

NORTHEAST METROPOLITAN INTERMEDIATE
SCHOOL DISTRICT NO. 916

and

VALLEY CROSSING COMMUNITY SCHOOL

Financial Statements and
Supplemental Information

Year Ended
June 30, 2013

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

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INTRODUCTORY SECTION

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Board of Directors and Administration
as of June 30, 2013

BOARD OF DIRECTORS

<u>Board Member</u>	<u>Member District No.</u>	<u>Position on Board</u>
Ms. Tracy Brunnette	833	Chair
Ms. Marilyn Forsberg	16	Vice Chair
Ms. Karen Lodico	12	Clerk
Ms. Janet Newberg	624	Treasurer
Ms. Theresa Augé	622	Director
Ms. Lisa Edstrom	623	Director
Ms. Laura Palmer	13	Director
Mr. Mike Ptacek	834	Director
Ms. Marre Jo Sager	621	Director
Ms. Judy Schwartz	832	Director

ADMINISTRATION

Ms. Connie Hayes	Superintendent
Ms. Kristine Carr	Director of Administrative Services
Dr. Jessica Wiley	Director of Educational Services
Mr. Dan Naidicz	Director of Special Education
Ms. Julie Hartmann	Principal of Valley Crossing Community School

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Northeast Metropolitan Intermediate
School District No. 916 and
Valley Crossing Community School
White Bear Lake, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Metropolitan Intermediate School District No. 916 (the Intermediate) and Valley Crossing Community School (the School) (collectively the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

(continued)

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

OPINIONS

In our opinion, the financial statements referred to on the previous page 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and Valley Crossing Special Revenue Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information, and other district 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

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

Prior Year Comparative Information

We have previously audited the District's 2012 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 28, 2012. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 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* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
November 26, 2013

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

This section of Northeast Metropolitan Intermediate School District No. 916 (the Intermediate) and Valley Crossing Community School's (the School) (collectively the District) annual financial statements present management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased by \$228,546, resulting in total net position of \$23,862,832 as of June 30, 2013, while the District's governmental funds reported a combined ending fund balance of \$24,685,847, an increase of \$13,467,377 from the prior year.
- The District's General Fund unassigned fund balance increased from \$3,053,124 to \$3,137,000 during fiscal year 2013, which represents approximately 7.5 percent of current year expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements 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
- Combining and individual fund statements and schedules presented as supplemental information.

The basic financial statements include two types of statements that present different views of the District:

Government-Wide Financial Statements

The government-wide financial statements (Statement of Net Position 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 Position includes *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's *net position* and how it has changed. Net position—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 position 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 financial health of the District's membership base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are shown in one category titled "governmental activities."

Governmental Activities – These include the special education and vocational programs offered to member district students along with the itinerant staffing services provided to member districts. Tuition and staffing fees finance the activities in these funds. The District's basic services are also reported here, including government-wide administration, grant programs run by the District, and building maintenance services. Membership and access fees and grants and a portion of program tuition finance most of these activities.

Fund Financial Statements

The fund financial statements provide additional detailed information about the District's *funds*, focusing on its significant or "major" funds, rather than the District as a whole. Funds (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.

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 three types 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 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 financial 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.

Proprietary Funds – Proprietary fund statements offer *short-term* and *long-term* financial information about the activities the District operates like businesses. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one type of proprietary fund, the Internal Service Fund, which is used to accumulate and allocate costs internally among the District’s various functions. The District’s Internal Service Fund accounts for its other post-employment benefit (OPEB) liabilities. These activities have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds – The District is the agent, or fiduciary, for assets that belong to others, such as the Health Occupation Services Activities. The District is responsible for ensuring that the assets reported in these programs are used only for their intended purposes and by those to whom the assets belong. All of the District’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District’s Statement of Net Position:

	<u>2013</u>	<u>2012</u>
Assets		
Current and other assets	\$ 17,783,832	\$ 18,639,232
Restricted assets	16,370,113	171,811
Capital assets, net of depreciation	<u>25,878,490</u>	<u>24,214,488</u>
Total assets	<u>\$ 60,032,435</u>	<u>\$ 43,025,531</u>
Liabilities		
Other liabilities	\$ 9,036,401	\$ 7,187,772
Long-term liabilities	<u>27,133,202</u>	<u>12,203,473</u>
Total liabilities	<u>\$ 36,169,603</u>	<u>\$ 19,391,245</u>
Net position		
Net investment in capital assets	\$ 17,113,246	\$ 14,984,903
Restricted	1,532,851	1,640,095
Unrestricted	<u>5,216,735</u>	<u>7,009,288</u>
Total net position	<u>\$ 23,862,832</u>	<u>\$ 23,634,286</u>

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 significant increase in restricted assets and long-term liabilities is related to the issuance of certificates of participation for building construction.

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

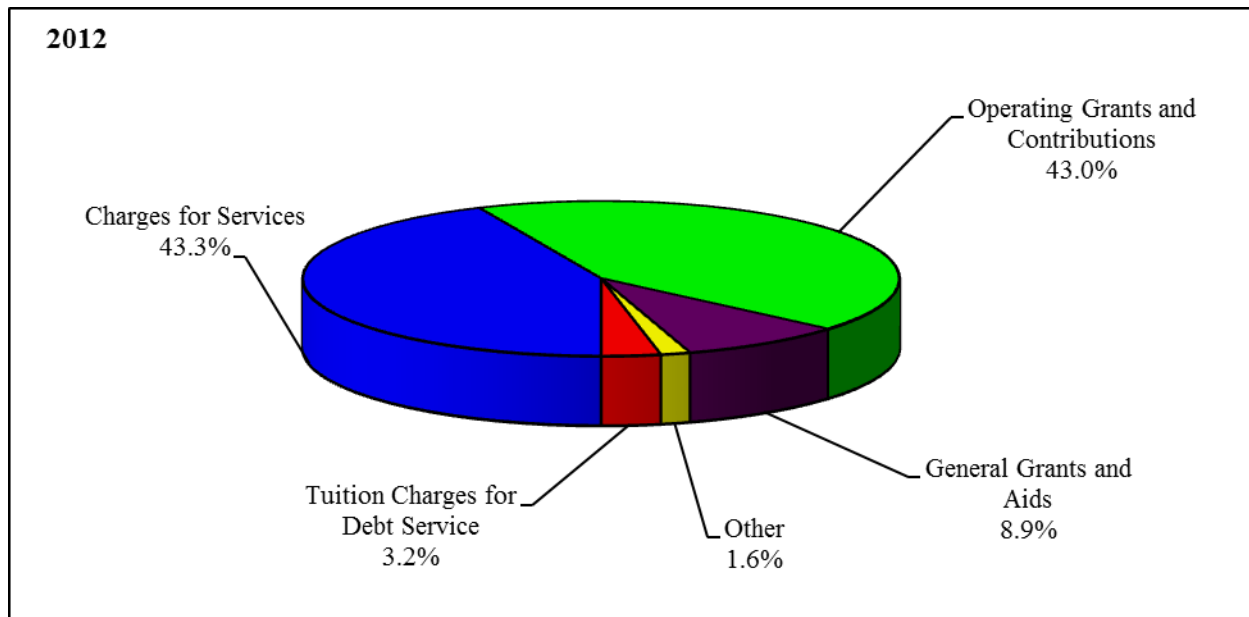
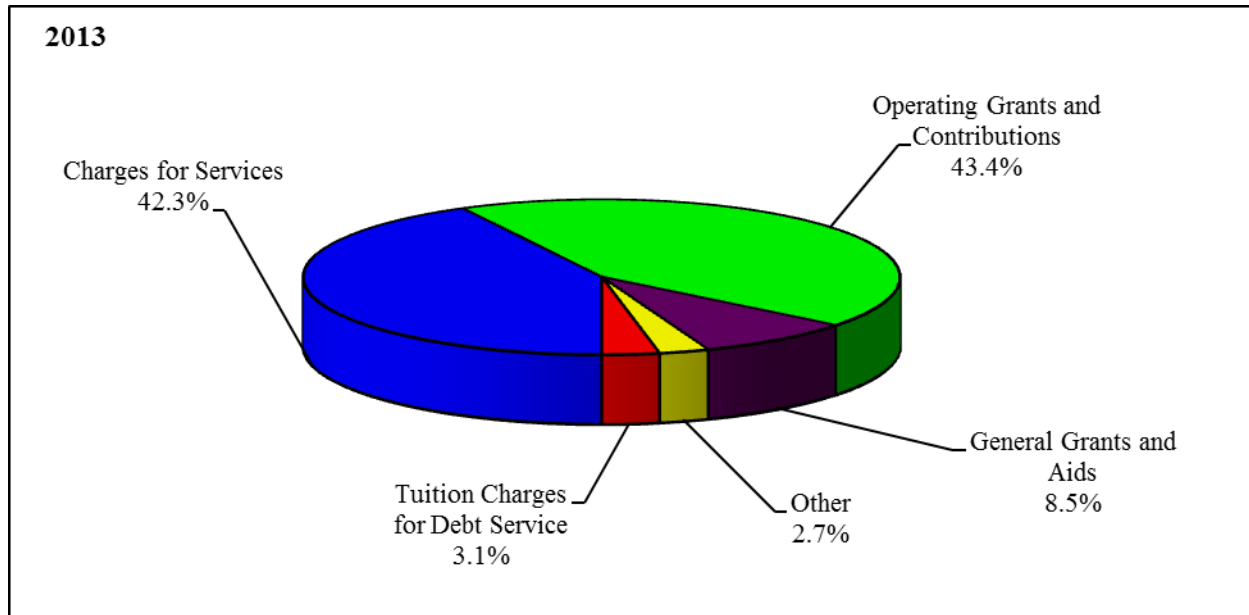
Table 2		
Summary Statement of Activities		
for the Years Ended June 30, 2013 and 2012		
	2013	2012
Revenues		
Program revenues		
Charges for services	\$ 19,930,263	\$ 19,348,110
Operating grants and contributions	20,424,122	19,229,920
General revenues		
General grants and aids	4,005,764	3,977,791
Other	1,277,060	707,043
Tuition charges for debt service	1,438,667	1,423,367
Investment earnings	16,811	18,869
Total revenues	47,092,687	44,705,100
Expenses		
Governmental activities		
Administration and support services	5,249,023	4,365,409
Career and technical programs	2,189,849	2,312,918
Special education services	25,859,166	24,275,891
Educational services	77,544	58,470
Alternative Learning Center	3,693,856	3,521,247
Student clubs	45,607	52,969
Sites and buildings	2,033,790	2,275,529
Valley Crossing Community School	6,553,995	6,266,371
Community service	3,018	60
Depreciation not included in other functions	713,214	714,781
Interest and fiscal charges	445,079	451,989
Total expenses	46,864,141	44,295,634
Change in net position	228,546	409,466
Net position – beginning	23,634,286	23,224,820
Net position – ending	\$ 23,862,832	\$ 23,634,286

The increase in operating grants and contributions was the result of additional special education state aid received by the District in fiscal 2013.

This statement 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.

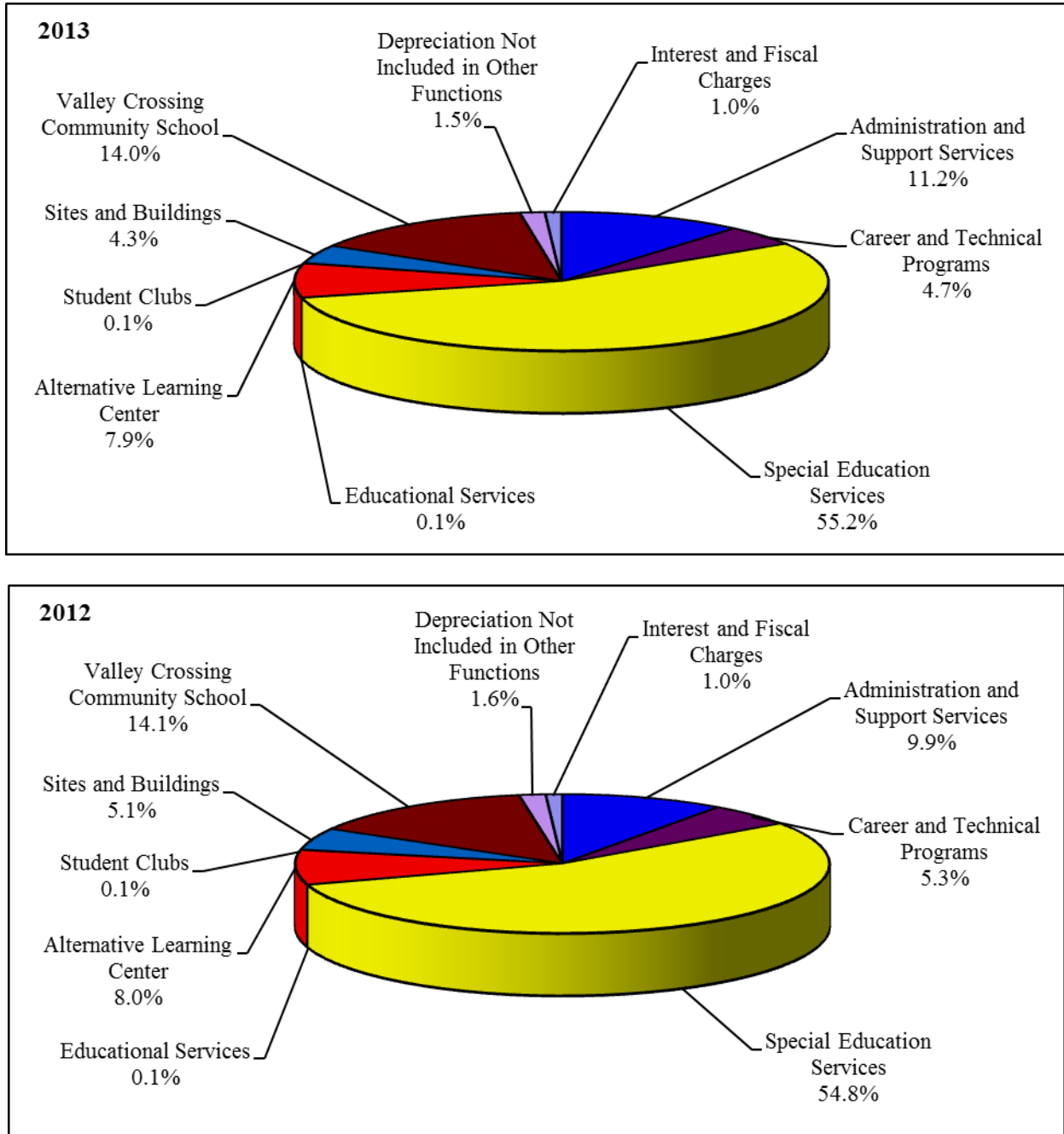
Figures A and B show further analysis of these revenue sources and expense functions:

Figure A – Sources of Revenues for Fiscal Years 2013 and 2012



- About 42.3 percent, or \$19,930,263, of the costs were paid by the participants of the District's programs.
- The federal and state governments subsidized certain programs with grants and contributions. This totaled \$24,429,886, or 51.9 percent, of the total costs for fiscal year 2012–2013.
- Of the total revenues, \$2,732,538 was from investment earnings, tuition charges for debt service, and other general revenues.

Figure B – Expenses for Fiscal Years 2013 and 2012



The District's expenses are predominately related to categories that relate directly to providing instruction, which includes special education, career and technical education, and educational services.

Table 3
Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net (Expense) Revenue</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Governmental activities				
Administration and support services	\$ 5,249,023	\$ 4,365,409	\$ (1,576,512)	\$ (496,974)
Career and technical programs	2,189,849	2,312,918	(62,581)	(138,841)
Special education services	25,859,166	24,275,891	(1,095,595)	(1,508,900)
Educational services	77,544	58,470	16,411	43,467
Alternative Learning Center	3,693,856	3,521,247	(722,696)	(446,855)
Student clubs	45,607	52,969	(33,263)	(35,119)
Sites and buildings	2,033,790	2,275,529	(1,408,556)	(1,638,842)
Valley Crossing Community School	6,553,995	6,266,371	(468,043)	(328,710)
Community service	3,018	60	(628)	(60)
Depreciation not included in other functions	713,214	714,781	(713,214)	(714,781)
Interest and fiscal charges	445,079	451,989	(445,079)	(451,989)
Total	<u>\$ 46,864,141</u>	<u>\$ 44,295,634</u>	<u>\$ (6,509,756)</u>	<u>\$ (5,717,604)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. At the end of the 2012–2013 fiscal year, the District's governmental funds reported a *combined* fund balance of \$24,685,847, which is more than the June 30, 2012 combined fund balance of \$11,218,470.

Revenues for the District's governmental funds were \$47,085,993, while total expenditures were \$50,073,683. As a result, the District completed the year with expenditures exceeding revenue by \$2,987,690. Approximately \$2 million of this deficit was a planned expenditure for the acquisition of land for a new K–8 special education facility in the northwest region of the school district. The District also issued \$15,655,000 in Certificates of Participation to fund the construction of a new facility in fiscal 2012–2013.

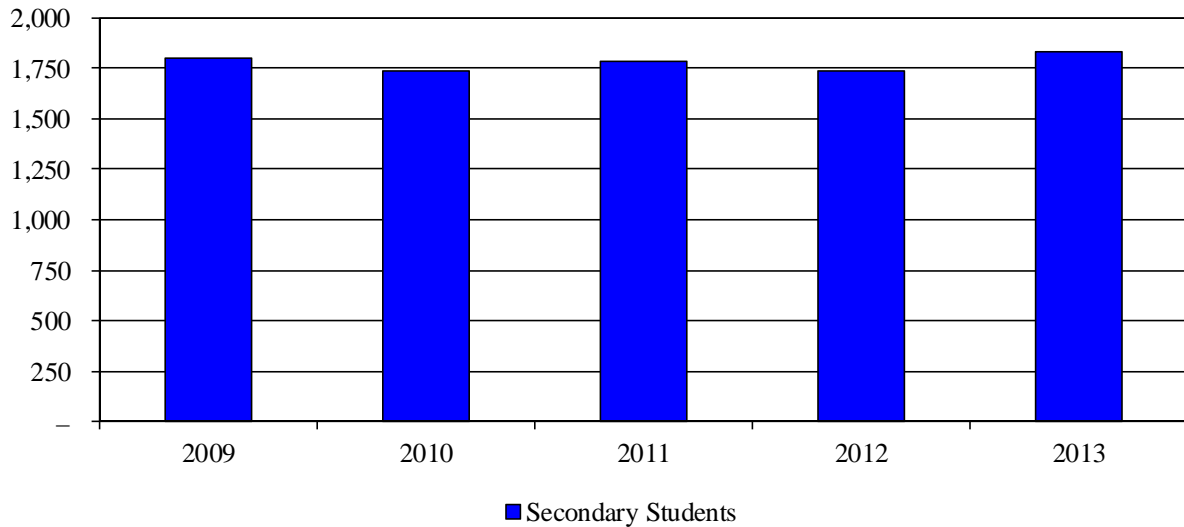
GENERAL FUND

The General Fund is used by the District to record the primary operations of providing education services to students enrolled in intermediate district programs. Capital and major maintenance projects are also included in the General Fund.

Funding for Minnesota school districts is largely driven by enrollment. In the current economic environment, member districts are striving to keep their students at their sites whenever possible. Overall, district enrollment increased slightly in fiscal year 2013. The largest area of growth was seen in the area of special education while the Career and Tech Center and Valley Crossing Community School experienced slight decreases in enrollment. Stable enrollment to maintain and fund programs will continue to be especially challenging in the Career and Technical Center and the area learning centers of the District.

The graph below shows changes in the District’s student enrollment over the past five years:

Figure C
Students (Average Daily Membership)
Last Five Fiscal Years



The following table presents a summary of General Fund revenues:

	Year Ended June 30,		Amount of Increase (Decrease)
	2013	2012	
Local sources			
Tuition from other districts	\$ 13,582,497	\$ 13,350,904	\$ 231,593
Other	2,603,555	2,162,387	441,168
State sources	22,385,350	20,883,388	1,501,962
Federal sources	863,640	1,219,403	(355,763)
Total General Fund revenues	\$ 39,435,042	\$ 37,616,082	\$ 1,818,960

Total General Fund revenues increased \$1,818,960, or 4.8 percent, in fiscal 2013 as compared to the previous year. Overall, the increase in revenues can be attributed to the increase in enrollment in special education programs and participation by member districts in a joint study by a national firm on management of special education costs.

The following table presents a summary of General Fund expenditures:

	Year Ended June 30,		Amount of Increase (Decrease)
	2013	2012	
Salaries	\$ 21,912,619	\$ 20,834,210	\$ 1,078,409
Employee benefits	9,170,748	8,671,394	499,354
Purchased services	4,523,606	3,727,940	795,666
Supplies and materials	658,194	818,613	(160,419)
Capital expenditures	495,393	549,919	(54,526)
Other expenditures	182,081	176,436	5,645
Sites and buildings	4,282,671	2,574,645	1,708,026
Debt service	535,733	535,734	(1)
Total General Fund expenditures	<u>\$ 41,761,045</u>	<u>\$ 37,888,891</u>	<u>\$ 3,872,154</u>

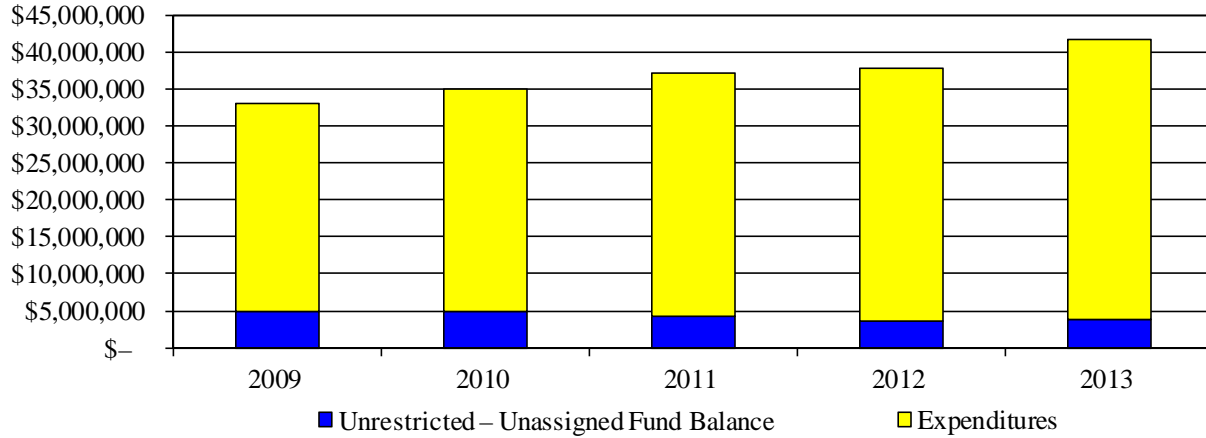
Total General Fund expenditures increased \$3,872,154, or 10.2 percent, from the previous year.

In fiscal year 2012–2013, salaries and employee benefits increased by 5.3 percent. The increase in salary and benefits is primarily due to bringing some contracted positions on as employees and increases in costs of salary schedules and the related benefits. Sites and building expenditures increased in the current year due to the purchase of property for the new Karner Blue facility.

In summary, 2012–2013 General Fund revenues and other financing sources fell short of General Fund expenditures by \$2,319,503. As a result, total fund balance decreased to \$7,343,567 at June 30, 2013. After deducting nonspendable, restricted, and assigned funds, the unassigned fund balance (including restricted account deficits) increased from \$3,053,124 at June 30, 2012 to \$3,137,000 at June 30, 2013.

The following graph shows the General Fund unrestricted – unassigned fund balance compared to expenditures:

Figure D
General Fund
Fund Balances Compared to Expenditures
Last Five Fiscal Years



The graph above is the single best measure of overall financial health. The unrestricted – unassigned fund balance of \$3.1 million at June 30, 2013 represents 7.5 percent of annual expenditures. This is a budgeted decrease from the fiscal year 2012 unrestricted – unassigned fund balance as a percentage of annual expenditures. This decrease is due to no increase in tuition rates in all areas, except the state-run special education tuition system and the one-time, \$2 million expenditure for land in fiscal year 2013. Management of expenditures to minimum levels was emphasized in all areas to help maintain a healthy fund balance at a time when it is needed to maintain cash flow as the state of Minnesota employs funding payment shifts to balance the state budget. The continued maintenance of a fund balance is essential for the Intermediate to minimize the impact that cash flow borrowing would have to member districts who would have to back any cash flow debt incurred by the Intermediate.

The fund balance of the District is key to its financial success. The District continues to monitor its fund balances closely to ensure that fund balance targets are met. The District’s fund balance target is to maintain a 10 percent unassigned fund balance in major funds (Career and Technical Center; Special Education; Area Learning Centers; and District-Wide). In fiscal year 2014, the School Board passed a slight tuition increase for the Career and Technical Center and membership fees in order to get closer to a 10 percent unassigned fund balance as a percentage of expenditures.

Table 6
General Fund
Unrestricted – Unassigned Fund Balance
as a Percentage of Expenditures
Last Five Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Unrestricted – unassigned fund balance	\$ 4,981,997	\$ 4,451,928	\$ 3,551,190	\$ 3,053,124	\$ 3,137,000
Percent increase (decrease)	7.5%	(10.6%)	(20.2%)	(14.0%)	2.7%
Expenditures (excludes capital lease proceeds)	\$33,031,036	\$34,993,433	\$37,226,110	\$37,888,891	\$41,761,045
Percent increase (decrease)	0.7%	5.9%	6.4%	1.8%	10.2%
Percent of fund balance to expenditures	15.1%	12.7%	9.5%	8.1%	7.5%

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget. These amendments increased the revenue and other financing sources budget by \$1,872,859 and the expenditure budget by \$3,694,266. These budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants, adjusting staffing and various instructional allocations to the schools based on actual fall enrollment, and unspent funds carried over into fiscal year 2012–2013.
- Increase in appropriations for significant unbudgeted costs.

While the District's final budget for the General Fund anticipated that revenues and other financing sources would fall short of expenditures by \$2,569,388, the actual result for the year shows a decrease of \$2,319,503.

- Actual revenues were \$601,618 less than expected in the budget, mainly in state and federal revenues.
- Actual expenditures were less than budget by \$851,503. This was mainly due to cost containment measures by the District.

VALLEY CROSSING SPECIAL REVENUE FUND

This fund's original budget anticipated expenditures exceeding revenues by \$58,439, while the final budget showed a surplus of \$15,009.

Actual revenues and other financing sources exceeded expenditures by \$91,699. This was due to state revenue sources exceeding budget by \$103,574.

The June 30, 2013 fund balance of \$1,311,960 is available for meeting the needs of the School.

CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND

The Capital Projects – Building Construction Fund is a fund used to account for \$2,020,000 of bonds issued and used to renovate the Bellaire School. These funds were authorized by the 2001 Legislature to enable the District to move its district offices off the East Campus of Century College. The District also uses this fund to account for \$15,655,000 of Certificates of Participation issued during fiscal 2012–2013 to finance construction costs of the Karner Blue Education Center.

INTERMEDIATE DEBT SERVICE FUND

The Intermediate Debt Service Fund revenues and other financing sources exceeded expenditures by \$357,082 in fiscal year 2012–2013. The June 30, 2013 fund balance of \$357,672 is available for meeting future debt service obligations.

VALLEY CROSSING DEBT SERVICE FUND

This fund's revenues exceeded expenditures by \$3,100. The June 30, 2013 fund balance of \$117,711 is available for meeting future debt service obligations.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

CAPITAL ASSETS

At year-end, the District had net capital assets of \$25,878,490, representing a broad range of capital assets, including school buildings, leasehold improvements, computers and audio-visual equipment, and other equipment for various instructional programs (see Table 7). More detailed information about capital assets can be found in the notes to basic financial statements.

	<u>2013</u>	<u>2012</u>	<u>Total Change 2012–2013</u>
Land	\$ 3,159,640	\$ 1,003,817	\$ 2,155,823
Buildings	36,233,825	36,530,851	(297,026)
Furniture and equipment	5,116,437	6,968,041	(1,851,604)
Leasehold improvements	228,172	202,068	26,104
Construction in progress	569,115	–	569,115
Less accumulated depreciation	<u>(19,428,699)</u>	<u>(20,490,289)</u>	<u>1,061,590</u>
Total	<u>\$ 25,878,490</u>	<u>\$ 24,214,488</u>	<u>\$ 1,664,002</u>
Depreciation expense	<u>\$ 1,449,346</u>	<u>\$ 1,451,899</u>	<u>\$ (2,553)</u>

LONG-TERM LIABILITIES

At year-end, the District had \$24.3 million in certificates of participation, premiums on certificates of participation, energy loans, and capital leases outstanding. The District also had \$2.8 million in post-employment severance benefits payable, compensated absences payable, and net OPEB obligation at June 30, 2013.

The District continued to pay down its debt, retiring \$1.5 million of outstanding debts, while issuing \$15.7 million in certificates of participation.

	<u>2013</u>	<u>2012</u>	<u>Total Change</u>
Certificates of participation payable	\$ 19,605,000	\$ 5,145,000	\$ 14,460,000
Premium on certificates of participation payable	814,381	66,173	748,208
Energy loan payable	44,675	87,099	(42,424)
Capital leases payable	3,855,606	4,150,400	(294,794)
Severance benefits payable	1,554,221	1,552,420	1,801
Compensated absences payable	763,369	711,681	51,688
Net OPEB obligation	495,950	490,700	5,250
Less current portions due	<u>(2,537,898)</u>	<u>(2,413,978)</u>	<u>(123,920)</u>
	<u>\$ 24,595,304</u>	<u>\$ 9,789,495</u>	<u>\$ 14,805,809</u>

For more detailed information on the District's long-term liabilities refer to the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of approved bond levies for debt payments, the District is dependent on selling services to school districts throughout the state of Minnesota for its revenue. The majority of this revenue is generated through services provided to the 10 member districts of the District. Recent experience demonstrates that flat legislated revenue to these districts for providing educational services have not been sufficient to meet instructional program needs and increased costs due to inflation. The District will be under continued pressure from the independent school districts to control costs in programs that are very specialized and expensive to run.

As general education dollars become more scarce in the District's member districts, the District is having a more difficult time getting accurate student counts for its programs in the spring. This makes budgeting and staffing for the following school year extremely challenging and less predictable. Most intermediate programs are impacted in varying ways. The Career and Technical Center is experiencing capped student enrollment by most of the districts sending students to those programs. This impacts the Career and Technical Center's ability to maintain varied programs as most are staffed by a single licensed staff member. The level four special education programs are seeing large growth in student populations mid-year and are struggling to balance appropriate staffing patterns that will limit large tuition rate increases yet achieve appropriate staffing levels for safety and appropriate service to students.

Staff retention and recruitment is key to the continued success of the District, as many of its experienced staff, especially in the diverse areas of special education, start to retire. The District will be challenged to find qualified staff that will meet the ever increasing requirements resulting from state and federal program mandates. This is an especially important area in serving the District's member districts that look to the District to service their highly challenging populations in its programs, but also to provide their districts with itinerant staff in specialized areas within their own school buildings.

The facilities utilized by the Intermediate's district programs are at a critical point of decision making. There are large deferred maintenance costs for one of the main program sites scheduled to be incurred in the next five years. There are also continued programmatic pressures for more varied and flexible educational spaces for students in all of the level four special education programs. The School Board did approve in concept a three step plan to address facility concerns within the District. The first step of the plan, to build a level 4, regional K-8 special education facility in the northwest section of the District, has been acted upon in fiscal 2013 with the purchase of land and beginning of construction. This new building will come on line for the fiscal year 2015 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Northeast Metropolitan Intermediate School District No. 916, 2540 East County Road F, White Bear Lake, Minnesota 55110.

BASIC FINANCIAL STATEMENTS

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Statement of Net Position
as of June 30, 2013
(With Partial Comparative Information as of June 30, 2012)

	Governmental Activities	
	2013	2012
Assets		
Cash and temporary investments	\$ 9,469,781	\$ 4,375,838
Receivables		
Delinquent taxes	176	468
Accounts and interest	524,203	692,993
Due from other governmental units	7,371,891	13,012,683
Inventory	5,783	6,137
Prepaid items	411,998	551,113
Restricted assets – temporarily restricted		
Cash and investments for debt service	16,318,864	107,932
Cash and investments for employee benefits	51,249	63,879
Total restricted assets	16,370,113	171,811
Capital assets		
Not depreciated	3,728,755	1,003,817
Depreciated, net of accumulated depreciation	22,149,735	23,210,671
Total capital assets, net of accumulated depreciation	25,878,490	24,214,488
Total assets	\$ 60,032,435	\$ 43,025,531
Liabilities		
Accounts payable	\$ 771,736	\$ 490,148
Due to other governmental units	4,583,388	3,108,328
Salaries and compensated absences payable	3,317,113	3,247,736
Unearned revenue	108,977	137,783
Accrued interest payable	255,187	203,777
Long-term liabilities		
Due within one year	2,537,898	2,413,978
Due in more than one year	24,595,304	9,789,495
Total long-term liabilities	27,133,202	12,203,473
Total liabilities	36,169,603	19,391,245
Net position		
Net investment in capital assets	17,113,246	14,984,903
Restricted for		
Valley Crossing Community School	1,311,960	1,220,261
Debt service	220,372	–
Other	519	419,834
Unrestricted	5,216,735	7,009,288
Total net position	23,862,832	23,634,286
Total liabilities and net position	\$ 60,032,435	\$ 43,025,531

See notes to basic financial statements

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Statement of Activities
for the Year Ended June 30, 2013
(With Partial Comparative Information for the Year Ended June 30, 2012)

Functions/Programs	2013			2012	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				Net (Expense) Revenue and Changes in in Net Position	
Governmental activities					
Administration and support services	\$ 5,249,023	\$ 2,758,464	\$ 914,047	\$ (1,576,512)	\$ (496,974)
Career and technical programs	2,189,849	2,127,268	—	(62,581)	(138,841)
Special education services	25,859,166	6,491,700	18,271,871	(1,095,595)	(1,508,900)
Educational services	77,544	93,955	—	16,411	43,467
Alternative Learning Center	3,693,856	2,895,530	75,630	(722,696)	(446,855)
Student clubs	45,607	12,344	—	(33,263)	(35,119)
Sites and buildings	2,033,790	625,234	—	(1,408,556)	(1,638,842)
Valley Crossing Community School	6,553,995	4,923,378	1,162,574	(468,043)	(328,710)
Community service	3,018	2,390	—	(628)	(60)
Depreciation not included in other functions	713,214	—	—	(713,214)	(714,781)
Interest and fiscal charges	445,079	—	—	(445,079)	(451,989)
Total governmental activities	<u>\$ 46,864,141</u>	<u>\$ 19,930,263</u>	<u>\$ 20,424,122</u>	(6,509,756)	(5,717,604)
General revenues					
General grants and aids				4,005,764	3,977,791
Other general revenues				1,277,060	707,043
Tuition charges for debt service				1,438,667	1,423,367
Investment earnings				16,811	18,869
Total general revenues				<u>6,738,302</u>	<u>6,127,070</u>
Change in net position				228,546	409,466
Net position – beginning				<u>23,634,286</u>	<u>23,224,820</u>
Net position – ending				<u>\$ 23,862,832</u>	<u>\$ 23,634,286</u>

See notes to basic financial statements

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Balance Sheet
Governmental Funds
as of June 30, 2013
(With Partial Comparative Information as of June 30, 2012)

	<u>General Fund</u>	<u>Valley Crossing Special Revenue Fund</u>	<u>Major Funds Capital Projects – Building Construction Fund</u>
Assets			
Cash and temporary investments	\$ 6,312,413	\$ 2,354,632	\$ 17,604
Cash and investments held by trustee	51,249	–	15,853,904
Receivables			
Delinquent taxes	–	–	–
Accounts and interest	507,521	16,682	–
Due from other governmental units	6,984,289	385,102	–
Inventory	5,783	–	–
Prepaid items	406,707	4,891	–
	<u>\$ 14,267,962</u>	<u>\$ 2,761,307</u>	<u>\$ 15,871,508</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 402,795	\$ 51,851	\$ 317,090
Due to other governmental units	3,689,156	894,232	–
Salaries and compensated absences payable	2,863,341	453,772	–
Unearned revenue	(30,897)	49,492	–
Total liabilities	<u>6,924,395</u>	<u>1,449,347</u>	<u>317,090</u>
Fund balances			
Nonspendable	411,924	4,891	–
Restricted	598,840	10,114	15,554,418
Assigned	3,195,803	654,518	–
Unassigned	3,137,000	642,437	–
Total fund balances	<u>7,343,567</u>	<u>1,311,960</u>	<u>15,554,418</u>
	<u>\$ 14,267,962</u>	<u>\$ 2,761,307</u>	<u>\$ 15,871,508</u>

See notes to basic financial statements

Intermediate Debt Service Fund	Valley Crossing Debt Service Fund	Nonmajor Fund Community Service Special Revenue Fund	Total Governmental Funds	
			2013	2012
\$ 644	\$ 97,661	\$ 519	\$ 8,783,473	\$ 3,768,328
357,028	107,932	-	16,370,113	171,811
176	-	-	176	468
-	-	-	524,203	692,993
-	2,500	-	7,371,891	13,012,683
-	-	-	5,783	6,137
-	-	-	411,598	550,513
<u>\$ 357,848</u>	<u>\$ 208,093</u>	<u>\$ 519</u>	<u>\$ 33,467,237</u>	<u>\$ 18,202,933</u>
\$ -	\$ -	\$ -	\$ 771,736	\$ 490,148
-	-	-	4,583,388	3,108,328
-	-	-	3,317,113	3,247,736
176	90,382	-	109,153	138,251
<u>176</u>	<u>90,382</u>	<u>-</u>	<u>8,781,390</u>	<u>6,984,463</u>
-	-	-	416,815	556,650
357,672	117,711	519	16,639,274	1,161,189
-	-	-	3,850,321	5,962,329
-	-	-	3,779,437	3,538,302
<u>357,672</u>	<u>117,711</u>	<u>519</u>	<u>24,685,847</u>	<u>11,218,470</u>
<u>\$ 357,848</u>	<u>\$ 208,093</u>	<u>\$ 519</u>	<u>\$ 33,467,237</u>	<u>\$ 18,202,933</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2013
(With Partial Comparative Information as of June 30, 2012)

	2013	2012
Total fund balances – governmental funds	\$ 24,685,847	\$ 11,218,470
<p>Amounts reported for government activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental funds are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
Cost of capital assets	45,307,189	44,704,777
Less accumulated depreciation	(19,428,699)	(20,490,289)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:</p>		
Certificates of participation payable	(19,605,000)	(5,145,000)
Premium on certificates of participation	(814,381)	(66,173)
Energy loan payable	(44,675)	(87,099)
Capital leases payable	(3,855,606)	(4,150,400)
Post-employment severance benefits payable	(1,554,221)	(1,552,420)
Compensated absences payable	(763,369)	(711,681)
<p>Internal service funds are established to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.</p>		
	432,137	233,346
<p>Net other post-employment benefit obligations not reported in the internal service funds do not require the use of current financial resources and are not reported as assets in governmental funds until actually due.</p>		
	(241,379)	(115,936)
<p>Delinquent property taxes receivable are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.</p>		
	176	468
<p>Governmental funds do not report a liability for accrued interest until due and payable.</p>		
	(255,187)	(203,777)
Total net position – governmental activities	\$ 23,862,832	\$ 23,634,286

See notes to basic financial statements

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013
(With Partial Comparative Information for the Year Ended June 30, 2012)

	General Fund	Valley Crossing Special Revenue Fund	Major Funds Capital Projects – Building Construction Fund
Revenue			
Local sources			
Property taxes	\$ –	\$ –	\$ –
Tuition from other districts	13,582,497	4,875,274	–
Other	2,603,555	153,724	–
State sources	22,385,350	1,155,240	–
Federal sources	863,640	25,656	–
Total revenue	<u>39,435,042</u>	<u>6,209,894</u>	<u>–</u>
Expenditures			
Current			
Administration and support services	5,238,319	–	–
Career and technical programs	2,176,380	–	–
Special education services	25,681,194	–	201,483
Educational services	137,288	–	–
Alternative Learning Center	3,663,853	–	–
Student clubs	45,607	–	–
Valley Crossing Community School	–	6,118,195	–
Sites and buildings	4,282,671	–	554,725
Community service	–	–	–
Debt service			
Principal	337,218	–	–
Interest and fiscal charges	198,515	–	–
Total expenditures	<u>41,761,045</u>	<u>6,118,195</u>	<u>756,208</u>
Excess (deficiency) of revenue over expenditures	(2,326,003)	91,699	(756,208)
Other financing sources			
Debt issued	–	–	15,297,972
Premium on debt issued	–	–	793,567
Sale of capital assets	6,500	–	–
Total other financing sources	<u>6,500</u>	<u>–</u>	<u>16,091,539</u>
Net change in fund balances	(2,319,503)	91,699	15,335,331
Fund balances			
Beginning of year	<u>9,663,070</u>	<u>1,220,261</u>	<u>219,087</u>
End of year	<u>\$ 7,343,567</u>	<u>\$ 1,311,960</u>	<u>\$ 15,554,418</u>

See notes to basic financial statements

Intermediate Debt Service Fund	Valley Crossing Debt Service Fund	Nonmajor Fund	Total Governmental Funds	
		Community Service Special Revenue Fund	2013	2012
\$ 54	\$ -	\$ -	\$ 54	\$ 64
-	1,438,613	-	19,896,384	19,567,599
-	-	2,390	2,759,669	2,291,999
-	-	-	23,540,590	21,964,773
-	-	-	889,296	1,242,938
<u>54</u>	<u>1,438,613</u>	<u>2,390</u>	<u>47,085,993</u>	<u>45,067,373</u>
-	-	-	5,238,319	4,844,450
-	-	-	2,176,380	2,285,785
-	-	-	25,882,677	24,136,267
-	-	-	137,288	133,147
-	-	-	3,663,853	3,466,729
-	-	-	45,607	52,969
-	-	-	6,118,195	5,888,949
-	-	-	4,837,396	2,574,645
-	-	2,722	2,722	60
-	1,195,000	-	1,532,218	1,461,506
-	240,513	-	439,028	500,341
<u>-</u>	<u>1,435,513</u>	<u>2,722</u>	<u>50,073,683</u>	<u>45,344,848</u>
54	3,100	(332)	(2,987,690)	(277,475)
357,028	-	-	15,655,000	-
-	-	-	793,567	-
-	-	-	6,500	14,800
<u>357,028</u>	<u>-</u>	<u>-</u>	<u>16,455,067</u>	<u>14,800</u>
357,082	3,100	(332)	13,467,377	(262,675)
<u>590</u>	<u>114,611</u>	<u>851</u>	<u>11,218,470</u>	<u>11,481,145</u>
<u>\$ 357,672</u>	<u>\$ 117,711</u>	<u>\$ 519</u>	<u>\$ 24,685,847</u>	<u>\$ 11,218,470</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2013

(With Partial Comparative Information for the Year Ended June 30, 2012)

	2013	2012
Total net change in fund balances – governmental funds	\$ 13,467,377	\$ (262,675)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays	3,246,667	794,303
Depreciation expense	(1,449,346)	(1,451,899)
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 position. However, only the sale proceeds are included in the change in fund balances.		
	(133,319)	(9,256)
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.		
	(15,655,000)	–
Increases (decreases) in severance payable and compensated absences payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
	(53,489)	(182,747)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The activity of the internal service funds is included in the governmental activities in the Statement of Activities.		
	198,791	(108,491)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.		
	1,532,218	1,461,506
Net other post-employment benefit obligations not reported in the internal service funds do not require the use of current financial resources and are not reported as liabilities in governmental funds until actually due.		
	(125,443)	121,743
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
	(51,410)	29,445
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon the issuance as other financing sources and uses.		
	(748,208)	18,907
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		
	(292)	(1,370)
Change in net position – governmental activities	\$ 228,546	\$ 409,466

See notes to basic financial statements

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund and Major Special Revenue Fund
Year Ended June 30, 2013

	General Fund			
	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Tuition from other districts	\$ 12,935,020	\$ 13,511,065	\$ 13,582,497	\$ 71,432
Other	2,225,200	2,445,025	2,603,555	158,530
State sources	22,090,590	22,897,258	22,385,350	(511,908)
Federal sources	919,491	1,183,312	863,640	(319,672)
Total revenue	<u>38,170,301</u>	<u>40,036,660</u>	<u>39,435,042</u>	<u>(601,618)</u>
Expenditures				
Current				
Administration and support services	4,756,703	5,179,585	5,238,319	58,734
Career and technical programs	2,335,098	2,288,046	2,176,380	(111,666)
Special education services	25,063,768	26,377,096	25,681,194	(695,902)
Educational services	152,691	157,293	137,288	(20,005)
Alternative Learning Center	3,571,283	3,603,504	3,663,853	60,349
Student clubs	65,799	66,452	45,607	(20,845)
Sites and buildings	2,437,205	4,404,837	4,282,671	(122,166)
Valley Crossing Community School	-	-	-	-
Debt service				
Principal	337,219	337,219	337,218	(1)
Interest	198,516	198,516	198,515	(1)
Total expenditures	<u>38,918,282</u>	<u>42,612,548</u>	<u>41,761,045</u>	<u>(851,503)</u>
Excess (deficiency) of revenue over expenditures	(747,981)	(2,575,888)	(2,326,003)	249,885
Other financing sources				
Sale of capital assets	-	6,500	6,500	-
Net change in fund balances	<u>\$ (747,981)</u>	<u>\$ (2,569,388)</u>	<u>(2,319,503)</u>	<u>\$ 249,885</u>
Fund balances				
Beginning of year			<u>9,663,070</u>	
End of year			<u>\$ 7,343,567</u>	

See notes to basic financial statements

Valley Crossing Special Revenue Fund

Budgeted Amounts		Actual	Over (Under) Final Budget
Original	Final		
\$ 4,935,657	\$ 4,901,537	\$ 4,875,274	\$ (26,263)
86,406	152,137	153,724	1,587
945,984	1,051,666	1,155,240	103,574
24,477	29,017	25,656	(3,361)
<u>5,992,524</u>	<u>6,134,357</u>	<u>6,209,894</u>	<u>75,537</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,050,960	6,119,348	6,118,195	(1,153)
-	-	-	-
-	-	-	-
<u>6,050,960</u>	<u>6,119,348</u>	<u>6,118,195</u>	<u>(1,153)</u>
(58,436)	15,009	91,699	76,690
-	-	-	-
<u>\$ (58,436)</u>	<u>\$ 15,009</u>	91,699	<u>\$ 76,690</u>
		<u>1,220,261</u>	
		<u>\$ 1,311,960</u>	

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Statement of Net Position
Governmental Activities – Proprietary Funds
Internal Service Fund

Year Ended June 30, 2013

(With Partial Comparative Information as of June 30, 2012)

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 686,308	\$ 607,510
Prepaid items	400	600
Total assets	686,708	608,110
Liabilities		
Long-term liabilities		
Net OPEB obligation	254,571	374,764
Net position		
Unrestricted	\$ 432,137	\$ 233,346

See notes to basic financial statements

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Statement of Revenue, Expenses, and Changes in Fund Net Position
Governmental Activities – Proprietary Funds
Internal Service Fund
Year Ended June 30, 2013
(With Partial Comparative Information as of June 30, 2012)

	2013	2012
Operating revenue		
Contributions from governmental funds	\$ 149,614	\$ 163,424
Operating expenses		
Other post-employment benefit expense (accrual)	(48,691)	272,577
Operating income (loss)	198,305	(109,153)
Nonoperating revenues		
Investment earnings	486	662
Change in net position	198,791	(108,491)
Net position		
Beginning of year	233,346	341,837
End of year	\$ 432,137	\$ 233,346

See notes to basic financial statements

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Statement of Cash Flows
Governmental Activities – Proprietary Funds
Internal Service Fund
Year Ended June 30, 2013

(With Partial Comparative Information for the Year Ended June 30, 2012)

	2013	2012
Cash flows from operating activities		
Contributions from governmental funds	\$ 149,614	\$ 163,424
Post-employment benefit payments	(71,302)	(112,242)
Net cash flows from operating activities	78,312	51,182
Cash flows from investing activities		
Investment income received	486	662
Net increase in cash and cash equivalents	78,798	51,844
Cash and cash equivalents		
Beginning of year	607,510	555,666
End of year	\$ 686,308	\$ 607,510
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$ 198,305	\$ (109,153)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Prepaid items	200	–
Net OPEB obligation	(120,193)	160,335
Net cash flows from operating activities	\$ 78,312	\$ 51,182

See notes to basic financial statements

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Statement of Fiduciary Net Position
as of June 30, 2013

	<u>Northeast Metro Agency</u>
Assets	
Cash and temporary investments	\$ 13,452
Liabilities	
Accounts and contracts payable	\$ 173
Due to other governmental agencies	13,279
Total liabilities	<u>\$ 13,452</u>

See notes to basic financial statements

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Notes to Basic Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Northeast Metropolitan Intermediate School District No. 916 (the Intermediate) and Valley Crossing Community School (the School) (collectively the District) 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. Nature of Operations and Reporting Entity

The Intermediate is authorized by the Minnesota State Legislature to provide participating school districts with vocational, technical, and special education services. The Intermediate is located primarily in Washington County, but also includes portions of Anoka, Chisago, Isanti, and Ramsey counties. The Intermediate is governed by a joint Board of Directors composed of appointed members from each participating school district. Each member is an elected school board member of their respective district. Member districts at June 30, 2013 are as follows: Centennial, Columbia Heights, Mahtomedi, Mounds View, North St. Paul, Roseville, South Washington, Spring Lake Park, Stillwater, and White Bear Lake.

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit 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.

The financial statements of the District include the activities of the School, a joint elementary school in Woodbury, Minnesota. Under a joint powers agreement, the Board of Directors and administration of the District have been given the ultimate responsibility for the planning, financing, development, design, construction, staffing, scheduling, operation, management, control, administration, and promotion of the School. Therefore, the School has been accounted for as a blended component unit of the District.

Blended component units, although legally separate entities, are, in substance, part of the District's operations. Therefore, data from the School is combined with data of the District. This activity is recorded in the Valley Crossing Special Revenue Fund, the Kindergarten Plus – Valley Crossing Special Revenue Fund, and the Valley Crossing Debt Service Fund.

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, district school boards can elect to either control or not control or be otherwise financially accountable with respect to the underlying extracurricular activities. The District's Board of Directors has elected to control extracurricular activities; therefore, the extracurricular student activity accounts are included in the District's General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position 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 Position 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 requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

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 recognized as revenues in the fiscal year for which they are levied. 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 included in 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, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Information for the remaining nonmajor governmental fund is reported in a single column in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type. 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 financial statements.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered to be available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes which include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Other revenue is considered available if collected within 60 days. 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-debt and long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

E. 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. Descriptions of the funds included in this report are as follows:

Major Governmental Funds

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Valley Crossing Special Revenue Fund – The Valley Crossing Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This fund accounts for the activity of the School.

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.

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

Valley Crossing Debt Service Fund – The Valley Crossing Debt Service Fund is used to account for the accumulation of resources for the payment of long-term debt, principal, interest, and related costs of the School.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Governmental Funds

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.

Proprietary Funds

Other Post-Employment Benefits (OPEB) Internal Service Fund – The OPEB Internal Service Fund is used to account for the funding of the explicit OPEB liabilities of the District.

Fiduciary Funds

Agency Fund – An Agency Fund is established to account for cash and other assets held by the District as the agent for others. The District has an Agency Fund to account for activities of the Health Occupation Services.

F. Budgeting

The budget for each fund is prepared on the modified accrual basis of accounting. The Board of Directors adopts an annual budget for all governmental fund types. Legal budgetary control is at the fund level. The Board of Directors approved several supplemental budgetary appropriations throughout the year. Budgeted appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the Valley Crossing Special Revenue Fund, Operating Account by \$1,752.

G. Cash and Investments

Cash and 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.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Capital Projects – Building Construction Fund, escrow accounts are established for cash and investments held for building construction. In the Intermediate and Valley Crossing Debt Service Funds, escrow accounts are established for cash and investments held for debt service related to the issuance of certificates of participation. In the General Fund, trust accounts are established for flexible benefits payable to employees. These assets are reported as restricted assets in the government-wide financial statements. Earnings from the investments in these accounts are allocated directly to these funds.

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' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the balance sheet date.

H. Receivables

All receivables are shown net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The only receivables not expected to be fully collected within one year are property taxes receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Inventories

Inventories, which are expended as they are consumed, are stated at the lower of cost (first-in, first-out) or market.

J. Prepaid Items

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

Prepaid items include payments made to improve a building the District is leasing. These payments were made in lieu of lease payments and thus will be amortized over the term of the lease.

K. Property Taxes

Due to legislation enacted by the state, the District had levy authority in only the Intermediate Debt Service Fund. The debt service property tax levy is levied by the member districts and is now being collected as part of the District's standard billing process. Previously, tax revenue was recognized in the fiscal year ending June 30, following the calendar year in which the tax levy was collectible by the District, while the current calendar year tax levy was recorded as property taxes levied for subsequent year.

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. Because revenue from delinquent taxes is deferred until it is received, no allowance for uncollectible taxes is considered necessary.

L. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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 surplus assets are sold for an immaterial amount when declared as no longer 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 buildings and leasehold improvements, and 3 to 15 years for furniture and equipment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land and construction in progress are the only capital assets not being depreciated.

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

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. Bond premiums and discounts 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 during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Compensated Absences

- 1. Vacation Pay** – Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Vacation pay is accrued in governmental fund financial statements only when it has matured due to employee termination or similar circumstances.
- 2. Sick Pay** – Some district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of some employees' severance pay upon termination.

O. Severance

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is determined within each employee group plan, which contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive retirement payments exceeding one year's salary. Certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions.

The amount of severance pay based on convertible sick leave is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements only when it becomes due and payable. Certain employee groups' severance benefits are paid into tax-sheltered annuity and/or healthcare savings plans.

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 2013.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balances 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 Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors 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 Board of Directors resolution, the District’s Director of Administrative 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, the District will first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, the District will use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

R. Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets and liabilities. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position 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 Position** – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported in the government-wide financial statements. In the governmental fund statements, these assets are reported as cash and investments held by the trustee.

T. 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.

U. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

V. Prior Period Comparative Financial Information/Reclassification

The financial statements include partial prior year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2012, from which such partial information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

W. Changes in Accounting Principles

During the year ended June 30, 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 created two new financial statement elements, *deferred outflows of resources* (a consumption of net position that is applicable to a future reporting period) and *deferred inflows of resources* (an acquisition of net position that is applicable to a future reporting period), which are distinct from assets and liabilities. It also defined *net position* as the residual of all other elements presented in a statement of net position (assets + deferred outflows of resources – liabilities – deferred inflows of resources = net position).

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 5,292,249
Cash on hand	5,465
Investments	<u>20,555,632</u>
Total deposits and investments	<u>\$ 25,853,346</u>

Cash and investments are included on the basic financial statements as follows:

Statement of Net Position	
Cash and temporary investments	\$ 9,469,781
Restricted assets – temporarily restricted	
Cash and investments for debt service	16,318,864
Cash and investments for employee benefits	51,249
Statement of Fiduciary Net Position	
Cash and temporary investments	<u>13,452</u>
Total cash and investments	<u>\$ 25,853,346</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the Board of Directors, including checking accounts, savings accounts, and non-negotiable certificates of deposit.

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 investment policy does not further limit depository choices.

At year-end, the carrying amount of the District’s deposits was \$5,292,249 while the deposit balance with the bank was \$5,241,000. At June 30, 2013, 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.

C. Cash on Hand

Cash in the possession of the District, consisting of petty cash and change funds, totaled \$5,465 at year-end.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

D. Investments

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. The District’s investment policy does not address custodial credit risk, but the District typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

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 policy does not further restrict investing in specific financial instruments.

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 does not limit the maturities of investments; however, when purchasing investments the District considers such things as interest rates and cash flow needs.

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 does not address concentration risk.

At June 30, 2013, the District’s investment portfolio includes the following percentages of specific issuers:

Repurchase Agreement	
Bayerische Landesbank Investment	78.7 %

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The following table presents the District’s investment balances at June 30, 2013, and information relating to potential investment risks:

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years			Total
	Rating	Agency	Less Than 1	1 to 5	5 to 10	
Negotiable certificates of deposit	N/A	N/A	\$ 1,990,248	\$ –	\$ –	\$ 1,990,248
Investment pools/mutual funds						
Minnesota School District						
Liquid Asset Fund						
Liquid portfolio	AAA	S&P	N/A	N/A	N/A	986
Max portfolio	AAA	S&P	N/A	N/A	N/A	145,534
First American Treasury						
Obligations Funds	AAA	S&P	N/A	N/A	N/A	107,932
First American Government						
Obligations Funds	AAA	S&P	N/A	N/A	N/A	25,828
MNTrust Term Series	AAA	S&P	N/A	N/A	N/A	2,100,000
Repurchase agreements	N/R	N/A	\$ –	\$ 16,185,104	\$ –	16,185,104
Total investments						<u>\$ 20,555,632</u>

N/A – Not Applicable

N/R – Not Rated

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

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 1,003,817	\$ 2,155,823	\$ –	\$ –	\$ 3,159,640
Construction in progress	–	569,115	–	–	569,115
Total capital assets, not depreciated	1,003,817	2,724,938	–	–	3,728,755
Capital assets, depreciated					
Buildings	36,530,851	135,009	(432,035)	–	36,233,825
Furniture and equipment	6,968,041	360,616	(2,212,220)	–	5,116,437
Leasehold improvements	202,068	26,104	–	–	228,172
Total capital assets, depreciated	43,700,960	521,729	(2,644,255)	–	41,578,434
Less accumulated depreciation for					
Buildings	(15,212,615)	(1,069,364)	313,285	–	(15,968,694)
Furniture and equipment	(5,277,674)	(379,982)	2,197,651	–	(3,460,005)
Total accumulated depreciation	(20,490,289)	(1,449,346)	2,510,936	–	(19,428,699)
Net capital assets, depreciated	23,210,671	(927,617)	(133,319)	–	22,149,735
Total capital assets, net	\$ 24,214,488	\$ 1,797,321	\$ (133,319)	\$ –	\$ 25,878,490

Depreciation expense for the year ended June 30, 2013 was charged to the following governmental functions:

Governmental activities	
Administration and support services	\$ 133,835
Educational services	214
Career and technical programs	15,699
Special education services	77,216
Alternative Learning Center	31,137
Depreciation not included in other functions	713,214
Valley Crossing Community School	478,031
Total depreciation expense – governmental activities	\$ 1,449,346

NOTE 4 – LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

Issue	Issue Date	Interest Rate	Original Issue	Final Maturity	Outstanding
Certificates of participation payable					
2004 Refunding Certificates of Participation	12/15/2004	3.00–5.00%	\$ 12,170,000	01/01/2016	\$ 3,950,000
2013 Certificates of Participation	05/21/2013	2.00–4.00%	\$ 15,655,000	02/01/2029	15,655,000
Total certificates of participation payable					19,605,000
Premium on certificates of participation					814,381
Energy loan payable	12/03/1998	5.24%	\$ 476,151	01/05/2014	44,675
Capital lease payable – south campus	04/06/2007	4.77%	\$ 5,000,000	02/15/2023	3,855,606
Severance payable					1,554,221
Compensated absences payable					763,369
Net OPEB obligation (Note 7)					495,950
Total long-term liabilities					<u>\$ 27,133,202</u>

B. Minimum Debt Payments

Minimum annual principal and interest payments, excluding post-employment severance payable, compensated absences payable, and net OPEB obligation are as follows:

Year Ending June 30,	Certificates of Participation		Energy Loan		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,255,000	\$ 531,283	\$ 44,675	\$ 1,763	\$ 309,024	\$ 180,271
2015	2,155,000	633,275	–	–	323,940	165,354
2016	2,245,000	560,700	–	–	339,576	149,718
2017	875,000	474,250	–	–	355,967	133,327
2018	905,000	448,000	–	–	373,149	116,145
2019–2023	4,915,000	1,835,000	–	–	2,153,950	292,526
2024–2028	5,945,000	814,350	–	–	–	–
2029	1,310,000	39,300	–	–	–	–
	<u>\$19,605,000</u>	<u>\$ 5,336,158</u>	<u>\$ 44,675</u>	<u>\$ 1,763</u>	<u>\$ 3,855,606</u>	<u>\$ 1,037,341</u>

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities

Certificates of Participation Payable – Certificates of Participation were sold by the Washington County Housing and Redevelopment Authority (HRA). Under a lease-purchase agreement with the HRA and a joint powers agreement with three member districts, the District is managing the property acquisition, construction, equipping, and operation of the School. Each participating district levies for its share of the lease payments and remits those funds to the District. This debt activity is accounted for in the Valley Crossing Debt Service Fund.

On May 21, 2013, the District issued certificates of participation to finance the construction of a building for the District. Each participating district levies for its share of the lease payments and remits those funds to the District. This debt activity is accounted for in the Intermediate Debt Service Fund.

Energy Loan Payable – In December 1998, the District entered into an energy savings agreement whereby a portion of the cost of this contract would be financed over 15 years. Funds from this financing were used to implement energy conservation measures at various sites within the District. The annual principal and interest on this loan will be paid by the District's General Fund.

Capital Leases Payable – The District is obligated under a capital lease for remodeling and construction of the south campus location. Repayments of the lease will be made from the General Fund over a 15-year period at an interest rate of 4.77 percent. Assets held under capital lease included within buildings on the government-wide financial statements totaled \$4,658,990.

Severance Payable – Severance payable consists of early retirement incentive benefits. These severance benefits are not funded until the year of payment. Severance benefit liabilities are paid by the General Fund and special revenue funds.

Compensated Absences Payable – Compensated absences payable include unused and accrued vacation. Compensated absences are paid by the General Fund and special revenue funds.

D. Changes in Long-Term Liabilities

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>	<u>Due Within One Year</u>
Certificates of participation payable	\$ 5,145,000	\$ 15,655,000	\$ 1,195,000	\$ 19,605,000	\$ 1,255,000
Plus premium	66,173	793,567	45,359	814,381	–
Total certificates of participation payable	5,211,173	16,448,567	1,240,359	20,419,381	1,255,000
Energy loan payable	87,099	–	42,424	44,675	44,675
Capital leases payable	4,150,400	–	294,794	3,855,606	309,024
Severance payable	1,552,420	176,478	174,677	1,554,221	165,830
Compensated absences payable	711,681	643,117	591,429	763,369	763,369
Net OPEB obligation (Note 7)	490,700	235,555	230,305	495,950	–
	<u>\$ 12,203,473</u>	<u>\$ 17,503,717</u>	<u>\$ 2,573,988</u>	<u>\$ 27,133,202</u>	<u>\$ 2,537,898</u>

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds which are defined earlier in the report. Any such restrictions which have an accumulated deficit rather than positive balance at June 30 are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. However, a description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

A. Classifications

At June 30, 2013, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Valley Crossing Special Revenue Fund	Capital Projects – Building Construction Fund	Intermediate Debt Service Fund	Valley Crossing Debt Service Fund	Nonmajor Community Service Special Revenue Fund	Total
Nonspendable							
Inventory	\$ 5,783	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 5,783
Prepaid items	406,141	4,891	–	–	–	–	411,032
Total nonspendable	411,924	4,891	–	–	–	–	416,815
Restricted							
Basic skills programs	360,340	10,114	–	–	–	–	370,454
Alternative learning center	238,500	–	–	–	–	–	238,500
Building construction	–	–	15,554,418	–	–	–	15,554,418
Debt escrow	–	–	–	–	107,931	–	107,931
Debt service	–	–	–	357,672	9,780	–	367,452
Community education programs	–	–	–	–	–	519	519
Total restricted	598,840	10,114	15,554,418	357,672	117,711	519	16,639,274
Assigned							
Operating capital	–	654,518	–	–	–	–	654,518
Special projects	2,557,733	–	–	–	–	–	2,557,733
Subsequent year projected budget deficit	638,070	–	–	–	–	–	638,070
Total assigned	3,195,803	654,518	–	–	–	–	3,850,321
Unassigned							
Health and safety restricted account deficit	(77,659)	–	–	–	–	–	(77,659)
Safe schools restricted account deficit	(669,711)	–	–	–	–	–	(669,711)
Unassigned	3,884,370	642,437	–	–	–	–	4,526,807
Total unassigned	3,137,000	642,437	–	–	–	–	3,779,437
Total	\$ 7,343,567	\$ 1,311,960	\$ 15,554,418	\$ 357,672	\$ 117,711	\$ 519	\$ 24,685,847

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 the 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. The plans are established and administered in accordance with Minnesota Statutes, Chapter 354 and 356.

The 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 Statutes 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.

Two methods are used to compute benefits for the 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
Basic Plan		
	First 10 years	2.2 percent
	All years thereafter	2.7 percent
Coordinated Plan		
	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 factor 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).

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

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 that 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.

The TRA publicly issues a comprehensive annual financial report 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. Alternatively, a copy of the report may be obtained by writing the 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 6.5 percent and 10.0 percent, respectively, of their annual covered salary during fiscal year 2013 as employee contributions. The TRA employer contribution rates are 6.5 percent for Coordinated Plan members and 10.5 percent for Basic Plan members during fiscal year 2013. Total covered payroll salaries for all TRA members state-wide during the fiscal years June 30, 2012, 2011, and 2010 were approximately \$3.87 billion, \$3.84 billion, and \$3.79 billion, respectively.

The District's contributions for the years ended June 30, 2013, 2012, and 2011 were \$1,109,901, \$988,684, and \$860,444, respectively, equal to the contractually required contributions for each year as set by state statutes.

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 on July 1 of 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.

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

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 the PERA. The PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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

The 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 statutes, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for the 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 members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated 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.

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

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

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. The GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in fiscal 2013. In fiscal 2013, 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 the GERP for the years ended June 30, 2013, 2012, and 2011 were \$599,400, \$565,777, and \$575,938, respectively, 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 insurance benefits to certain eligible employees through the District's 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.

The District is phasing out post-employment medical and dental insurance to all district employees, in accordance with their respective master employment agreements. The eligibility for, amount of, duration of, and the District's contribution to the cost of the benefits provided varies by contract, hire dates, and date of retirement.

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 and date of hire, 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.

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

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 no plan assets accumulated for payment of future benefits.

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	\$ 246,738
Interest on net OPEB obligation	13,321
Adjustment to ARC	<u>(24,504)</u>
Annual OPEB cost (expense)	235,555
Contributions made	<u>230,305</u>
Increase in net OPEB obligation	5,250
Net OPEB obligation – beginning of year	<u>490,700</u>
Net OPEB obligation – end of year	<u><u>\$ 495,950</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 past three years are as follows:

Fiscal Year Ended	Net OPEB Obligation – Beginning of Year	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 380,778	\$ 272,079	\$ 200,749	73.8%	\$ 452,108
June 30, 2012	\$ 452,108	\$ 276,935	\$ 238,343	86.1%	\$ 490,700
June 30, 2013	\$ 490,700	\$ 235,555	\$ 230,305	97.8%	\$ 495,950

D. Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,307,952 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,307,952. The covered payroll (annual payroll of active employees covered by the plan) was \$26,283,989, and the ratio of the UAAL to the covered payroll was 8.8 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, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included: a 4.0 percent investment rate of return (net of administrative expenses) based on the District’s own investments; a general inflation rate of 3.0 percent; an annual healthcare cost trend rate of 9.00 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after 8 years. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period at July 1, 2012 for the various amortization layers ranged from 20 to 30 years.

F. Membership

Membership in the plan consisted of the following as of July 1, 2012:

Retirees and beneficiaries receiving benefits	15
Active plan members	<u>424</u>
Total members	<u><u>439</u></u>

NOTE 8 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a “cafeteria plan” (the Plan) under § 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Plan for healthcare and dependant care benefits.

Before the beginning of the Plan year, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions to the medical spending portion of the Plan, whether or not such contributions have been made.

Payments of insurance premiums are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund and special revenue funds.

NOTE 8 – FLEXIBLE BENEFIT PLAN (CONTINUED)

Amounts withheld for medical reimbursement and dependant care are paid by the District to a trust account maintained by an outside administrator on a monthly basis. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependant care activity is included in the financial statements in the General Fund and special revenue funds.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to eligible healthcare and dependant care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 9 – 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. Agreement With the State of Minnesota

Under terms of an agreement with the state of Minnesota, which extends to August 6, 2022, the District has access to certain Century College facilities and equipment at no cost. The District, however, pays Century College its share of building maintenance and costs of other services based on space and personnel percentages.

C. Legal Contingencies

The District has the usual and customary legal claims pending at year-end, mostly of a minor nature and/or covered by insurance. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

D. Construction Contracts

The District is committed to various contracts awarded for construction and maintenance projects. At year-end, the District's commitment for uncompleted work on these contracts was approximately \$14,400,000.

NOTE 10 – OPERATING LEASES

The District is leasing equipment, buildings, and space in several locations. The District incurred costs of approximately \$315,000 for operating leases during the year ended June 30, 2013. These leases are scheduled to expire on various dates through 2044. The following is a summary of minimum lease payment commitments for all operating leases:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 633,699
2015	644,784
2016	581,361
2017	572,431
2018	468,642
2019–2023	1,464,443
2024–2028	1,396,160
2029–2033	1,396,160
2034–2038	1,396,160
2039–2043	1,396,160
2044	279,232
	<u>\$ 10,229,230</u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Required Supplementary Information
Other Post-Employment Benefits Plan
June 30, 2013

The following schedule presents trend information about the funding progress of the Other Post-Employment Benefits Plan administered by Northeast Metropolitan Intermediate School District No. 916 and Valley Crossing Community School:

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	\$ 3,665,707	\$ -	\$ 3,665,707	-	\$22,831,111	16.1 %
July 1, 2010	\$ 2,749,164	\$ -	\$ 2,749,164	-	\$24,282,532	11.3 %
July 1, 2012	\$ 2,307,952	\$ -	\$ 2,307,952	-	\$26,283,989	8.8 %

SUPPLEMENTAL INFORMATION

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund
Comparative Balance Sheet
as of June 30, 2013 and 2012

	2013	2012
Assets		
Cash and temporary investments	\$ 6,312,413	\$ 2,378,906
Cash and investments held by trustee	51,249	63,879
Receivables		
Accounts and interest	507,521	687,200
Due from other governmental units	6,984,289	12,004,907
Inventory	5,783	6,137
Prepaid items	406,707	345,613
	\$ 14,267,962	\$ 15,486,642
Liabilities		
Accounts payable	\$ 402,795	\$ 383,108
Due to other governmental units	3,689,156	2,669,540
Salaries and compensated absences payable	2,863,341	2,801,893
Unearned revenue	(30,897)	(30,969)
Total liabilities	6,924,395	5,823,572
Fund balances (deficit)		
Nonspendable for inventory	5,783	6,137
Nonspendable for prepaid items	406,141	345,613
Restricted for basic skills programs	360,340	405,458
Restricted for Alternative Learning Center	238,500	611,911
Assigned for special projects	2,557,733	4,801,502
Assigned for subsequent year projected budget deficit	638,070	439,325
Unassigned – health and safety restricted account deficit	(77,659)	(76,112)
Unassigned – safe schools restricted account deficit	(669,711)	(522,274)
Unassigned	3,884,370	3,651,510
Total fund balances	7,343,567	9,663,070
	\$ 14,267,962	\$ 15,486,642

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition from other districts	\$ 13,511,065	\$ 13,582,497	\$ 71,432	\$ 13,350,904
Other	2,445,025	2,603,555	158,530	2,162,387
State sources	22,897,258	22,385,350	(511,908)	20,883,388
Federal sources	1,183,312	863,640	(319,672)	1,219,403
Total revenue	40,036,660	39,435,042	(601,618)	37,616,082
Expenditures				
Current				
Administration and support services	5,179,585	5,238,319	58,734	4,844,450
Career and technical programs	2,288,046	2,176,380	(111,666)	2,285,785
Special education services	26,377,096	25,681,194	(695,902)	23,934,785
Educational services	157,293	137,288	(20,005)	133,147
Alternative Learning Center	3,603,504	3,663,853	60,349	3,466,729
Student clubs	66,452	45,607	(20,845)	52,969
Valley Crossing Community School	-	-	-	60,647
Sites and buildings	4,404,837	4,282,671	(122,166)	2,574,645
Debt service				
Principal	337,219	337,218	(1)	321,506
Interest	198,516	198,515	(1)	214,228
Total expenditures	42,612,548	41,761,045	(851,503)	37,888,891
Excess (deficiency) of revenue over expenditures	(2,575,888)	(2,326,003)	249,885	(272,809)
Other financing sources				
Sale of capital assets	6,500	6,500	-	10,800
Net change in fund balances	\$ (2,569,388)	(2,319,503)	\$ 249,885	(262,009)
Fund balances				
Beginning of year		9,663,070		9,925,079
End of year		\$ 7,343,567		\$ 9,663,070

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund
Combining Balance Sheet by Account
as of June 30, 2013

	<u>Secondary Education</u>	<u>Special Education</u>	<u>Alternative Learning Center</u>	<u>District-Wide</u>
Assets				
Cash and temporary investments	\$ 1,040,821	\$ (302,200)	\$ 1,538,167	\$ 3,292,104
Cash and investments held by trustee	-	-	-	51,249
Receivables				
Accounts and interest	450	7,466	-	63,413
Due from other governmental units	112,966	4,650,906	1,267,270	349,217
Inventory	5,783	-	-	-
Prepaid items	6,834	33,891	52,748	308,211
	<u>6,834</u>	<u>33,891</u>	<u>52,748</u>	<u>308,211</u>
Total assets	<u>\$ 1,166,854</u>	<u>\$ 4,390,063</u>	<u>\$ 2,858,185</u>	<u>\$ 4,064,194</u>
Liabilities				
Accounts payable	\$ 4,368	\$ 107,665	\$ 35,084	\$ 171,692
Due to other governmental units	23,069	256,445	2,319,263	747,274
Salaries and compensated absences payable	194,085	1,895,756	212,590	183,781
Unearned revenue	1,508	978	-	(43,807)
Total liabilities	<u>223,030</u>	<u>2,260,844</u>	<u>2,566,937</u>	<u>1,058,940</u>
Fund balances				
Nonspendable for inventory	5,783	-	-	-
Nonspendable for prepaid items	6,834	33,891	52,748	308,211
Restricted for basic skills programs	-	360,340	-	-
Restricted for Alternative Learning Center	-	-	238,500	-
Assigned for special projects	-	-	-	2,557,733
Assigned for subsequent year projected budget deficit	-	109,010	-	-
Unassigned – health and safety restricted account deficit	-	-	-	(77,659)
Unassigned – safe schools levy restricted account deficit	-	-	-	(669,711)
Unassigned	931,207	1,625,978	-	886,680
Total fund balances	<u>943,824</u>	<u>2,129,219</u>	<u>291,248</u>	<u>3,005,254</u>
	<u>\$ 1,166,854</u>	<u>\$ 4,390,063</u>	<u>\$ 2,858,185</u>	<u>\$ 4,064,194</u>
Total liabilities and fund balances	<u>\$ 1,166,854</u>	<u>\$ 4,390,063</u>	<u>\$ 2,858,185</u>	<u>\$ 4,064,194</u>

Secondary Projects – Federal	Itinerant Services	Fees for Services	Student Clubs	Totals
\$ (101,872)	\$ 828,114	\$ 7,169	\$ 10,110	\$ 6,312,413
–	–	–	–	51,249
427,099	175	7,959	959	507,521
–	584,681	19,249	–	6,984,289
–	–	–	–	5,783
566	2,387	2,070	–	406,707
<u>\$ 325,793</u>	<u>\$ 1,415,357</u>	<u>\$ 36,447</u>	<u>\$ 11,069</u>	<u>\$ 14,267,962</u>
\$ 55,943	\$ 20,853	\$ 6,526	\$ 664	\$ 402,795
250,781	74,330	17,994	–	3,689,156
19,050	349,833	8,246	–	2,863,341
19	–	–	10,405	(30,897)
<u>325,793</u>	<u>445,016</u>	<u>32,766</u>	<u>11,069</u>	<u>6,924,395</u>
–	–	–	–	5,783
–	2,387	2,070	–	406,141
–	–	–	–	360,340
–	–	–	–	238,500
–	–	–	–	2,557,733
–	529,060	–	–	638,070
–	–	–	–	(77,659)
–	–	–	–	(669,711)
–	438,894	1,611	–	3,884,370
–	970,341	3,681	–	7,343,567
<u>\$ 325,793</u>	<u>\$ 1,415,357</u>	<u>\$ 36,447</u>	<u>\$ 11,069</u>	<u>\$ 14,267,962</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund
Combining Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Year Ended June 30, 2013

	<u>Secondary Education</u>	<u>Special Education</u>	<u>Alternative Learning Center</u>	<u>District-Wide</u>
Revenue				
Local sources				
Tuition from other districts	\$ 2,127,268	\$ 1,735,811	\$ 2,895,379	\$ 2,659,282
Other	7,753	47,807	1,611	1,814,905
State sources	-	18,591,574	341,326	3,402,043
Federal sources	-	-	-	-
Total revenue	<u>2,135,021</u>	<u>20,375,192</u>	<u>3,238,316</u>	<u>7,876,230</u>
Expenditures				
Current				
Administration and support services	-	-	-	4,324,272
Career and technical programs	2,176,380	-	-	-
Special education services	-	20,525,343	-	777,294
Educational services	-	-	-	-
Alternative Learning Center	-	-	3,571,187	92,666
Student clubs	-	-	-	-
Sites and buildings	-	-	-	4,282,671
Debt service				
Principal	-	-	-	337,218
Interest	-	-	-	198,515
Total expenditures	<u>2,176,380</u>	<u>20,525,343</u>	<u>3,571,187</u>	<u>10,012,636</u>
Excess (deficiency) of revenue over expenditures	(41,359)	(150,151)	(332,871)	(2,136,406)
Other financing sources				
Sale of capital assets	-	-	-	6,500
Net change in fund balances	(41,359)	(150,151)	(332,871)	(2,129,906)
Fund balances				
Beginning of year	<u>985,183</u>	<u>2,279,370</u>	<u>624,119</u>	<u>5,135,160</u>
End of year	<u>\$ 943,824</u>	<u>\$ 2,129,219</u>	<u>\$ 291,248</u>	<u>\$ 3,005,254</u>

<u>Secondary Projects – Federal</u>	<u>Itinerant Services</u>	<u>Fees for Services</u>	<u>Student Clubs</u>	<u>Totals</u>
\$ –	\$ 4,082,653	\$ 82,104	\$ –	\$ 13,582,497
–	665,370	20,502	45,607	2,603,555
50,407	–	–	–	22,385,350
863,640	–	–	–	863,640
<u>914,047</u>	<u>4,748,023</u>	<u>102,606</u>	<u>45,607</u>	<u>39,435,042</u>
914,047	–	–	–	5,238,319
–	–	–	–	2,176,380
–	4,378,557	–	–	25,681,194
–	–	137,288	–	137,288
–	–	–	–	3,663,853
–	–	–	45,607	45,607
–	–	–	–	4,282,671
–	–	–	–	337,218
–	–	–	–	198,515
<u>914,047</u>	<u>4,378,557</u>	<u>137,288</u>	<u>45,607</u>	<u>41,761,045</u>
–	369,466	(34,682)	–	(2,326,003)
–	–	–	–	6,500
–	369,466	(34,682)	–	(2,319,503)
–	600,875	38,363	–	9,663,070
<u>\$ –</u>	<u>\$ 970,341</u>	<u>\$ 3,681</u>	<u>\$ –</u>	<u>\$ 7,343,567</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund – Secondary Education Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual

Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition from other districts	\$ 2,112,758	\$ 2,127,268	\$ 14,510	\$ 2,173,781
Other	9,039	7,753	(1,286)	29,652
Total revenue	<u>2,121,797</u>	<u>2,135,021</u>	<u>13,224</u>	<u>2,203,433</u>
Expenditures				
Current				
Career and technical programs				
Salaries	1,417,221	1,413,771	(3,450)	1,501,775
Employee benefits	579,466	571,120	(8,346)	576,757
Purchased services	147,738	99,771	(47,967)	117,924
Supplies and materials	94,036	60,114	(33,922)	63,805
Capital expenditures	27,248	14,017	(13,231)	8,144
Other expenditures	22,337	17,587	(4,750)	17,380
Total expenditures	<u>2,288,046</u>	<u>2,176,380</u>	<u>(111,666)</u>	<u>2,285,785</u>
Net change in fund balances	<u>\$ (166,249)</u>	(41,359)	<u>\$ 124,890</u>	(82,352)
Fund balances				
Beginning of year		<u>985,183</u>		<u>1,067,535</u>
End of year		<u>\$ 943,824</u>		<u>\$ 985,183</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund – Special Education Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual

Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition from other districts	\$ 1,751,993	\$ 1,735,811	\$ (16,182)	\$ 1,772,038
Other	40,829	47,807	6,978	46,860
State sources	18,952,308	18,591,574	(360,734)	17,064,651
Federal sources	–	–	–	2,997
Total revenue	<u>20,745,130</u>	<u>20,375,192</u>	<u>(369,938)</u>	<u>18,886,546</u>
Expenditures				
Current				
Special education services				
Salaries	13,764,818	13,688,539	(76,279)	12,660,744
Employee benefits	5,661,190	5,434,122	(227,068)	4,991,907
Purchased services	741,433	801,749	60,316	689,882
Supplies and materials	762,772	334,889	(427,883)	432,358
Capital expenditures	164,608	137,512	(27,096)	59,565
Other expenditures	158,453	128,532	(29,921)	174,242
Total expenditures	<u>21,253,274</u>	<u>20,525,343</u>	<u>(727,931)</u>	<u>19,008,698</u>
Net change in fund balances	<u>\$ (508,144)</u>	(150,151)	<u>\$ 357,993</u>	(122,152)
Fund balances				
Beginning of year		<u>2,279,370</u>		<u>2,401,522</u>
End of year		<u>\$ 2,129,219</u>		<u>\$ 2,279,370</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund – Alternative Learning Center Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual

Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition from other districts	\$ 2,967,245	\$ 2,895,379	\$ (71,866)	\$ 3,002,284
Other	1,568	1,611	43	2,833
State sources	332,986	341,326	8,340	235,159
Total revenue	3,301,799	3,238,316	(63,483)	3,240,276
Expenditures				
Current				
Alternative Learning Center				
Salaries	1,506,927	1,516,603	9,676	1,481,863
Employee benefits	725,328	707,726	(17,602)	648,876
Purchased services	1,105,235	1,191,584	86,349	870,959
Supplies and materials	68,138	81,330	13,192	94,678
Capital expenditures	62,633	61,971	(662)	245,422
Other expenditures	36,444	11,973	(24,471)	36,678
Total expenditures	3,504,705	3,571,187	66,482	3,378,476
Net change in fund balances	\$ (202,906)	(332,871)	\$ (129,965)	(138,200)
Fund balances				
Beginning of year		624,119		762,319
End of year		\$ 291,248		\$ 624,119

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund – District-Wide Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		2012	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition from other districts	\$ 2,451,730	\$ 2,659,282	\$ 207,552	\$ 2,503,568
Other	1,693,062	1,814,905	121,843	1,630,893
State sources	<u>3,560,563</u>	<u>3,402,043</u>	<u>(158,520)</u>	<u>3,534,299</u>
Total revenue	7,705,355	7,876,230	170,875	7,668,760
Expenditures				
Current				
Administrative and support services				
Salaries	1,732,569	1,756,603	24,034	1,536,767
Employee benefits	940,825	943,721	2,896	960,409
Purchased services	1,077,349	1,470,226	392,877	1,042,119
Supplies and materials	57,489	49,762	(7,727)	58,417
Capital expenditures	180,554	133,853	(46,701)	86,391
Other expenditures	(43,914)	(29,893)	14,021	(105,338)
Special education services				
Salaries	398,750	439,276	40,526	298,677
Employee benefits	151,294	162,404	11,110	101,449
Purchased services	187,257	175,614	(11,643)	167,982
Alternative Learning Center				
Purchased services	98,799	92,666	(6,133)	88,253
Valley Crossing Community School				
Salaries	–	–	–	45,270
Employee benefits	–	–	–	15,377
Sites and buildings	4,404,837	4,282,671	(122,166)	2,574,645
Debt service				
Principal	337,219	337,218	(1)	321,506
Interest	<u>198,516</u>	<u>198,515</u>	<u>(1)</u>	<u>214,228</u>
Total expenditures	<u>9,721,544</u>	<u>10,012,636</u>	<u>291,092</u>	<u>7,406,152</u>
Excess (deficiency) of revenue over expenditures	(2,016,189)	(2,136,406)	(120,217)	262,608
Other financing sources				
Sale of capital assets	<u>6,500</u>	<u>6,500</u>	<u>–</u>	<u>10,800</u>
Net change in fund balances	<u>\$ (2,009,689)</u>	<u>(2,129,906)</u>	<u>\$ (120,217)</u>	<u>273,408</u>
Fund balances				
Beginning of year		<u>5,135,160</u>		<u>4,861,752</u>
End of year		<u>\$ 3,005,254</u>		<u>\$ 5,135,160</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund – Secondary Projects – Federal Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual

Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition from other districts	\$ –	\$ –	\$ –	\$ –
State sources	51,401	50,407	(994)	49,279
Federal sources	1,183,312	863,640	(319,672)	1,216,406
Total revenue	<u>1,234,713</u>	<u>914,047</u>	<u>(320,666)</u>	<u>1,265,685</u>
Expenditures				
Current				
Administrative and support services				
Salaries	369,666	281,683	(87,983)	540,775
Employee benefits	115,246	109,608	(5,638)	213,424
Purchased services	646,874	409,536	(237,338)	437,957
Supplies and materials	80,284	64,258	(16,026)	32,870
Capital expenditures	5,067	13,848	8,781	4,393
Other expenditures	17,576	35,114	17,538	36,266
Total expenditures	<u>1,234,713</u>	<u>914,047</u>	<u>(320,666)</u>	<u>1,265,685</u>
Net change in fund balances	<u><u>\$ –</u></u>	<u> –</u>	<u><u>\$ –</u></u>	<u> –</u>
Fund balances				
Beginning of year		<u> –</u>		<u> –</u>
End of year		<u><u>\$ –</u></u>		<u><u>\$ –</u></u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund – Itinerant Services Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual

Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition from other districts	\$ 4,121,504	\$ 4,082,653	\$ (38,851)	\$ 3,820,003
Other	588,055	665,370	77,315	350,674
Total revenue	<u>4,709,559</u>	<u>4,748,023</u>	<u>38,464</u>	<u>4,170,677</u>
Expenditures				
Current				
Special education services				
Salaries	2,804,048	2,788,883	(15,165)	2,750,577
Employee benefits	1,250,777	1,236,837	(13,940)	1,159,035
Purchased services	143,821	150,417	6,596	172,079
Supplies and materials	44,322	53,909	9,587	117,830
Capital expenditures	127,969	134,192	6,223	145,515
Other expenditures	15,584	14,319	(1,265)	12,943
Total expenditures	<u>4,386,521</u>	<u>4,378,557</u>	<u>(7,964)</u>	<u>4,357,979</u>
Net change in fund balances	<u>\$ 323,038</u>	369,466	<u>\$ 46,428</u>	(187,302)
Fund balances				
Beginning of year		<u>600,875</u>		<u>788,177</u>
End of year		<u>\$ 970,341</u>		<u>\$ 600,875</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund – Fees for Services Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual

Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition from other districts	\$ 105,835	\$ 82,104	\$ (23,731)	\$ 79,230
Other	46,020	20,502	(25,518)	48,506
Total revenue	<u>151,855</u>	<u>102,606</u>	<u>(49,249)</u>	<u>127,736</u>
Expenditures				
Current				
Educational services				
Salaries	13,398	22,762	9,364	13,080
Employee benefits	4,345	5,141	796	4,160
Purchased services	135,650	106,197	(29,453)	110,721
Supplies and materials	3,600	3,005	(595)	4,494
Capital expenditures	-	-	-	489
Other expenditures	300	183	(117)	203
Total expenditures	<u>157,293</u>	<u>137,288</u>	<u>(20,005)</u>	<u>133,147</u>
Net change in fund balances	<u>\$ (5,438)</u>	<u>(34,682)</u>	<u>\$ (29,244)</u>	<u>(5,411)</u>
Fund balances				
Beginning of year		<u>38,363</u>		<u>43,774</u>
End of year		<u>\$ 3,681</u>		<u>\$ 38,363</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

General Fund – Student Clubs Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ 66,452	\$ 45,607	\$ (20,845)	\$ 52,969
Expenditures				
Current				
Student clubs				
Salaries	5,635	4,499	(1,136)	4,682
Employee benefits	88	69	(19)	-
Purchased services	38,819	25,846	(12,973)	30,064
Supplies and materials	17,210	10,927	(6,283)	14,161
Other expenditures	4,700	4,266	(434)	4,062
Total expenditures	66,452	45,607	(20,845)	52,969
Net change in fund balances	\$ -	-	\$ -	-
Fund balances				
Beginning of year		-		-
End of year		\$ -		\$ -

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Valley Crossing Special Revenue Fund
Combining Balance Sheet by Account
as of June 30, 2013
(With Comparative Totals as of June 30, 2012)

	Operating Account	Student Clubs Account	Totals	
			2013	2012
Assets				
Cash and temporary investments	\$ 2,345,039	\$ 9,593	\$ 2,354,632	\$ 1,244,392
Receivables				
Accounts and interest	16,201	481	16,682	5,792
Due from other governmental units	385,102	–	385,102	1,005,276
Prepaid items	4,891	–	4,891	3,417
Total assets	\$ 2,751,233	\$ 10,074	\$ 2,761,307	\$ 2,258,877
Liabilities				
Accounts payable	\$ 48,544	\$ 3,307	\$ 51,851	\$ 107,040
Due to other governmental units	894,232	–	894,232	438,788
Salaries and compensated absences payable	453,772	–	453,772	445,843
Unearned revenue	42,725	6,767	49,492	46,945
Total liabilities	1,439,273	10,074	1,449,347	1,038,616
Fund balances				
Nonspendable for prepaid items	4,891	–	4,891	3,417
Restricted for basic skills programs	10,114	–	10,114	10,164
Assigned for operating capital	654,518	–	654,518	721,502
Unassigned	642,437	–	642,437	485,178
Total fund balances	1,311,960	–	1,311,960	1,220,261
Total liabilities and fund balances	\$ 2,751,233	\$ 10,074	\$ 2,761,307	\$ 2,258,877

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Valley Crossing Special Revenue Fund
Combining Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	Operating Account	Student Clubs Account	Totals	
			2013	2012
Revenue				
Local sources				
Tuition from other districts	\$ 4,875,274	\$ -	\$ 4,875,274	\$ 4,793,392
Other	100,699	53,025	153,724	129,611
State sources	1,155,240	-	1,155,240	1,081,385
Federal sources	25,656	-	25,656	23,536
Total revenue	<u>6,156,869</u>	<u>53,025</u>	<u>6,209,894</u>	<u>6,027,924</u>
Expenditures				
Current				
Valley Crossing Community School	<u>6,065,170</u>	<u>53,025</u>	<u>6,118,195</u>	<u>5,828,302</u>
Excess (deficiency) of revenue over expenditures	91,699	-	91,699	199,622
Other financing sources				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Net change in fund balances	91,699	-	91,699	203,622
Fund balances				
Beginning of year	<u>1,220,261</u>	<u>-</u>	<u>1,220,261</u>	<u>1,016,639</u>
End of year	<u>\$ 1,311,960</u>	<u>\$ -</u>	<u>\$ 1,311,960</u>	<u>\$ 1,220,261</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Valley Crossing Special Revenue Fund – Operating Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		2012	
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition from other districts	\$ 4,901,537	\$ 4,875,274	\$ (26,263)	\$ 4,793,392
Other	96,207	100,699	4,492	81,221
State sources	1,051,666	1,155,240	103,574	1,081,385
Federal sources	29,017	25,656	(3,361)	23,536
Total revenue	<u>6,078,427</u>	<u>6,156,869</u>	<u>78,442</u>	<u>5,979,534</u>
Expenditures				
Current				
Valley Crossing Community School				
Salaries	3,665,147	3,643,529	(21,618)	3,500,869
Employee benefits	1,469,538	1,446,450	(23,088)	1,355,343
Purchased services	562,452	517,591	(44,861)	573,456
Supplies and materials	222,393	207,283	(15,110)	210,296
Capital expenditures	93,201	199,009	105,808	97,111
Other expenditures	50,687	51,308	621	42,837
Total expenditures	<u>6,063,418</u>	<u>6,065,170</u>	<u>1,752</u>	<u>5,779,912</u>
Excess (deficiency) of revenue over expenditures	15,009	91,699	76,690	199,622
Other financing sources				
Sale of capital assets	–	–	–	4,000
Net change in fund balances	<u>\$ 15,009</u>	<u>91,699</u>	<u>\$ 76,690</u>	<u>203,622</u>
Fund balances				
Beginning of year		<u>1,220,261</u>		<u>1,016,639</u>
End of year		<u>\$ 1,311,960</u>		<u>\$ 1,220,261</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Valley Crossing Special Revenue Fund – Student Clubs Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual

Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ 55,930	\$ 53,025	\$ (2,905)	\$ 48,390
Expenditures				
Current				
Valley Crossing Community School				
Salaries	3,950	3,200	(750)	3,200
Benefits	623	502	(121)	438
Purchased services	49,077	48,712	(365)	44,624
Supplies and materials	2,280	611	(1,669)	128
Total expenditures	<u>55,930</u>	<u>53,025</u>	<u>(2,905)</u>	<u>48,390</u>
Net change in fund balances	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund balances				
Beginning of year		-		-
End of year		<u>\$ -</u>		<u>\$ -</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2013 and 2012

	2013	2012
Assets		
Cash and temporary investments	\$ 17,604	\$ 17,604
Cash and temporary investments held by trustee	15,853,904	–
Prepaid items	–	201,483
Total assets	\$ 15,871,508	\$ 219,087
Liabilities		
Accounts payable	\$ 317,090	\$ –
Fund balance		
Nonspendable for prepaid items	–	201,483
Restricted for building construction	15,554,418	17,604
Total fund balances	15,554,418	219,087
Total liabilities and fund balances	\$ 15,871,508	\$ 219,087

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual

Year Ended June 30, 2013

(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue	\$ –	\$ –	\$ –	\$ –
Expenditures				
Current				
Special education programs				
Purchased services	201,483	201,483	–	201,482
Sites and buildings				
Capital expenditures	800,000	485,007	(314,993)	–
Other expenditures	–	69,718	69,718	–
Total sites and buildings	<u>800,000</u>	<u>554,725</u>	<u>(245,275)</u>	<u>–</u>
Total expenditures	<u>1,001,483</u>	<u>756,208</u>	<u>(245,275)</u>	<u>201,482</u>
Excess (deficiency) of revenue over expenditures	(1,001,483)	(756,208)	245,275	(201,482)
Other financing sources				
Debt issued	800,000	15,297,972	14,497,972	–
Premium on debt issued	–	793,567	793,567	–
Total other financing sources	<u>800,000</u>	<u>16,091,539</u>	<u>15,291,539</u>	<u>–</u>
Net change in fund balances	<u>\$ (201,483)</u>	15,335,331	<u>\$ 15,536,814</u>	(201,482)
Fund balances				
Beginning of year		<u>219,087</u>		<u>420,569</u>
End of year		<u>\$ 15,554,418</u>		<u>\$ 219,087</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Intermediate Debt Service Fund
Comparative Balance Sheet
as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 644	\$ 590
Cash and temporary investments held by trustee	357,028	-
Receivables		
Delinquent taxes	<u>176</u>	<u>468</u>
Total assets	<u>\$ 357,848</u>	<u>\$ 1,058</u>
Liabilities		
Unearned revenue	\$ 176	\$ 468
Fund balances		
Restricted for debt service	<u>357,672</u>	<u>590</u>
Total liabilities and fund balances	<u>\$ 357,848</u>	<u>\$ 1,058</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Intermediate Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	\$ 54	\$ 54	\$ -	\$ 64
Other financing sources				
Debt issued	-	357,028	357,028	-
Net change in fund balances	<u>\$ 54</u>	357,082	<u>\$ 357,028</u>	64
Fund balances				
Beginning of year		<u>590</u>		<u>526</u>
End of year		<u>\$ 357,672</u>		<u>\$ 590</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Valley Crossing Debt Service Fund
Comparative Balance Sheet
as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	\$ 97,661	\$ 125,986
Cash and investments held by trustee	107,932	107,932
Receivables		
Due from other governmental units	<u>2,500</u>	<u>2,500</u>
Total assets	<u>\$ 208,093</u>	<u>\$ 236,418</u>
Liabilities		
Unearned revenue	\$ 90,382	\$ 121,807
Fund balances		
Restricted for debt escrow	107,931	107,932
Restricted for debt service	<u>9,780</u>	<u>6,679</u>
Total fund balances	<u>117,711</u>	<u>114,611</u>
Total liabilities and fund balances	<u>\$ 208,093</u>	<u>\$ 236,418</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Valley Crossing Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition charges for debt service	\$ 1,426,403	\$ 1,438,613	\$ 12,210	\$ 1,423,303
Expenditures				
Debt service				
Principal retirement	1,195,000	1,195,000	-	1,140,000
Interest	238,013	238,013	-	283,613
Other	2,500	2,500	-	2,500
Total expenditures	1,435,513	1,435,513	-	1,426,113
Net change in fund balances	\$ (9,110)	3,100	\$ 12,210	(2,810)
Fund balances				
Beginning of year		114,611		117,421
End of year		\$ 117,711		\$ 114,611

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Nonmajor Community Service Special Revenue Fund – Kindergarten Plus – Valley Crossing
Comparative Balance Sheet
as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	<u>\$ 519</u>	<u>\$ 851</u>
Fund balances		
Restricted for community education programs	<u>\$ 519</u>	<u>\$ 851</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Nonmajor Community Service Special Revenue Fund – Kindergarten Plus – Valley Crossing
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2013
(With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ 2,893	\$ 2,390	\$ (503)	\$ –
Expenditures				
Current				
Community service				
Salaries	2,500	2,385	(115)	53
Employee benefits	393	337	(56)	7
Total expenditures	<u>2,893</u>	<u>2,722</u>	<u>(171)</u>	<u>60</u>
Net change in fund balances	<u>\$ –</u>	(332)	<u>\$ (332)</u>	(60)
Fund balances				
Beginning of year		<u>851</u>		<u>911</u>
End of year		<u>\$ 519</u>		<u>\$ 851</u>

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Agency Fund
Statement of Changes in Fiduciary Assets and Liabilities
Year Ended June 30, 2013

	<u>Balance – July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance – June 30, 2013</u>
Northeast Metro Agency				
Assets				
Cash and temporary investments	<u>\$ 15,756</u>	<u>\$ 8,472</u>	<u>\$ 10,776</u>	<u>\$ 13,452</u>
Liabilities				
Accounts and contracts payable	\$ –	\$ 173	\$ –	\$ 173
Due to other governmental units	<u>15,756</u>	<u>8,299</u>	<u>10,776</u>	<u>13,279</u>
Total liabilities	<u>\$ 15,756</u>	<u>\$ 8,472</u>	<u>\$ 10,776</u>	<u>\$ 13,452</u>

OTHER DISTRICT INFORMATION

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Government-Wide Expenses by Function
Last Ten Fiscal Years

Year Ended June 30,	Administration and Support Services	Career and Technical Programs	Special Education Services	Educational Services	Alternative Learning Center	Student Clubs
2004	\$ 2,929,223 9%	\$ 2,845,568 8%	\$ 17,214,659 51%	\$ 250,666 1%	\$ 2,225,991 6%	\$ - -
2005	2,745,247 8%	2,735,109 8%	17,305,228 51%	271,939 1%	2,239,122 7%	- -
2006	3,323,040 9%	2,671,851 8%	18,498,936 52%	425,737 1%	2,335,101 7%	- -
2007	3,269,144 9%	2,586,811 7%	20,065,881 54%	251,267 1%	2,610,457 7%	- -
2008	3,410,093 9%	2,608,409 6%	20,840,015 53%	273,537 1%	2,768,905 7%	- -
2009	3,798,571 9%	2,430,862 6%	20,851,639 52%	211,670 1%	2,983,486 7%	- -
2010	3,781,249 9%	2,293,985 6%	22,219,621 54%	152,124 1%	2,820,149 7%	49,248 -
2011	3,817,581 8%	2,600,015 6%	23,750,448 55%	145,515 1%	3,373,850 8%	52,606 -
2012	4,365,409 10%	2,312,918 5%	24,275,891 55%	58,470 -	3,521,247 8%	52,969 -
2013	5,249,023 11%	2,189,849 5%	25,859,166 55%	77,544 -	3,693,856 8%	45,607 -

Sites and Buildings	Valley Crossing Community School	Community Service	Unallocated Depreciation	Interest and Fiscal Charges	Total
\$ 1,751,494 5%	\$ 4,942,536 15%	\$ 79,466 -	\$ 557,956 2%	\$ 843,222 3%	\$ 33,640,781 100%
1,810,340 5%	5,344,560 16%	55,629 -	584,550 2%	746,606 2%	33,838,330 100%
1,704,564 5%	5,294,479 15%	64,088 -	608,641 2%	506,022 1%	35,432,459 100%
1,856,204 5%	5,408,764 14%	75,895 -	633,848 2%	549,494 1%	37,307,765 100%
2,554,833 6%	5,893,793 15%	73,120 -	621,665 2%	548,093 1%	39,592,463 100%
2,206,453 6%	6,028,273 15%	59,316 -	632,167 2%	726,012 2%	39,928,449 100%
2,152,320 5%	5,824,930 14%	65,522 -	794,010 2%	567,001 1%	40,720,159 100%
2,303,869 5%	5,891,825 14%	42,973 -	726,354 2%	517,905 1%	43,222,941 100%
2,275,529 5%	6,266,371 14%	60 -	714,781 2%	451,989 1%	44,295,634 100%
2,033,790 4%	6,553,995 14%	3,018 -	713,214 2%	445,079 1%	46,864,141 100%

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Government-Wide Revenue by Type
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues		General Revenues		
	Charges for Services	Operating Grants and Contributions	Property Taxes	General Grants and Aids	Tuition Charges for Debt Service
2004	\$ 28,632,688 88%	\$ 782,582 2%	\$ 359,231 1%	\$ – –	\$ 1,548,914 5%
2005	30,229,620 89%	663,313 2%	359,453 1%	– –	1,532,285 4%
2006	30,422,448 88%	664,651 2%	368,230 1%	– –	1,547,635 4%
2007	33,711,175 89%	1,097,898 3%	367,423 1%	– –	1,276,753 3%
2008	19,301,681 47%	16,135,997 40%	– –	2,735,441 7%	1,788,179 4%
2009	19,391,806 47%	15,811,688 38%	– –	3,378,358 8%	1,760,973 4%
2010	19,384,940 46%	16,463,496 40%	– –	3,790,853 9%	1,352,740 3%
2011	19,200,252 44%	17,903,258 41%	– –	4,014,167 9%	1,443,396 3%
2012	19,348,110 43%	19,229,920 43%	– –	3,977,791 9%	1,423,367 3%
2013	19,930,263 42%	20,424,122 43%	– –	4,005,764 9%	1,438,667 3%

Note: Starting in fiscal year 2008, the District received a significant portion of its revenue in the form of state aid grants and aids. These revenues were previously billed to school districts as part of the District's tuition billing process. This process is now performed by the Minnesota Department of Education.

Investment Earnings and Other	Total
\$ 1,304,138 4%	\$ 32,627,553 100%
1,241,760 4%	34,026,431 100%
1,681,964 5%	34,684,928 100%
1,612,364 4%	38,065,613 100%
678,180 2%	40,639,478 100%
1,088,715 3%	41,431,540 100%
818,281 2%	41,810,310 100%
689,519 2%	43,250,592 100%
725,912 2%	44,705,100 100%
1,293,871 3%	47,092,687 100%

SINGLE AUDIT AND OTHER REQUIRED REPORTS

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures
U.S. Department of Education		
Passed through Minnesota Department of Education		
Title I – Grants to Local Educational Agencies	84.010	\$ 12,941
Career and Technical Education – Basic Grants to States	84.048	452,680
Improving Teacher Quality State Grants	84.367	14,643
Education Jobs Fund	84.410	57,142
Direct		
Safe and Drug-Free Schools and Communities – National Programs	84.184	118,088
Passed through Century College		
Career and Technical Education – Basic Grants to States	84.048	100,077
National Science Foundation		
Passed through University of Minnesota		
Education and Human Resources	47.076	133,724
		<u>889,295</u>
Total federal awards		<u>\$ 889,295</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: 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.

Note 3: The District provided federal awards to subrecipients as follows:

Program Title	Federal CFDA No.	Amount Provided
Independent School District No. 12, Centennial	84.048	\$ 8,818
Independent School District No. 13, Columbia Heights	84.048	6,346
Independent School District No. 14, Fridley	84.048	4,973
Independent School District No. 16, Spring Lake Park	84.048	7,747
Independent School District No. 138, North Branch Area Public Schools	84.048	2,456
Independent School District No. 282, St. Anthony – New Brighton	84.048	2,644
Independent School District No. 621, Mounds View	84.048	24,369
Independent School District No. 622, North St. Paul – Maplewood – Oakdale	84.048	14,516
Independent School District No. 623, Roseville Area Schools	84.048	18,708
Independent School District No. 624, White Bear Lake Area Schools	84.048	7,259
Independent School District No. 831, Forest Lake Area Schools	84.048	15,950
Independent School District No. 832, Mahtomedi	84.048	2,266
Independent School District No. 833, South Washington County Schools	84.048	19,770
Independent School District No. 834, Stillwater Area Public Schools	84.048	11,865
Independent School District No. 2144, Chisago Lakes	84.048	29,488
Intermediate District No. 287	47.076	88,715

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 and Management of
Northeast Metropolitan Intermediate
School District No. 916 and
Valley Crossing Community School
White Bear Lake, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Metropolitan Intermediate School District No. 916 (the Intermediate) and Valley Crossing Community School (the School) (collectively the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
November 26, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the School Board and Management of
Northeast Metropolitan Intermediate
School District No. 916 and
Valley Crossing Community School
White Bear Lake, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Northeast Metropolitan Intermediate School District No. 916's (the Intermediate) and Valley Crossing Community School's (the School) (collectively 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 the District's major federal programs for the year ended June 30, 2013. 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.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

(continued)

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota

November 26, 2013

INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Northeast Metropolitan Intermediate
School District No. 916 and
Valley Crossing Community School
White Bear Lake, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Metropolitan Intermediate School District No. 916 (the Intermediate) and Valley Crossing Community School (the School) (collectively the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2013.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the Office of the State Auditor pursuant to Minnesota Statute § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts. Our audit included all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

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

Minneapolis, Minnesota
November 26, 2013

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

A. SUMMARY OF AUDIT RESULTS

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

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No

Significant deficiencies identified? Yes X None reported

Type of auditor's report issued on compliance for major programs? X Unmodified
 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 X No

Programs tested as major programs:

Program or Cluster	CFDA No.
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Career and Technical Education – Basic Grants to States	84.048
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Threshold for distinguishing type A and B programs.	<u> \$ </u> 300,000
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Does the auditee qualify as a low-risk auditee? X Yes No

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916
AND VALLEY CROSSING COMMUNITY SCHOOL

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2013

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

**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**

No audit findings were reported for the year ended June 30, 2012.

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2013

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 39,435,042	\$ 39,435,042	\$ –
Total expenditures		\$ 41,761,045	\$ 41,761,042	\$ 3
Nonspendable				
460	Nonspendable fund balance	\$ 411,924	\$ 411,924	\$ –
Restricted/reserve				
403	Staff development	\$ –	\$ –	\$ –
405	Deferred maintenance	\$ –	\$ –	\$ –
406	Health and safety	\$ (77,659)	\$ (77,659)	\$ –
407	Capital projects levy	\$ –	\$ –	\$ –
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	\$ –	\$ –	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ 238,500	\$ 238,500	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ –	\$ –	\$ –
441	Basic skills programs	\$ 360,340	\$ 360,340	\$ –
445	Career and technical programs	\$ –	\$ –	\$ –
446	First grade preparedness	\$ –	\$ –	\$ –
449	Safe schools levy	\$ (669,711)	\$ (669,711)	\$ –
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	\$ 3,195,803	\$ 3,195,803	\$ –
Unassigned				
422	Unassigned fund balance	\$ 3,884,370	\$ 3,884,371	\$ (1)
Food Service				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ –	\$ –	\$ –
432	ECFE	\$ –	\$ –	\$ –
444	School readiness	\$ –	\$ –	\$ –
447	Adult basic education	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

NORTHEAST METROPOLITAN INTERMEDIATE SCHOOL DISTRICT NO. 916

Uniform Financial Accounting and Reporting Standards
 Compliance Table (continued)
 June 30, 2013

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ 756,208	\$ 756,208	\$ –
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	\$ 15,554,418	\$ 15,554,418	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Debt Service			
Total revenue	\$ 54	\$ 54	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve			
425 Bond refundings	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ 357,672	\$ 357,672	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
Trust			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
Internal Service			
Total revenue	\$ 150,100	\$ 150,100	\$ –
Total expenditures	\$ (48,691)	\$ (48,691)	\$ –
422 Net position	\$ 432,137	\$ 432,137	\$ –
OPEB Revocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Irrevocable Trust Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
OPEB Debt Service Fund			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
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.

VALLEY CROSSING COMMUNITY SCHOOL

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2013

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		\$ 6,209,894	\$ 6,209,893	\$ 1
Total expenditures		\$ 6,118,195	\$ 6,118,194	\$ 1
Nonspendable				
460	Nonspendable fund balance	\$ 4,891	\$ 4,891	\$ –
Restricted/reserve				
403	Staff development	\$ –	\$ –	\$ –
405	Deferred maintenance	\$ –	\$ –	\$ –
406	Health and safety	\$ –	\$ –	\$ –
407	Capital projects levy	\$ –	\$ –	\$ –
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	\$ –	\$ –	\$ –
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	\$ 10,114	\$ 10,114	\$ –
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	\$ 654,518	\$ 654,518	\$ –
Unassigned				
422	Unassigned fund balance	\$ 642,437	\$ 642,437	\$ –
Food Service				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
Community Service				
Total revenue		\$ 2,390	\$ 2,390	\$ –
Total expenditures		\$ 2,722	\$ 2,722	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ 519	\$ 519	\$ –
432	ECFE	\$ –	\$ –	\$ –
444	School readiness	\$ –	\$ –	\$ –
447	Adult basic education	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

VALLEY CROSSING COMMUNITY SCHOOL

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2013

	Audit	UFARS	Audit – UFARS
Building Construction			
Total revenue	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
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	\$ -	\$ -	\$ -
Unassigned			
463 Unassigned fund balance	\$ -	\$ -	\$ -
Debt Service			
Total revenue	\$ 1,438,613	\$ 1,438,613	\$ -
Total expenditures	\$ 1,435,513	\$ 1,435,513	\$ -
Nonspendable			
460 Nonspendable fund balance	\$ -	\$ -	\$ -
Restricted/reserve			
425 Bond refundings	\$ 107,931	\$ 107,931	\$ -
451 QZAB payments	\$ -	\$ -	\$ -
Restricted			
464 Restricted fund balance	\$ 9,780	\$ 9,780	\$ -
Unassigned			
463 Unassigned fund balance	\$ -	\$ -	\$ -
Trust			
Total revenue	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
422 Net position	\$ -	\$ -	\$ -
Internal Service			
Total revenue	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
422 Net position	\$ -	\$ -	\$ -
OPEB Revocable Trust Fund			
Total revenue	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
422 Net position	\$ -	\$ -	\$ -
OPEB Irrevocable Trust Fund			
Total revenue	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
422 Net position	\$ -	\$ -	\$ -
OPEB Debt Service Fund			
Total revenue	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
Nonspendable			
460 Nonspendable fund balance	\$ -	\$ -	\$ -
Restricted			
425 Bond refundings	\$ -	\$ -	\$ -
464 Restricted fund balance	\$ -	\$ -	\$ -
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.