444	LUCAS BULLER	S
377881	Cleared	63.20	10/18/2012	01557	MAHTOMEDI AUTO SERVICE	S
377882	Outstanding	108.00	10/18/2012	05526	MARK WEBER	S
377883	Cleared	40.00	10/18/2012	01699	METRO ECSU	S
377884	Cleared	45.93	10/18/2012	09435	MIDWEST SPECIAL INSTRUMENTS	S
377885	Cleared	110.00	10/18/2012	04181	MIDWEST AUDIO VISUAL, INC.	S
377886	Cleared	124.00	10/18/2012	06894	MIKE MCNABB	S
377887	Cleared	75.00	10/18/2012	01771	MN BOARD OF SCHOOL ADMINISTRATORS	S
377888	Cleared	82.00	10/18/2012	04806	NANCY STEFFEN	S
377889	Cleared	1,662.50	10/18/2012	01971	NORTHEAST METRO 916	S
377890	Cleared	1,180.00	10/18/2012	02043	ON SITE SANITATION INC	S
377891	Cleared	7,341.25	10/18/2012	07477	PEARSON EDUCATION	S
377892	Cleared	82.00	10/18/2012	04940	RANDY MOTT	S
377893	Cleared	692.00	10/18/2012	06121	REGION 4A	S
377894	Cleared	108.00	10/18/2012	05092	RICK WALZ	S
377895	Cleared	266.00	10/18/2012	04507	ROMAN MARKET INC	S
377896	Cleared	120.00	10/18/2012	09092	RYAN OLSON	S
377897	Cleared	85.00	10/18/2012	09441	SAM MUSTAR	S
377898	Cleared	409.60	10/18/2012	07113	SAM'S CLUB	S
377899	Cleared	328.96	10/18/2012	02413	SCHOLASTIC INC	S
377900	Cleared	125.00	10/18/2012	08374	SCHOOL CHECK IN	S
377901	Cleared	30.00	10/18/2012	02551	SOUTHEASTERN SECURITY CONSULTANTS INC	S
377902	Cleared	3,397.14	10/18/2012	00553	STAPLES	S
377903	Cleared	115.11	10/18/2012	08661	SUZANNE LINDQUIST	S
377904	Cleared	250.00	10/18/2012	09432	THE CENTER FOR COMMUNITY OPINION	S
377905	Cleared	1,331.00	10/18/2012	00468	THE CHILDREN'S HEALTH MARKET	S
377906	Cleared	440.00	10/18/2012	04551	THE GOODPRINTER	S
377907	Cleared	160.66	10/18/2012	09143	THERESA WHEELER	S
377908	Cleared	60,967.00	10/18/2012	02748	TIES	S
377909	Cleared	2,981.37	10/18/2012	02748	TIES	S
377910	Cleared	124.00	10/18/2012	04958	TOM HOULE	S
377911	Outstanding	62.00	10/18/2012	04931	TOM WOLLAN SR	S
377912	Cleared	259.06	10/18/2012	02776	TRANS-MISSISSIPPI BIOLOGICAL	S
377913	Cleared	80.33	10/18/2012	09434	TRISH MAULE	S
377914	Cleared	250.00	10/18/2012	04114	WASHINGTON COUNTY CTIC	S
377915	Cleared	602.32	10/25/2012	09140	AFFINETY SOLUTIONS INC	S
377916	Cleared	2,052.14	10/25/2012	00066	AIM ELECTRONICS INC	S
377917	Outstanding	150.00	10/25/2012	08797	ALEXIS GREENE	S
377918	Cleared	769.00	10/25/2012	09453	AMERICAN PUMP CO	S
377919	Outstanding	725.00	10/25/2012	06857	ASHA	S
377920	Cleared	464.00	10/25/2012	03196	BF LAUZON ENTERPRISES INC	S
377921	Outstanding	83.00	10/25/2012	08819	BILL MERRITT	S
377922	Outstanding	160.00	10/25/2012	08350	BJORN ERICKSON	S
377923	Cleared	1,176.07	10/25/2012	00659	BLICK ART MATERIALS	S
377924	Cleared	6,332.50	10/25/2012	00334	BRAUN INTERTEC CORPORATION	S
377925	Cleared	279.90	10/25/2012	09448	BSN SPORTS	S
377926	Cleared	5,885.70	10/25/2012	05881	CESO-THE CENTER FOR EFFICIENT SCHOOL OPERAT	S
377927	Outstanding	550.00	10/25/2012	05140	CHISAGO LAKES SCHOOLS	S

## OCT 2012 CHECK REGISTER

Check Number	Check Status Description	Check Amount	Check Date	Vendor Number	Vendor Name	Payment Type
377928	Cleared	222.50	10/25/2012	01572	CITY OF MAHTOMEDI	S
377929	Cleared	160.96	10/25/2012	07299	COBORNSDELIVERS LLC	S
377930	Cleared	3,108.00	10/25/2012	07989	CONCORDIA LANGUAGE VILLAGES	S
377931	Outstanding	909.00	10/25/2012	00541	CONTINENTAL CLAY COMPANY	S
377932	Cleared	51,300.00	10/25/2012	09121	CROSSROAD CONSTRUCTION INC	S
377933	Cleared	80.00	10/25/2012	08630	DART PORTABLE STORAGE INC	S
377934	Cleared	293.00	10/25/2012	08538	DIANA HIRTE	S
377935	Cleared	1,570.00	10/25/2012	04408	DISCOVERY EDUCATION	S
377936	Cleared	1,387.49	10/25/2012	03328	DIVERSIFIED SNACK DIVISION	S
377937	Outstanding	1,267.00	10/25/2012	03242	DON CUNNINGHAM	S
377938	Outstanding	270.00	10/25/2012	00714	EAGLE SCREEN PRINTING/JEFFREY POESCHL	S
377939	Cleared	13,479.42	10/25/2012	03241	ELECTRONIC DESIGN CO	S
377940	Outstanding	1,000.00	10/25/2012	07629	ERIC JOHNSON	S
377941	Cleared	458.19	10/25/2012	00787	ERICKSON OIL PRODUCTS INC	S
377942	Cleared	68.24	10/25/2012	08926	ERIN BERENS	S
377943	Cleared	778.44	10/25/2012	00803	EXPRESS SERVICES INC	S
377944	Cleared	69,354.80	10/25/2012	09122	EI-JAY PLUMBING & HEATING INC	S
377945	Cleared	872.50	10/25/2012	09454	FOLZ FREEMAN ERICKSON INC	S
377946	Cleared	1,168.16	10/25/2012	01464	G&K SERVICES	S
377947	Cleared	83.00	10/25/2012	05978	GENE MERRIAM	S
377948	Cleared	280.62	10/25/2012	06146	GOPHER	S
377949	Cleared	11,782.53	10/25/2012	08757	GORHAM OIEN MECHANICAL INC	S
377950	Cleared	275,500.00	10/25/2012	09339	GRESSER COMPANIES INC	S
377951	Outstanding	260.00	10/25/2012	01025	GUILFORD PUBLICATIONS-DEPT 8E	S
377952	Cleared	548.95	10/25/2012	01116	HERITAGE PRINTING	S
377953	Cleared	373.79	10/25/2012	03331	I.S.D # 622 NO.ST PAUL-MAPLEWOOD-OAKDALE	S
377954	Outstanding	60.00	10/25/2012	09451	ISABELLA RATZLOFF	S
377955	Cleared	342.00	10/25/2012	05013	JAN GUDKNECHT	S
377956	Cleared	83.00	10/25/2012	07093	JASON PERKINS	S
377957	Cleared	160.00	10/25/2012	04793	JEFF LARSON	S
377958	Cleared	64.91	10/25/2012	08077	JOHN DEERE LANDSCAPES/ LESCO	S
377959	Cleared	66,096.35	10/25/2012	06303	JOHNSON CONTROLS	S
377960	Cleared	220.00	10/25/2012	08531	JONATHAN RICE	S
377961	Outstanding	275.00	10/25/2012	09318	KATHERINE LINDQUIST	S
377962	Cleared	221,488.70	10/25/2012	09179	KELLEHER CONSTRUCTION INC	S
377963	Cleared	10.00	10/25/2012	09446	KIMBERLY NELSON	S
377964	Cleared	58,919.00	10/25/2012	09338	KMH ERECTORS INC	S
377965	Cleared	52.46	10/25/2012	01372	KNOWLAN'S SUPER MARKETS	S
377966	Cleared	20.00	10/25/2012	09450	KYLE HASTINGS	S
377967	Cleared	4,709.35	10/25/2012	01425	LANDMARK ENVIRONMENTAL, LLC	S
377968	Cleared	909.65	10/25/2012	08806	LANDS BEST FOODS	S
377969	Cleared	347.00	10/25/2012	08645	LARKIN HOFFMAN DALY & LINDGREN LTD	S
377970	Cleared	165.00	10/25/2012	03195	LASERPLUS, LLC	S
377971	Outstanding	99.95	10/25/2012	03706	LINDA'S LINKS TO LITERATURE	S
377972	Cleared	123.00	10/25/2012	07073	LOFFLER	S
377973	Cleared	15.00	10/25/2012	01557	MAHTOMEDI AUTO SERVICE	S
377974	Cleared	160.00	10/25/2012	08351	MARC LOMBARDI	S
377975	Cleared	52,204.75	10/25/2012	08760	MARGOLIS CO	S
377976	Outstanding	90.00	10/25/2012	07339	MARY HALL	S
377977	Cleared	70,208.71	10/25/2012	04685	MAX STEININGER INC	S
377978	Cleared	177.75	10/25/2012	08649	MAYER ELECTRIC CORP	S

## OCT 2012 CHECK REGISTER

Check Number	Check Status Description	Check Amount	Check Date	Vendor Number	Vendor Name	Payment Type
377979	Cleared	82,985.82	10/25/2012	08738	MCDOWALL CO	S
377980	Outstanding	130.00	10/25/2012	07655	MEMO	S
377981	Cleared	84.73	10/25/2012	01683	MENARDS	S
377982	Cleared	160.00	10/25/2012	06107	MIKE LINDHOLM	S
377983	Outstanding	160.00	10/25/2012	05992	MIKE PETREY	S
377984	Cleared	7,600.00	10/25/2012	01764	MMKR- MALLOY MONTAGUE KARNOWSK RAD	S
377985	Cleared	400.95	10/25/2012	01780	MN DEPT OF HUMAN SERVICES	S
377986	Cleared	220.00	10/25/2012	01781	MN DEPT OF LABOR AND INDUSTRY	S
377987	Cleared	211.70	10/25/2012	03525	MN DNR WATERS	S
377988	Cleared	62.50	10/25/2012	01794	MN POLLUTION CONTROL AGENCY	S
377989	Cleared	5,884.00	10/25/2012	09340	NITTI ROLLOFF SERVICE INC	S
377990	Cleared	35,270.65	10/25/2012	08786	NORTH COUNTRY CONCRETE INC	S
377991	Cleared	1,125.00	10/25/2012	03188	NWEA-NORTHWEST EVALUATION ASSN	S
377992	Cleared	75.00	10/25/2012	02043	ON SITE SANITATION INC	S
377993	Cleared	525.41	10/25/2012	02043	ON SITE SANITATION INC	S
377994	Outstanding	83.00	10/25/2012	05976	PAT WHALEN	S
377995	Cleared	13,418.82	10/25/2012	08741	PETERSON CO INC	S
377996	Cleared	163,484.55	10/25/2012	08740	PHASOR ELECTRIC CO	S
377997	Cleared	45.00	10/25/2012	01081	PHIL HASTINGS	S
377998	Cleared	2,856.00	10/25/2012	02203	PSAT/NMSQT	S
377999	Cleared	940.65	10/25/2012	07113	SAM'S CLUB	S
378000	Cleared	17,722.25	10/25/2012	09447	SCHINDLER ELEVATOR CORP.	S
378001	Cleared	97.35	10/25/2012	03467	SCHOOL SPECIALTY	S
378002	Cleared	235.44	10/25/2012	02473	SHERWIN-WILLIAMS CO	S
378003	Cleared	46.38	10/25/2012	02474	SHIFFLER EQUIPMENT SALESINC	S
378004	Cleared	165.00	10/25/2012	02480	SHRM (SOCIETY FOR HUMAN RESOUR	S
378005	Cleared	127.05	10/25/2012	00553	STAPLES	S
378006	Cleared	687.30	10/25/2012	03088	STEVE HAMMERSCHMIDT	S
378007	Cleared	443.00	10/25/2012	08947	SY-SERV INC.	S
378008	Cleared	190,000.00	10/25/2012	02680	T A SCHIFSKY & SONS INC	S
378009	Cleared	100.00	10/25/2012	09449	TESSA KUSCHKE	S
378010	Cleared	2,271.62	10/25/2012	09352	THOMAS FINN COMPANY	S
378011	Outstanding	25.00	10/25/2012	07992	THREE RIVERS PARK DISTRICT	S
378012	Cleared	343.60	10/25/2012	02745	THYSSENKRUPP ELEVATOR	S
378013	Cleared	815.04	10/25/2012	02747	TIERNEY BROTHERS INC	S
378014	Cleared	83.00	10/25/2012	08820	TIM TROGERSON	S
378015	Cleared	315.00	10/25/2012	05014	TOM HATCHER	S
378016	Cleared	362.92	10/25/2012	00047	TYCO INTEGRATED SECURITY LLC	S
378017	Outstanding	80.00	10/25/2012	02902	WASHINGTON COUNTY SHERIFF'S OFFICE	S
378018	Cleared	1,325.33	10/25/2012	00723	XCEL ENERGY	S
378019	Cleared	67.82	10/25/2012	00723	XCEL ENERGY	S
378020	Cleared	360.00	10/25/2012	06104	XPRESS	S
378021	Outstanding	500.00	10/26/2012	09455	JACOB WETTERLING RESOURCE CENTER	S
80002952	Cleared	14.63	10/04/2012	99999	Heagle, Kristin	E
80002953	Cleared	36.86	10/04/2012	99999	Brown, Julie M	E
80002954	Cleared	43.17	10/04/2012	99999	Rohrig, Joyce L	E
80002955	Cleared	49.98	10/04/2012	99999	Rohrig, Joyce L	E
80002956	Cleared	900.00	10/04/2012	99999	Stevens, Kenneth	E
80002957	Cleared	50.74	10/04/2012	99999	Moeller, Michael	E
80002958	Cleared	120.47	10/04/2012	99999	Mickelson, Craig	E
80002959	Cleared	109.34	10/04/2012	99999	Moore, Christopher	E

## OCT 2012 CHECK REGISTER

Check Number	Check Status Description	Check Amount	Check Date	Vendor Number	Vendor Name	Payment Type
80002960	Cleared	156.00	10/04/2012	99999	Conzemius, Julie	E
80002961	Cleared	12.62	10/04/2012	99999	Krause, Sandra M	E
80002962	Cleared	5.37	10/04/2012	99999	Olson, Lindsey S	E
80002963	Cleared	96.00	10/04/2012	99999	Bacon, Carol	E
80002964	Cleared	51.04	10/04/2012	99999	Lorntson, Sarah	E
80002965	Cleared	138.00	10/04/2012	99999	Haen, Elisabeth	E
80002966	Cleared	156.63	10/04/2012	99999	Young, Matthew V	E
80002967	Cleared	783.87	10/04/2012	99999	Moeller, Michael	E
80002968	Cleared	68.40	10/04/2012	99999	Buttermore, Julie	E
80002969	Cleared	42.24	10/04/2012	99999	Trautman, Terry	E
80002970	Cleared	151.92	10/04/2012	99999	Rohrig, Joyce L	E
80002971	Cleared	130.98	10/04/2012	99999	Nickleby, Kathe	E
80002972	Cleared	263.07	10/04/2012	99999	Baufield, John	E
80002973	Cleared	375.00	10/04/2012	99999	Rohrig, Joyce L	E
80002974	Cleared	106.14	10/04/2012	99999	Ydstie, Paul E	E
80002975	Cleared	36.63	10/04/2012	99999	Erickson, Anne	E
80002976	Cleared	39.36	10/04/2012	99999	Sneden, Bethany	E
80002977	Cleared	18.99	10/04/2012	99999	May, Sydney L	E
80002978	Cleared	70.75	10/04/2012	99999	Sneden, Bethany	E
80002979	Cleared	46.89	10/04/2012	99999	Poirier, Nicole	E
80002980	Cleared	106.62	10/04/2012	99999	Sneden, Bethany	E
80002981	Cleared	66.68	10/04/2012	99999	Hering, James P	E
80002982	Cleared	5.75	10/04/2012	99999	Hennen, Beth A	E
80002983	Cleared	4.16	10/04/2012	99999	Lanoux, Denise R	E
80002984	Cleared	21.09	10/04/2012	99999	Hampel, William	E
80002985	Cleared	43.92	10/04/2012	99999	Sneden, Bethany	E
80002986	Cleared	70.00	10/04/2012	99999	Childs, Rita	E
80002987	Cleared	1,233.00	10/04/2012	99999	Farmer, Bryan J	E
80002988	Cleared	1,075.47	10/11/2012	99999	Miller, Anne E F	E
80002989	Cleared	37.15	10/11/2012	99999	Radabaugh-Triplat, Stacy	E
80002990	Cleared	290.42	10/11/2012	99999	Ryan, Erica M	E
80002991	Cleared	64.71	10/11/2012	99999	Krause, Sandra M	E
80002992	Cleared	379.60	10/11/2012	99999	Sneden, Bethany	E
80002993	Cleared	204.80	10/11/2012	99999	Murphy, Daniel W	E
80002994	Cleared	50.00	10/11/2012	99999	Bouwens, Kirsten	E
80002995	Cleared	50.00	10/11/2012	99999	Hamre, Mark B	E
80002996	Cleared	50.00	10/11/2012	99999	Larson, Mark	E
80002997	Cleared	50.00	10/11/2012	99999	Moore, Christopher	E
80002998	Cleared	50.00	10/11/2012	99999	Neubeck, Michael	E
80002999	Cleared	50.00	10/11/2012	99999	Nickleby, Kathe	E
80003000	Cleared	45.83	10/11/2012	99999	Sorenson, Susan	E
80003001	Cleared	50.00	10/11/2012	99999	Sundstrom, Denise	E
80003002	Cleared	50.00	10/11/2012	99999	Viker, Lynne M	E
80003003	Cleared	50.00	10/11/2012	99999	Baufield, John	E
80003004	Cleared	25.00	10/11/2012	99999	Crothers, Patrick	E
80003005	Cleared	25.00	10/11/2012	99999	Hering, James P	E
80003006	Cleared	25.00	10/11/2012	99999	Kaczorek, Debora	E
80003007	Cleared	25.00	10/11/2012	99999	Kostuch, Tonya M	E
80003008	Cleared	50.00	10/11/2012	99999	Falde, Nicolas S	E
80003009	Cleared	50.00	10/11/2012	99999	Polley, Shannon	E
80003010	Cleared	50.00	10/11/2012	99999	Albrecht, Daniel	E

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Check Number	Check Status Description	Check Amount	Check Date	Vendor Number	Vendor Name	Payment Type
80003011	Cleared	98.01	10/11/2012	99999	Olson, Lindsey S	E
80003012	Cleared	37.22	10/11/2012	99999	Hei, Mary Jo	E
80003013	Cleared	5.49	10/11/2012	99999	Lanoux, Denise R	E
80003014	Cleared	51.37	10/11/2012	99999	Collins, Ryan J	E
80003015	Cleared	50.64	10/11/2012	99999	Irsfeld, Lisa M	E
80003016	Cleared	11.10	10/11/2012	99999	Arvesen, Catherine	E
80003017	Cleared	241.08	10/11/2012	99999	Olson, Lindsey S	E
80003018	Cleared	14.28	10/11/2012	99999	Stang, Frances H	E
80003019	Cleared	143.68	10/11/2012	99999	Ward, Jennifer R	E
80003020	Cleared	12.79	10/11/2012	99999	Murphy, Gloria J	E
80003021	Cleared	283.90	10/11/2012	99999	Laue, Deanna	E
80003022	Cleared	10.82	10/11/2012	99999	Conkle, Mark	E
80003023	Cleared	32.15	10/11/2012	99999	Rohrig, Joyce L	E
80003024	Cleared	54.60	10/11/2012	99999	Rohrig, Joyce L	E
80003025	Cleared	95.08	10/11/2012	99999	Fox, Heather	E
80003026	Cleared	23.22	10/18/2012	99999	Loosbrock, Gina	E
80003027	Cleared	26.50	10/18/2012	99999	Hering, James P	E
80003028	Cleared	59.88	10/18/2012	99999	Sneden, Bethany	E
80003029	Cleared	39.98	10/18/2012	99999	Crothers, Patrick	E
80003030	Cleared	67.16	10/18/2012	99999	Crothers, Patrick	E
80003031	Cleared	58.83	10/18/2012	99999	Crothers, Patrick	E
80003032	Cleared	35.52	10/18/2012	99999	Collins, Ryan J	E
80003033	Cleared	21.80	10/18/2012	99999	Elvestrom, Kathryn	E
80003034	Cleared	25.35	10/18/2012	99999	Krause, Sandra M	E
80003035	Cleared	56.88	10/18/2012	99999	Allen, John E	E
80003036	Cleared	35.52	10/18/2012	99999	Ward, Jennifer R	E
80003037	Cleared	77.28	10/18/2012	99999	Doublin, Kristi	E
80003038	Cleared	24.00	10/18/2012	99999	Boice-Mallach, Christina	E
80003039	Cleared	38.85	10/18/2012	99999	Rye, Geraldine M	E
80003040	Cleared	111.39	10/18/2012	99999	Doublin, Kristi	E
80003041	Cleared	8.72	10/18/2012	99999	Hommies, Elizabeth	E
80003042	Cleared	81.04	10/18/2012	99999	Channon, Lisa	E
80003043	Cleared	47.92	10/18/2012	99999	Eick, Javelle J	E
80003044	Cleared	326.91	10/18/2012	99999	Miller, Anne E F	E
80003045	Cleared	14.99	10/18/2012	99999	Warren, Jeanna S	E
80003046	Cleared	610.59	10/18/2012	99999	Holmgren, Leah M	E
80003047	Cleared	30.00	10/18/2012	99999	Haen, Elisabeth	E
80003048	Cleared	174.66	10/18/2012	99999	Doublin, Kristi	E
80003049	Cleared	31.16	10/18/2012	99999	Gale, Ann J	E
80003050	Cleared	9.20	10/18/2012	99999	Henry, Chelsea	E
80003051	Cleared	29.72	10/18/2012	99999	Bacon, Carol	E
80003052	Cleared	20.00	10/18/2012	99999	Viker, Lynne M	E
80003053	Cleared	110.00	10/25/2012	99999	Nickleby, Kathe	E
80003054	Cleared	87.46	10/25/2012	99999	Krause, Sandra M	E
80003055	Cleared	128.54	10/25/2012	99999	Driscoll, Deborah	E
80003056	Cleared	70.63	10/25/2012	99999	Sneden, Bethany	E
80003057	Cleared	30.00	10/25/2012	99999	Hei, Mary Jo	E
80003058	Cleared	300.29	10/25/2012	99999	Lauer, Deborah A	E
80003059	Cleared	41.05	10/25/2012	99999	Gutmann, Sheila	E
80003060	Cleared	54.00	10/25/2012	99999	Driscoll, Deborah	E
80003061	Cleared	856.80	10/25/2012	99999	Vaughan, Kristin	E

## OCT 2012 CHECK REGISTER

Check Number	Check Status Description	Check Amount	Check Date	Vendor Number	Vendor Name	Payment Type
80003062	Cleared	345.00	10/25/2012	99999	Haen, Elisabeth	E
80003063	Cleared	300.00	10/25/2012	99999	Blake, Lisa Boland	E
	<b>TOTAL</b>	<b>2,205,006.47</b>				

**INDEPENDENT SCHOOL DISTRICT #832  
WIRE TRANSFER TRANSACTIONS  
MONTH OF OCTOBER 2012**

<u>DATE</u>	<u>FROM</u>	<u>TO</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
10/9/12	US Bank	Preferred One	\$9,804.79	claims payment
10/10/12	State of Minnesota	MN Trust	\$28,083.74	direct state payment
10/11/12	MN Trust	MSDLAF	\$1,200,000.00	cover checks
10/12/12	US Bank	Peoples Bank of Commerce-EBC Flex	\$7,718.03	flex benefits
10/12/12	US Bank	Peoples Bank of Commerce-403-B/457	\$58,373.08	TSA payment/Deferred Comp
10/12/12	US Bank	Central Bank	\$658.97	para union dues
10/12/12	US Bank	Chase Card Service/Bank One	\$19,098.09	cardmember payment
10/15/12	MSDLAF	US Bank	\$547,053.56	cover checks
10/15/12	US Bank	IRS	\$185,447.95	federal & fica taxes
10/15/12	US Bank	MN Dept of Revenue	\$33,726.44	state payroll taxes
10/15/12	US Bank	Public Emp. Retirement Assoc.	\$21,164.65	pera retirement
10/15/12	US Bank	Mn Teachers Retirement	\$83,374.88	teachers retirement
10/15/12	State of Minnesota	MN Trust	\$438,278.15	direct state payment
10/15/12	US Bank	Preferred One	\$9,422.16	claims payment
10/18/12	US Bank	MN Dept of Revenue	\$1,757.00	sales tax payment
10/18/12	State of Minnesota	MN Trust	\$1,000.00	direct state payment
10/22/12	US Bank	Preferred One	\$14,454.00	claims payment
10/24/12	MN Trust	MSDLAF	\$1,500,000.00	cover checks
10/25/12	Washington County	MN Trust	\$2,571,685.00	direct payment
10/29/12	US Bank	Preferred One	\$5,935.97	claims payment
10/29/12	MN Trust	MSDLAF	\$500,000.00	cover checks
10/30/12	State of Minnesota	MN Trust	\$2,418,526.32	direct state payment
10/31/12	US Bank	Peoples Bank of Commerce-EBC Flex	\$7,718.03	flex benefits
10/31/12	US Bank	Peoples Bank of Commerce-403-B/457	\$58,635.58	TSA payment/Deferred Comp
10/31/12	US Bank	Central Bank	\$661.90	para union dues
10/31/12	US Bank	The United Educators CU	\$10,852.78	MEA teachers union dues
10/31/12	MSDLAF	US Bank	\$564,405.86	cover checks
10/31/12	US Bank	IRS	\$197,582.53	federal & fica taxes
10/31/12	US Bank	MN Dept of Revenue	\$36,253.75	state payroll taxes
10/31/12	US Bank	Public Emp. Retirement Assoc.	\$23,701.54	pera retirement
10/31/12	US Bank	Mn Teachers Retirement	\$86,003.24	TRA payment