

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT OF**

**INDEPENDENT SCHOOL DISTRICT NO. 621
MOUNDS VIEW PUBLIC SCHOOLS
ST. PAUL, MINNESOTA**

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**PREPARED BY THE
BUSINESS SERVICES DEPARTMENT**

**JOHN MAAS
DIRECTOR OF ADMINISTRATIVE SUPPORT**

**CAROLE NIELSEN
ASSISTANT DIRECTOR OF ADMINISTRATIVE SUPPORT**

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INDEPENDENT SCHOOL DISTRICT NO. 621
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INTRODUCTORY SECTION

January 17, 2005

To the School Board, Employees and Citizens of Mounds View Public Schools:

Attached is the 2003-04 Comprehensive Annual Financial Report of Independent School District No. 621, Mounds View, Minnesota (the District) for the fiscal year ended June 30, 2004. The report meets the standards of the Governmental Accounting Standards Board, the Association of School Business Officials of the United States and Canada, the American Institute of Certified Public Accountants, and the Minnesota Department of Education. The District has implemented Statement No. 34 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements – And Management's Discussion and Analysis – for State and Local Governments*. This standard, issued in June 1999, creates a new reporting model of financial information and disclosure that represents a significant departure from the previous reporting model. It should be noted that the two additional basic financial statements created by this standard, the Statement of Net Assets and the Statement of Activities, do not contain the numerous columns for various funds that have been seen in the District's previous financial statements. These two statements consolidate much of the information contained in the fund-based financial statements of the past into statements that answer the question: "Is the District better or worse off financially than it was in the previous year?" A comparison of net assets should help the reader in answering that question. Also required as part of the "Required Supplemental Information" by GASB Statement No. 34 is a "Management's Discussion and Analysis" (MD&A), which allows the District to explain in layman's terms its financial position and results of operations of the past fiscal year.

There are three sections to this report: The introductory section contains the Table of Contents, Letter of Transmittal, and information on the School Board and Administrative Team. The second section contains the report of the independent auditors, MD&A, the combined overview financial statements and related notes, and the financial statements and schedules of fund types, individual funds and account groups. The third section contains supplemental financial and other statistical data.

The report addresses all operations for which the District is responsible. It does not address other governmental bodies that have separate elected boards, taxing authority and financial reporting responsibilities.

The District is responsible for the accuracy, completeness and fairness of all data in this report. We believe that the report fulfills this responsibility, and that it contains all information needed for the reader to understand the District's financial activities.

This letter of transmittal is designated to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

ECONOMIC CONDITION AND OUTLOOK

Independent School District No. 621, Mounds View Public Schools, serves the cities of Arden Hills, Mounds View, New Brighton, North Oaks, Roseville, Shoreview, and Vadnais Heights. The District is located within Ramsey County, which is one of seven counties that make up the Twin Cities Metropolitan Area.

The economy of the metropolitan Twin City area has continued to experience significant growth during 2003-2004. Market values increased 12%, from \$5,253,137,600 in 2002 to \$5,890,174,000 in 2003. Market values continue to grow for fiscal year 2004 with a market value of \$6,530,033,600 a 11% increase. Unemployment during the year averaged approximately 4.7% in Ramsey County, as compared to the Minnesota average of 4.8% and U.S. average of 5.8%.

The District offers kindergarten through twelfth grade programs and community education programs for all ages. The District has eight elementary schools, three middle schools, and two senior high schools. The 2003-04 resident average daily membership was approximately 10,713 students and is expected to decline over the next few years.

The general education funding formula sets a base amount of dollars per pupil that the State of Minnesota guarantees each school district will receive. The formula has not been changed by the legislature for the last three fiscal years. The formula is currently at \$4,601 per pupil thru the 2004-2005 fiscal year.

For additional funding, school districts have the ability to pass local levy referendums, up to a standard cap of 18.6% of the general education formula. Levy referendums utilize a formula which determines what portion of the revenue comes from state aid versus local property taxes. The District currently has authority for \$4,052,117. For 2003-04, the District's levy referendum is \$316.08 per resident margin cost pupil unit (RMCPU). Approximately 95% of the District's levy referendum revenue in fiscal year 2003 came from local property taxes.

MAJOR INITIATIVES

The following Strategic Plan Framework influenced the direction of the school district in the 2003-2004 school year.

Mission Statement

Mounds View Public Schools will educate all learners through a broad range of programs that set high expectations and inspire outstanding achievement.

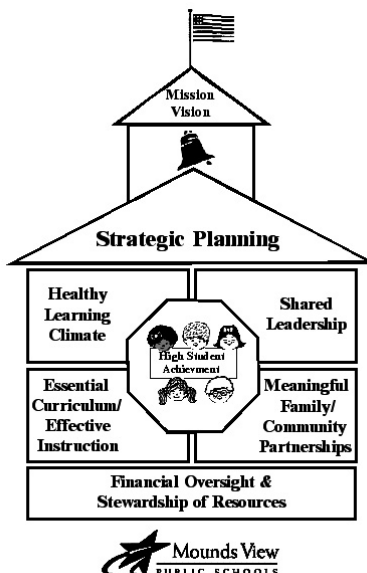
Vision

Mounds View Public Schools will create a learning system that is committed to and focused on high student achievement. This will be accomplished through a healthy, accountable and balanced approach that integrates the key components of learning:

- Healthy Learning Climate
- Shared Leadership
- High Student Achievement
- Essential Curriculum and Effective Instruction
- Meaningful Family and Community Partnerships
- Financial Oversight and Stewardship of Resources

Planning

A schoolhouse model best illustrates the goals, measures and strategies that support our District's vision. Each room of the schoolhouse represents an area of strategic planning that supports the mission and vision of Mounds View Public Schools and reflects a Board policy as well.



FINANCIAL INFORMATION

The District's annual financial reports are prepared pursuant to School Board policy and Minnesota Statute 123B.77, subd. 2 and 3. The audited financial reports are required to be filed with both the Minnesota Department of Education and the State Auditor by December 31 of the subsequent fiscal year. The Minnesota Laws 1976, Chapter 271 and implementing regulations of the Department of Education established a Uniform Financial Accounting and Reporting System (UFARS) for Minnesota school districts. The District's financial statements are presented on the same basis as those required by UFARS.

The accounting system provides for a complete self-balancing set of accounts for each District fund. In developing the District's accounting system, consideration is given to the adequacy of internal accounting controls. The objectives of the internal control system are to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed and recorded properly to permit the preparation of reliable financial statements. The concept of reasonable assurance recognizes that the cost of these controls should not exceed the benefits. The evaluation of these costs and benefits requires estimates and judgments by management.

We believe the District's internal control system is adequate to safeguard assets and provide reasonable assurance that transactions are properly recorded.

BUDGETARY CONTROLS

A complete budgetary system of accounts is maintained in the general fund, special revenue funds, and debt service fund. Budgetary control is maintained in accordance with District policy. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

CASH MANAGEMENT

It is the District's policy to invest temporarily idle cash during the year in investments authorized by law. During fiscal year 2004, investments were approved and maintained in the Minnesota School District Liquid Assets Fund, which is managed by PFM Asset Management LLC, and Citigroup Global Markets Inc. The District earned interest income of \$574,174 on all investments for the year ended June 30, 2004. The average net return was approximately 1.5% for fiscal year 2004.

The District's also maximizes the investment of short-term cash by utilizing the Minnesota School District Liquid Asset Fund Plus. Under this program the District has a zero balance in our US Bank account where checks and deposits are presented. Remaining balances at the end of each day are swept into an interest bearing account.

DEBT ADMINISTRATION

Total outstanding bonded debt of the District at June 30, 2004 amounted to \$135,158,495. The bonds pay interest rates ranging from 1.0% to 7.2% and mature at various dates up until 2024. The District participates in the Minnesota credit enhancement program, which provides the district with an underlying bond rating by Moody's Investors Service, Inc. of Aa2.

INDEPENDENT AUDIT

District policy requires that an annual audit be made of the financial records of the District by an independent public accounting firm. This requirement has been complied with and the report from Larson, Allen, Weishair & Co., LLP, Certified Public Accountants, is included in this report.

RISK MANAGEMENT

The District utilizes an insurance agency to assist in the review and evaluation of its third party commercial property and liability insurance coverage. The statistical section includes a Schedule of Insurance Coverage that outlines the types and amounts of coverage.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

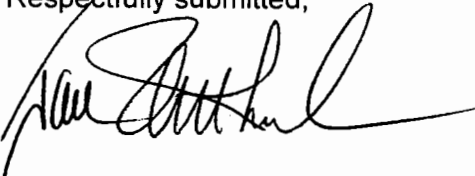
This report has been prepared following the guidelines provided by the Association of School Business Officials International for their Certificate of Excellence in Financial Reporting Program. In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, which conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Excellence is valid for a period of one year.

The District has received this award as the result of its initial submission in fiscal year 1998-1999 and all subsequent submissions on an annual basis through 2002-2003. We believe our current report conforms to Certificate of Excellence program requirements of accuracy and thoroughness. The District intends to submit this report to the ASBO Certificate Program for consideration.

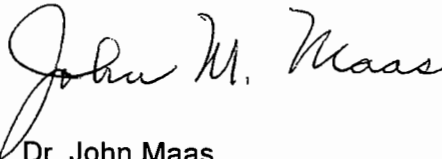
ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the District's Business Office staff. We would also like to express our appreciation to the School Board for their interest and support in planning and conducting the financial operation of the District in a responsible and progressive manner.

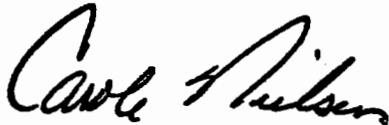
Respectfully submitted,



Dr. Jan Witthuhn
Superintendent



Dr. John Maas
Director of Administrative Support



Carole Nielsen
Assistant Director of Administrative Support

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2004**

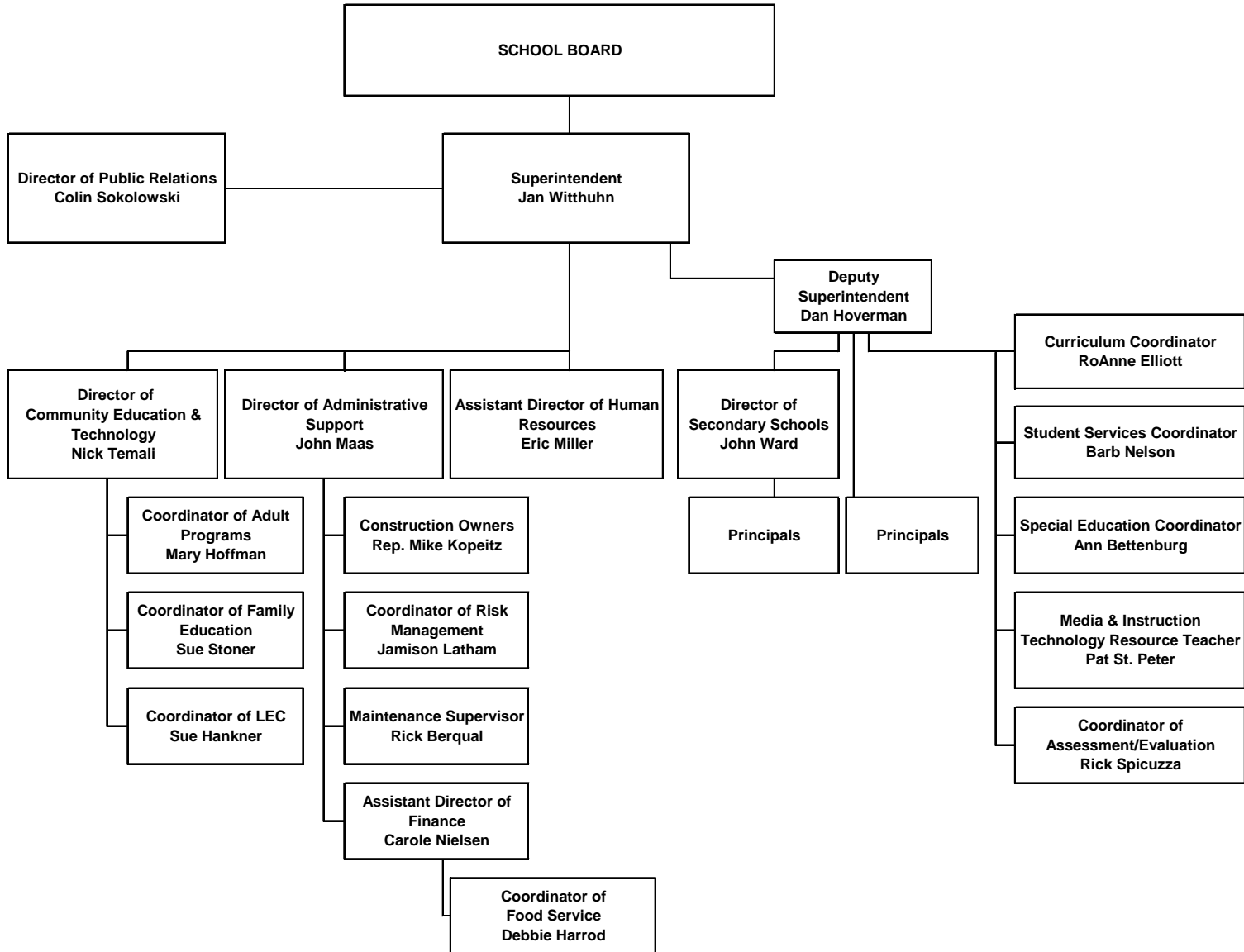
SCHOOL BOARD

<u>NAME</u>	<u>TERM ON BOARD EXPIRES</u>	<u>BOARD POSITION</u>
Mark Kimball	01/02/06	Chairperson
Barbara Bollum	01/07/08	Vice Chairperson
Lori Grivna	01/07/08	Clerk
Robert Helgeson	01/07/08	Treasurer
Noreen Thompson	01/02/06	Director
Robert Sundberg	01/07/08	Director
Marre Jo Sager	01/02/06	Director

ADMINISTRATION

Dr. Jan Witthuhn	Superintendent
Dr. John Maas	Director of Administrative Support
District Offices:	Independent School District No. 621 Mounds View Public Schools 2959 North Hamline Roseville, MN 55113 (651) 639-6118

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
ORGANIZATIONAL CHART
JUNE 30, 2004**



MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2004



This Certificate of Excellence in Financial Reporting is presented to
MOUNDS VIEW PUBLIC SCHOOLS ISD NO. 621
For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program


President


Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the School Board of
Independent School District No. 621
Mounds View Public Schools
Mounds View, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 621 as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 621 as of June 30, 2004, and the respective changes in financial position, thereof and the respective budgetary comparison for General Fund and the Major Special Revenue Funds for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund statements and schedules as listed in the table of contents as supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards Compliance Table is presented as supplemental information 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections listed in the table of contents are not necessary for a fair presentation of the basic financial statements, but are presented as additional analytical data. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Larson, Allen, Weishair & Co., LLP
LARSON, ALLEN, WEISHAIR & CO., LLP

Minneapolis, Minnesota
October 29, 2004

REQUIRED SUPPLEMENTARY INFORMATION

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

This section of Mounds View Public Schools – Independent School District 621's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2004. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section. The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2003-2004) and the prior year (2002-2003) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2003-2004 fiscal years include the following:

- Net assets increased by \$3.3 million, or 17 percent over June 30, 2003.
- Overall revenues were \$106,345,987 as compared to \$103,017,416 of expenses.
- Total fund balance of the General Fund increased \$33,531 from the prior year. This was the result of revenue decreasing by 4.3% as compared to a 2.8% decrease in expenditures. Numerous factors effected this change, including budget restructuring, expenditures related to mechanical systems, increased utility consumption and interest expenditures for short term borrowing.
- The District increased its net outstanding bonds, certificates of participation, and other District obligations by \$16.7 million or 14 percent. This was the result of a planned alternative facilities program.

OVERVIEW OF THE FINANCIAL STATEMENTS

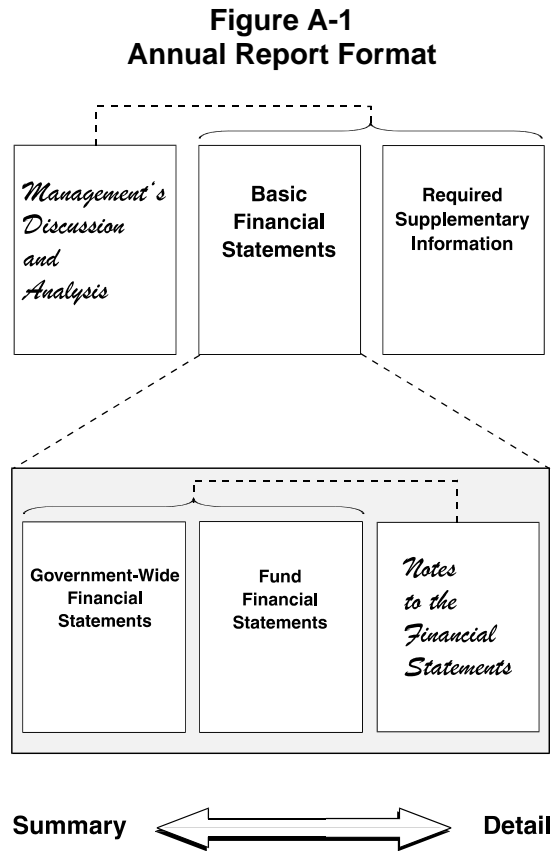
The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include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

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

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

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

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

District-Wide Statements

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

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

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

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets

The District's *combined* net assets were \$22,455,719 on June 30, 2004. (See Table A-1.)

**Table A-1
The District's Net Assets**

	Governmental Activities		Percentage Change
	2004	2003	
Current and Other Assets	\$ 71,548,798	\$ 58,546,064	22.21%
Capital and Non-Current Assets	161,795,478	142,002,367	13.94%
Total Assets	233,344,276	200,548,431	16.35%
Current Liabilities	72,003,366	59,857,295	20.29%
Long Term Liabilities	138,885,191	121,563,988	14.25%
Total Liabilities	210,888,557	181,421,283	16.24%
Net Assets			
Invested in Capital Assets			
Net of Related Debt	37,580,064	35,456,873	5.99%
Restricted	1,264,936	1,188,657	6.42%
Unrestricted	(16,389,281)	(17,518,382)	-6.45%
Total Net Assets	\$ 22,455,719	\$ 19,127,148	17.40%

Net Assets Discussion

A large portion of the District's net assets are accounted for in the investment in capital assets, net of related debt. This represents the value of the District's investments in land, buildings, and equipment net of the related outstanding debt and, therefore, is not available for funding ongoing operating expenses of the District. In addition to the investment in fixed assets, the District has a portion of assets that are restricted in their use. They total \$1,264,936 and included \$15,303 restricted in the General Fund, \$395,006 restricted for debt service and \$854,627 restricted for other purposes, such as food service and community service activities.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

Changes in Net Assets

The District's total revenues were \$106,345,987 for the year ended June 30, 2004. Property taxes and state formula aid accounted for 73 percent of total revenue for the year. (See Figure A-3.) Another 3 percent came from other general revenues combined with investment earnings and the remaining 24 percent came from program revenues.

**Table A-2
Change in Net Assets**

	Governmental Activities for the fiscal year ended June 30,		Total % Change
	2004	2003	
Revenues			
Program Revenues			
Charges for Services	\$ 8,438,605	\$ 7,956,068	6.07%
Operating Grants and Contributions	14,906,157	15,867,678	-6.06%
Capital Grants and Contributions	2,555,277	2,704,146	-5.51%
General Revenues			
Property Taxes	22,612,695	17,721,796	27.60%
Unrestricted Federal and State Aid	54,786,983	63,188,240	-13.30%
Investment Earnings	574,174	487,614	17.75%
Other	2,472,096	3,192,668	-22.57%
Total Revenues	<u>106,345,987</u>	<u>111,118,210</u>	
Expenses			
Administration	4,209,598	4,400,834	-4.35%
District Support Services	2,686,014	2,350,937	14.25%
Regular Instruction	39,002,586	40,802,852	-4.41%
Vocational Education Instruction	1,959,399	1,916,043	2.26%
Special Education Instruction	16,278,682	16,096,373	1.13%
Instructional Support Services	2,216,418	2,523,312	-12.16%
Pupil Support Services	8,516,514	7,574,427	12.44%
Sites and Buildings	11,942,405	11,015,851	8.41%
Fiscal and Other Fixed Cost Programs	432,186	356,723	21.15%
Food Service	4,394,528	4,471,918	-1.73%
Community Service	4,975,801	4,915,342	1.23%
Interest and Fiscal Charges on Long-Term Liabilities	6,403,285	5,911,944	8.31%
Total Expenses	<u>103,017,416</u>	<u>102,336,556</u>	0.67%
Increase in Net Assets	<u>3,328,571</u>	<u>8,781,654</u>	
Beginning Net Assets	<u>19,127,148</u>	<u>10,345,494</u>	
Ending Net Assets	<u>\$ 22,455,719</u>	<u>\$ 19,127,148</u>	

The total cost of all programs and services excluding interest and fiscal charges was \$97 million. Total revenues surpassed expenses, increasing net assets \$3,328,571 over last year.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

The cost of all *governmental* activities this year was \$103,017,416.

- Some of the cost was paid by the users of the District's programs (\$8,438,605).
- The federal and state governments subsidized certain programs with grants and contributions (\$17,461,434).
- Most of the District's costs (\$77,399,678), however, were paid for by District taxpayers and the taxpayers of our state.
- The District's governmental activities consisted of a total of \$22,612,695 in property taxes, \$54,786,983 of unrestricted state aid primarily based on the statewide education aid formula, and the balance of \$3,046,270 in investment earnings and other general revenues.

Figure A-3 Sources of District's Revenues for Fiscal 2004

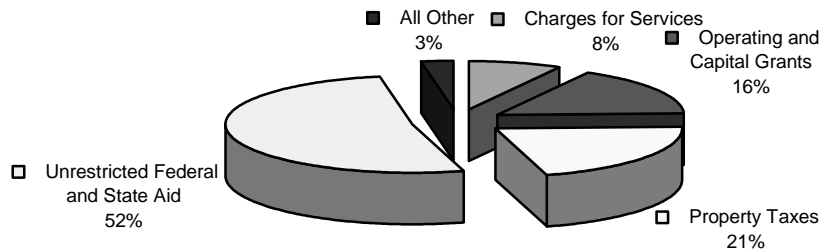
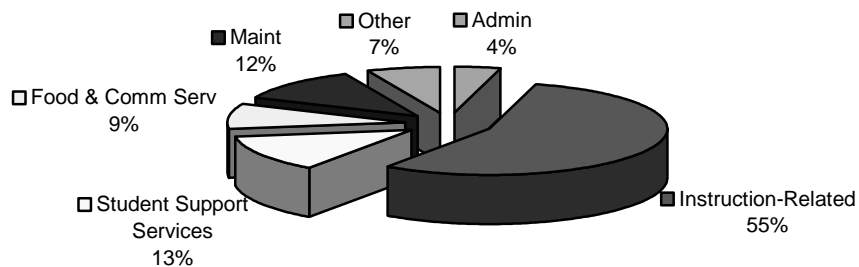


Figure A-4 District Expenses for Fiscal 2004



**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

Typically the District does not include in an analysis of all governmental funds a breakout of expenditures as depicted in Figure A-4. To do so distorts the latitude available to the District to allocate resources to instruction. All governmental funds includes not only funds received for the general operation of the district, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction. By pooling all expenditures, the graph in Figure A-4 implies that the District does have equal access to all funds to impact classroom instruction. In Minnesota, that is simply not an option. Therefore, a more accurate analysis of resources allocated to instruction should be limited to an analysis of resources received for the general operation of the District and that analysis would show that 63% of those resources are spent on instruction.

**Table A-3
Change in Net Assets**

	<u>Total Cost of Services</u>		<u>Percentage Change</u>	<u>Net Cost of Services</u>		<u>Percentage Change</u>
	<u>2004</u>	<u>2003</u>		<u>2004</u>	<u>2003</u>	
Administration	\$ 4,209,598	\$ 4,400,834	-4.35%	\$ 4,209,598	\$ 4,400,834	-4.35%
District Support Services	2,686,014	2,350,937	14.25%	2,686,014	2,350,937	14.25%
Regular Instruction	39,002,586	40,802,852	-4.41%	37,081,576	38,764,606	-4.34%
Vocational Education Instruction	1,959,399	1,916,043	2.26%	1,716,773	1,609,995	6.63%
Special Education Instruction	16,278,682	16,096,373	1.13%	4,211,345	3,670,308	14.74%
Instructional Support Services	2,216,418	2,523,312	-12.16%	2,216,418	2,523,312	-12.16%
Pupil Support Services	8,516,514	7,574,427	12.44%	7,023,607	6,244,620	12.47%
Sites and Buildings	11,942,405	11,015,851	8.41%	9,387,128	8,297,369	13.13%
Fiscal and Other Fixed Cost Programs	432,186	356,723	21.15%	432,186	356,723	21.15%
Food Service	4,394,528	4,471,918	-1.73%	(74,104)	(14,633)	406.42%
Community Service	4,975,801	4,915,342	1.23%	1,823,551	1,692,649	7.73%
Interest and Fiscal Charges on Long-Term Liabilities	6,403,285	5,911,944	8.31%	6,403,285	5,911,944	8.31%
Total	<u>\$ 103,017,416</u>	<u>\$ 102,336,556</u>	0.67%	<u>\$ 77,117,377</u>	<u>\$ 75,808,664</u>	1.73%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$8,112,894, which is \$789,792 below last year's ending fund balance of \$8,902,685.

Revenues for the District's governmental funds were \$106,404,129 while total expenditures were \$131,251,354, including transfers of \$19,154 and payments to refunding bond escrow agent of \$3,905,000.

GENERAL FUND

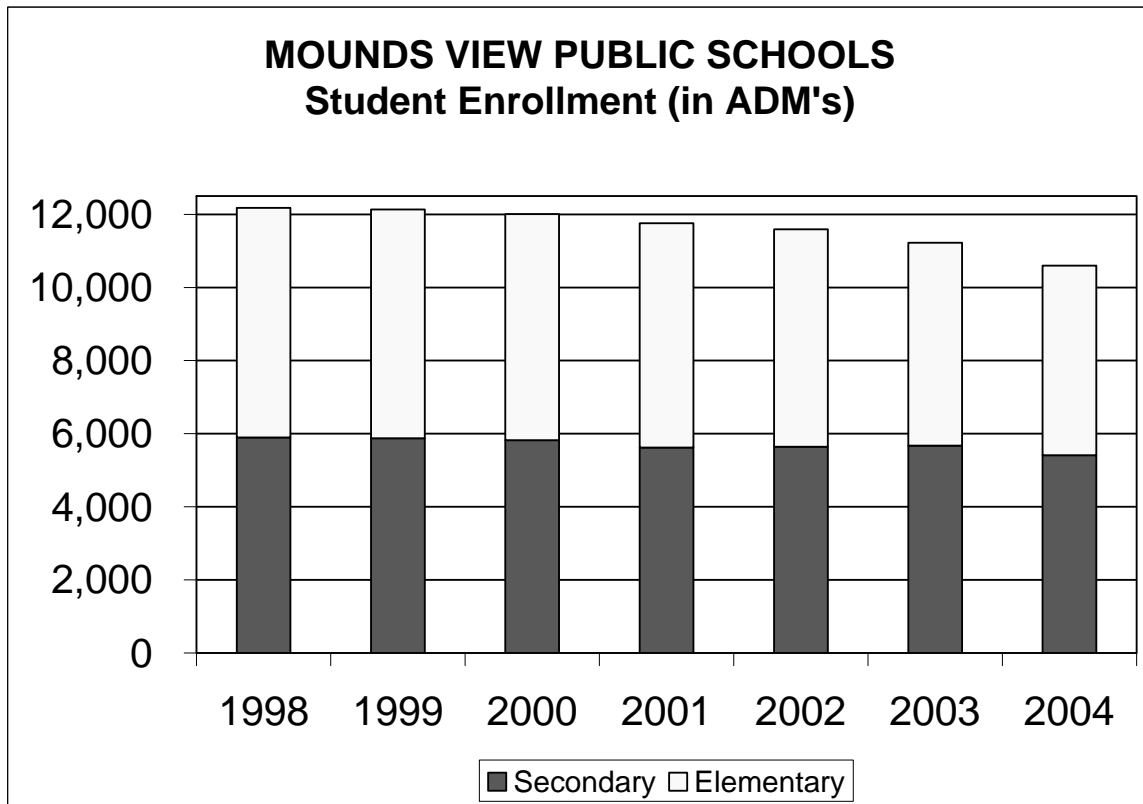
The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects. Approximately 93% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model providing approximately 68% of personnel expenditures. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately 93% of General Fund revenue being determined by enrollment. The following chart shows that the number of students has decreased over the last five years.

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



	1998	1999	2000	2001	2002	2003	2004
Reg K, Pre-K & KH	863	890	849	821	770	701	673
Elementary	5,419	5,372	5,334	5,312	5,180	4,853	4,512
Secondary	5,897	5,872	5,821	5,625	5,641	5,674	5,413
Total Students for Aid	<u>12,178</u>	<u>12,134</u>	<u>12,005</u>	<u>11,757</u>	<u>11,591</u>	<u>11,228</u>	<u>10,598</u>
Percent Change	1.27%	-0.37%	-1.06%	-2.06%	-1.41%	-3.14%	-5.61%

Over the last five years the District has experienced a decline in average daily membership by 1408 students or 11.7%. It is anticipated the trend will continue as pre-school population is declining steadily and providing approximately 700 kindergarten students per year as compared to approximately 1,000 students graduating annually. The District is continuing to implement a marketing plan to encourage parents now considering other school options to elect Mounds View Public Schools as the option of choice.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

<u>Fund</u>	<u>Year Ended</u>		<u>Change</u>	
	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>Increase (Decrease)</u>	<u>Percent</u>
Local Sources				
Property Taxes	\$ 13,663,005	\$ 9,338,753	\$ 4,324,252	46.3%
Earnings on Investments	369,725	267,361	102,364	38.3%
Other	5,612,522	4,986,586	625,936	12.6%
State Sources	66,120,942	74,830,904	(8,709,962)	-11.6%
Federal Sources	2,823,623	3,116,828	(293,205)	-9.4%
Total General Fund Revenue	<u>\$ 88,589,817</u>	<u>\$ 92,540,432</u>	<u>\$ (3,950,615)</u>	-4.3%

Total General Fund Revenue decreased by \$3,950,615 or 4.3% from the previous year. Basic general education revenue is determined by a multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue including operating levy referendum and the property tax shift also involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change on total revenue.

Local property taxes show an increase of \$4.3 million from the previous year. Actual property taxes have declined by \$1.0 million, which is mainly the result of less operating referendum from declining students and less operating capital levies. The property tax shift from state aids to property taxes of \$5.3 million is an accounting entry required in Minnesota statute, which is accounting for the majority of the change from the previous year.

State sources indicate a decline of \$8.7 million from the previous year. The decline of students served by the district resulted in the General Education state aid being down by \$2.5 million. Special Education aid was down by \$450,000, which was the result of formula changes made at the Legislature. And the balance of the decline is accounted for in the property tax shift of \$5.3 million.

The District did experience other smaller changes from the previous year. For example fees and gifts were greater than fiscal year 2002-2003, but Federal grant entitlements were less.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2004	June 30, 2003		
Salaries	\$ 49,857,188	\$ 52,205,760	\$ (2,348,572)	-4.5%
Employee Benefits	13,633,984	13,481,670	152,314	1.1%
Purchased Services	16,697,105	14,636,814	2,060,291	14.1%
Supplies and Materials	4,334,102	3,999,089	335,013	8.4%
Capital Expenditures	3,036,957	6,028,535	(2,991,578)	-49.6%
Other Expenditures	1,281,172	1,052,044	229,128	21.8%
Total Expenditures	<u>\$ 88,840,508</u>	<u>\$ 91,403,912</u>	<u>\$ (2,563,404)</u>	-2.8%

Total General Fund Expenditures decreased \$2,563,404 or 2.8% from the previous year. There have been some significant changes in the area of expenditures. Expenditures have been reduced by over \$12 million between FY 01-02 and FY 03-04. The District entered fiscal year 2003-2004 with a minimal unrestricted fund balance, significantly higher class sizes and was preparing to go the voters for an increase in operating referendum. Financially, fiscal year 2003-2004 was termed a "Bridge Year" which meant it would either be a significantly better or worse-off district depending on the outcome of the operating levy request which was put to voters in 2003. Thanks to our community, the excess operating referendum passed successfully and will take effect in 2004-2005.

In fiscal year 2003-2004 salaries decrease by 4.5% due in part to staffing decreases from the previous year. The increase in employee benefits reflects the added cost of health and dental insurance premiums for employees and retirees.

Expenditures in the area of purchased services increased by 14%. This is due in part to student transportation contract expenses increasing by \$600,000, technology professional services increasing by \$250,000, and the increased use of professional services from operating and capital funds for maintaining our new and existing mechanical systems. Capital expenditures decreased by 49.6% due mainly to less Health & Safety funding related to the upgrading of mechanical systems in our buildings.

In 2003-04, General Fund revenue was greater than expenditures by \$33,531, including transfers and other financing sources. Therefore, total fund balance increased to a deficit balance of (\$7,368,439) at June 30, 2004. After deducting statutory reserves, the unreserved-undesignated fund balance increased from \$607,302 at June 30, 2003 to \$636,940 at June 30, 2004.

Unreserved-undesignated fund balance is the single best measure of overall financial health. The unreserved-undesignated fund balance of \$636,940 at June 30, 2004 represents 0.7% of annual expenditures. The School Board has an approved fund balance policy in place targeting a balance of \$1 million.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

General Fund Budgetary Highlights

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

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over, and budgeting for clearing.
- Legislation passes subsequent to budget adoption, changes necessitated by collective bargaining agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were \$767,660 more than projected, due largely to higher than projected local revenues and Special Education aid. District administration did not submit a budget revision to the School Board for the property tax shift that occurred between property taxes and state aides. This creates a \$5.3 million budget variance that offsets between taxes and aides.

The actual expenditures were \$1,891,440 more than projected. This represents a 2 percent variance. Approximately \$1 million of that variance was associated with increased professional services necessary for the monitoring and servicing of the new mechanical systems that were replaced in our buildings. Another \$500,000 was associated with cost overruns in the utility budgets, relating to the balancing and testing of new mechanical systems. The District also incurred expenditures of \$100,000 in fuel oil placed in newly installed fuel tanks. This will allow the District to switch over to fuel oil when the demand for natural gas is high, therefore generating future energy savings.

While the District's final budget for the general fund anticipated that revenues would exceed expenditures by \$873,089, the actual results for the year show that excess revenue over expenditures was \$33,531.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Capital Projects - Building Construction Fund is largely money carried forward from the Bond Construction projects and Alternative Facilities projects. It is anticipated the year end balance of \$10,943,081 will be expended during 2004-2005 for the balance of the identified projects.

The Debt Service Fund revenue and other financing sources were less than expenditures and other financing uses by \$1,954,181 in 2003-2004. The remaining fund balance of \$3,683,624 at June 30, 2004 is available for meeting future debt service obligations, however, \$1,082,240 represents capitalized interest that will be used to pay interest costs on the 2003A General Obligation School Building Bonds.

OTHER MAJOR FUNDS

Expenditures exceeded revenues in the Food Service Fund by \$13,516 and in the Community Education Fund by \$100,777.

From the standpoint of maintaining current operating expenditures within the range of annual revenue and maintaining a sound fund balance, both the Community Service and Food Service Funds continues to operate on a sound financial basis.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2004, the District had invested slightly less than \$195 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Table A-7.) (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation expense for the year exceeded \$1.3 million.

**Table A-7
The District's Capital Assets**

	<u>2004</u>	<u>2003</u>	<u>Percentage Change</u>
Land	\$ 2,352,938	\$ 2,352,938	0.0%
Construction in Progress	134,182,455	113,511,531	18.2%
Land Improvements	2,257,691	2,257,691	0.0%
Buildings and Improvements	49,497,106	49,425,004	0.1%
Equipment	6,583,871	6,392,194	3.0%
Less: Accumulated Depreciation	<u>(33,078,583)</u>	<u>(31,936,991)</u>	3.6%
Total	<u>\$ 161,795,478</u>	<u>\$ 142,002,367</u>	13.9%

Construction – Next Five Years

In FY 1999 the District began a five-year program to address in excess of \$80 million in instructional program needs, mechanical, safety and security issues and deferred maintenance needs in our regular K-12 Instructional buildings. By 2000 that scope was increased by \$35 million to upgrade the mechanical systems to a state of the art system, which would meet new regulations for airflow. As of 2003 the District has also incorporated into planning a ten-year, long range, plan for addressing continuing deferred maintenance issues such as roofs and windows, through Alternative Facilities funding.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

Long-Term Liabilities

At year-end, the District had \$134,357,522 in general obligation bonds, certificates of participation, and other District obligations – an increase of 14 percent from last year – as shown in Note 5 to Financial Statements. The District also had an estimated \$10.9 million in post employment severance and health benefits payable at June 30, 2004, a decrease of approximately \$971,000 since June 30, 2003.

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

	<u>2004</u>	<u>2003</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 135,158,495	\$ 117,850,000	14.7%
Bond Discount	(1,269,349)	(1,022,184)	24.2%
Certificates of Participation Payable	165,000	240,000	-31.3%
Obligations Under Capital Leases	303,376	150,990	100.9%
Energy Loans Payable	-	482,359	-100.0%
Severance Benefits Payable	<u>10,941,539</u>	<u>11,912,350</u>	-8.1%
Total	<u><u>\$ 145,299,061</u></u>	<u><u>\$ 129,613,515</u></u>	12.1%
Long-Term Liabilities			
Due Within One Year	\$ 6,413,870	\$ 8,049,527	
Due in More Than One Year	<u>138,885,191</u>	<u>121,563,988</u>	
	<u><u>\$ 145,299,061</u></u>	<u><u>\$ 129,613,515</u></u>	

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004**

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The 2002 Legislature approved no increase in the General Education formula for 2002-2003 or 2003-2004. However, District voters on November 5, 2003 approved a \$6.3 million increase in the operating referendum providing relief to increased class sizes and budget reductions for 2004-2005. But, this comes after three consecutive years of budget reductions equating to more than \$12 million. If state funding remains unchanged for the next Legislative biennium (2005-2007), the District will continue to face budget challenges.

In response to these challenges the District has taken several steps to begin addressing anticipated budget shortages for the Fiscal Year 2005-2006. On December 22, 2004, the school board took action to close two elementary buildings in Mounds View Public Schools. This was done after several months of public hearings and community engagements. The decision was supported by annual budget savings of \$600,000, current trends of enrollment decline at the elementary grades, and gained efficiencies by operating remaining buildings closer to their capacities.

Another effort the District has undertaken in order to consolidation facilities is to enter into a capital lease purchase agreement with Ramsey County for maintenance garage space. This was a cooperative effort to share common facilities with other government entities. By moving this operation from the District Service Center, it will allow the remaining administrative offices to relocate into renovated school buildings and avoid major roof work at the District Service Center. The total principal and interest payments on the maintenance garage space will be \$1,716,367 over a ten-year period.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 621, District Service Center, 2959 N. Hamline Avenue, Roseville, Minnesota 55113. More information can be found at www.moundsviewschools.org.

Bond Ratings

The District's bonds presently carry a Moody's "Aa2" rating and a Standard & Poor's "AA" rating .

Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15 percent of the assessed value of all taxable property within the District's corporate limits. Our outstanding debt is significantly below this limit – which is currently \$845 million.

BASIC FINANCIAL STATEMENTS

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
STATEMENT OF NET ASSETS
JUNE 30, 2004
(WITH PARTIAL COMPARATIVE INFORMATION AS OF JUNE 30, 2003)**

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and Investments	\$ 36,893,735	\$ 29,137,283
Cash and Investments Held by Trustee	-	1,606,576
Receivables		
Property Taxes	16,445,228	11,404,020
Other Governments	17,813,422	16,193,151
Other	210,073	147,844
Prepaid Items	162,349	8,440
Inventories	23,991	48,750
Capital Assets		
Land and Construction in Progress	136,535,393	115,864,469
Other Capital Assets, Net of Depreciation	<u>25,260,085</u>	<u>26,137,898</u>
Total Assets	<u>233,344,276</u>	<u>200,548,431</u>
LIABILITIES		
Aid Anticipation Certificates Payable	31,440,568	19,173,194
Salaries and Compensated Absences Payable	7,082,157	7,140,239
Accounts and Contracts Payable	4,567,186	7,014,215
Accrued Interest	2,722,333	2,635,440
Due to Other Governmental Units	2,325,790	617,438
Deferred Revenue		
Property Taxes	17,345,725	14,680,252
Local Sources	105,737	546,990
Long-Term Liabilities		
Portion Due Within One Year	6,413,870	8,049,527
Portion Due in More Than One Year	<u>138,885,191</u>	<u>121,563,988</u>
Total Liabilities	<u>210,888,557</u>	<u>181,421,283</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	37,580,064	35,456,873
Restricted for		
General Fund Operating Capital Purposes	15,303	410,548
General Fund State-Mandated Reserves	-	167,865
Food Service	442,827	456,343
Community Service	411,800	512,577
Debt Service	395,006	(358,676)
Unrestricted	<u>(16,389,281)</u>	<u>(17,518,382)</u>
Total Net Assets	<u>\$ 22,455,719</u>	<u>\$ 19,127,148</u>

See Notes to Basic Financial Statements.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004
(WITH PARTIAL COMPARATIVE INFORMATION AS OF JUNE 30, 2003)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2004	2003
ASSETS							
Cash and Investments	\$ 14,861,753	\$ 691,475	\$ 702,201	\$ 14,072,324	\$ 6,565,982	\$ 36,893,735	\$ 29,137,283
Cash and Investments Held by Trustee	-	-	-	-	-	-	1,606,576
Receivables							
Current Property Taxes	10,235,787	-	555,065	-	5,184,023	15,974,875	10,863,641
Delinquent Property Taxes	313,598	-	19,669	-	137,086	470,353	540,379
Due from Other Minnesota School Districts	1,486,541	-	1,187	-	-	1,487,728	1,382,154
Due from Minnesota Department of Education	14,784,701	7,209	383,126	-	98,878	15,273,914	13,705,194
Due from Federal through Minnesota Department of Education	560,814	96,889	86,475	-	-	744,178	750,881
Due from Other Governmental Units	307,602	-	-	-	-	307,602	354,922
Other Receivables	190,652	(786)	870	19,337	-	210,073	147,844
Prepaid Items	162,349	-	-	-	-	162,349	8,440
Inventory	825	23,166	-	-	-	23,991	48,750
Total Assets	\$ 42,904,622	\$ 817,953	\$ 1,748,593	\$ 14,091,661	\$ 11,985,969	\$ 71,548,798	\$ 58,546,064
LIABILITIES AND FUND BALANCES							
Liabilities							
Aid Anticipation Certificates	\$ 31,440,568	\$ -	\$ -	\$ -	\$ -	\$ 31,440,568	\$ 19,173,194
Salaries and Compensated Absences Payable	6,326,861	248,014	493,735	13,547	-	7,082,157	7,140,239
Accounts and Contracts Payable	1,233,370	127,112	71,671	3,135,033	-	4,567,186	7,014,215
Due to Other Governmental Units	2,139,939	-	185,851	-	-	2,325,790	617,438
Accrued Interest Payable	462,778	-	-	-	-	462,778	306,945
Deferred Revenue							
Property Taxes Levied for Subsequent Year	8,550,863	-	479,809	-	8,315,053	17,345,725	14,680,252
Delinquent Property Taxes	118,682	-	(10)	-	(12,708)	105,964	164,106
Local Sources	-	-	105,737	-	-	105,737	546,990
Total Liabilities	50,273,061	375,126	1,336,793	3,148,580	8,302,345	63,435,905	49,643,379
Fund Balances							
Reserved for							
Community Education Programs	-	-	150,271	-	-	150,271	404,040
Early Childhood and Family Educations Programs	-	-	42,023	-	-	42,023	63,332
School Readiness	-	-	15,115	-	-	15,115	24,733
Adult Basic Education	-	-	181,377	-	-	181,377	-
Bond Refundings	-	-	-	-	-	-	1,606,576
Building Construction	-	-	-	10,943,081	-	10,943,081	9,697,930
Unreserved							
Undesignated, Reported In							
General Fund	(7,368,439)	-	-	-	-	(7,368,439)	(7,401,970)
Debt Service Fund	-	-	-	-	3,683,624	3,683,624	4,031,229
Special Revenue Funds	-	442,827	23,014	-	-	465,841	476,815
Total Fund Balances	(7,368,439)	442,827	411,800	10,943,081	3,683,624	8,112,893	8,902,685
Total Liabilities and Fund Balances	\$ 42,904,622	\$ 817,953	\$ 1,748,593	\$ 14,091,661	\$ 11,985,969	\$ 71,548,798	\$ 58,546,064

See Notes to Basic Financial Statements.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2004**

Total Fund Balance for Governmental Funds \$ 8,112,893

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 2,352,938	
Construction in progress	134,182,455	
Land Improvements, Net of \$1,303,880 Accumulated Depreciation	953,811	
Buildings and Improvements, Net of \$27,618,553 Accumulated Depreciation	21,878,553	
Equipment, Net of \$4,156,150 Accumulated Depreciation	<u>2,427,721</u>	161,795,478

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 105,964

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds and capital lease payable is \$2,257,913 and \$1,642, respectively. (2,259,555)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:

Bonds Payable	(135,158,495)	
Unamortized Discounts	1,269,349	
Obligations Under Capital Leases	(303,376)	
Certificate of Participation Payable	(165,000)	
Severance Benefits Payable	<u>(10,941,539)</u>	<u>(145,299,061)</u>

Total Net Assets of Governmental Activities \$ 22,455,719

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004
(WITH PARTIAL COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2003)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects - Building Construction	Debt Service	2004	2003
REVENUES							
Local							
Property Taxes	\$ 13,663,005	\$ -	\$ 1,406,216	\$ -	\$ 7,601,616	\$ 22,670,837	\$ 17,858,949
Earnings on Investments	369,725	10,951	15,895	60,248	117,355	574,174	487,614
Other	5,612,522	3,465,776	1,630,581	199,362	2,460	10,910,701	11,148,736
State Sources	66,120,942	87,209	1,566,290	-	494,389	68,268,830	77,480,538
Federal Sources	2,823,623	915,647	240,317	-	-	3,979,587	4,279,526
Total Revenues	88,589,817	4,479,583	4,859,299	259,610	8,215,820	106,404,129	111,255,363
EXPENDITURES							
Current							
Administration	4,215,702	-	-	-	-	4,215,702	4,427,270
District Support Services	2,723,736	-	-	-	-	2,723,736	2,351,319
Regular Instruction	36,563,930	-	-	-	-	36,563,930	38,815,999
Vocational Education Instruction	1,970,671	-	-	-	-	1,970,671	1,919,921
Special Education Instruction	16,356,224	-	-	-	-	16,356,224	16,131,357
Instructional Support Services	2,186,618	-	-	-	-	2,186,618	2,518,522
Pupil Support Services	8,505,058	-	-	-	-	8,505,058	7,517,494
Sites and Buildings	11,635,921	-	-	-	-	11,635,921	10,415,303
Fiscal and Other Fixed Cost Programs	432,186	-	-	-	-	432,186	356,723
Food Service	-	4,394,528	-	-	-	4,394,528	4,471,918
Community Service	-	-	4,965,461	-	-	4,965,461	4,906,563
Capital Outlay	3,036,957	98,571	13,769	20,278,721	-	23,428,018	38,996,174
Debt Service							
Principal	540,008	-	-	-	3,003,341	3,543,349	2,831,514
Interest and Fiscal Charges	673,497	-	-	64,139	5,668,162	6,405,798	6,007,576
Total Expenditures	88,840,508	4,493,099	4,979,230	20,342,860	8,671,503	127,327,200	141,667,653
Excess (Deficiency) of Revenues Over (Under) Expenditures	(250,691)	(13,516)	(119,931)	(20,083,250)	(455,683)	(20,923,071)	(30,412,290)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	19,154	-	-	19,154	-
Transfers Out	(19,154)	-	-	-	-	(19,154)	-
Bond Proceeds	-	-	-	21,328,401	2,406,502	23,734,903	31,871,077
Payment to Refunded Bond Escrow Agent	-	-	-	-	(3,905,000)	(3,905,000)	(4,890,000)
Proceeds from Capital Leases	303,376	-	-	-	-	303,376	-
Total Other Financing Sources (Uses)	284,222	-	19,154	21,328,401	(1,498,498)	20,133,279	26,981,077
Net Change in Fund Balances	33,531	(13,516)	(100,777)	1,245,151	(1,954,181)	(789,792)	(3,431,213)
Fund Balances - Beginning	(7,401,970)	456,343	512,577	9,697,930	5,637,805	8,902,685	12,333,898
Fund Balances - Ending	\$ (7,368,439)	\$ 442,827	\$ 411,800	\$ 10,943,081	\$ 3,683,624	\$ 8,112,893	\$ 8,902,685

See Notes to Basic Financial Statements.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
RECONCILIATION OF THE STATEMENT OF
REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

Net Change in Fund Balance-Total Governmental Funds \$ (789,792)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$2,500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	\$ 21,112,090	
Depreciation Expense	(1,318,979)	19,793,111

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net assets.

Other Financing Source - Capital Lease	(303,376)	
Change in Accrued Interest Expense - Capital Leases	(1,642)	
Principal Payments of Capital Leases	150,990	(154,028)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General Obligation Bond Proceeds	(23,734,903)	
Payment to Refunded Bond Escrow Agent	3,905,000	
Repayment of Energy Conservation Loan Principal	482,359	
Repayment of Certificates of Participation Payable	75,000	
Repayment of Bond Principal	2,835,000	
Change in Accrued Interest Expense - General Obligation Bonds	68,689	
Change in Accrued Interest Expense - Capital Loans	1,893	
Amortization of Bond Discount	(66,427)	(16,433,389)

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. (58,142)

In the statement of activities, certain operating expenses - severance benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, severance benefits payable decreased by \$970,811.

Change in Net Assets of Governmental Activities		970,811
		\$ 3,328,571

See Notes to Basic Financial Statements.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources				
Property Taxes	\$ 8,074,234	\$ 8,074,234	\$ 13,663,005	\$ 5,588,771
Earnings on Investments	440,000	440,000	369,725	(70,275)
Other	3,861,461	5,303,611	5,612,522	308,911
State Sources	71,057,175	71,057,175	66,120,942	(4,936,233)
Federal Sources	2,947,137	2,947,137	2,823,623	(123,514)
Total Revenues	<u>86,380,007</u>	<u>87,822,157</u>	<u>88,589,817</u>	<u>767,660</u>
EXPENDITURES				
Current				
Administration	4,455,216	4,479,618	4,215,702	(263,916)
District Support Services	2,657,500	2,657,500	2,723,736	66,236
Elementary and Secondary Regular Instruction	37,919,078	37,569,016	36,563,930	(1,005,086)
Vocational Education Instruction	1,710,633	1,712,133	1,970,671	258,538
Special Education Instruction	16,667,352	16,847,352	16,356,224	(491,128)
Instructional Support Services	1,969,381	2,047,773	2,186,618	138,845
Pupil Support Services	6,723,264	7,991,534	8,505,058	513,524
Sites and Buildings	8,862,656	9,679,979	11,635,921	1,955,942
Fiscal and Other Fixed Cost Programs	394,537	394,537	432,186	37,649
Capital Outlay	3,767,301	3,189,626	3,036,957	(152,669)
Debt Service				
Principal	-	-	540,008	540,008
Interest and Fiscal Charges	380,000	380,000	673,497	293,497
Total Expenditures	<u>85,506,918</u>	<u>86,949,068</u>	<u>88,840,508</u>	<u>1,891,440</u>
Excess of Revenues Over Expenditures	873,089	873,089	(250,691)	(1,123,780)
OTHER FINANCING SOURCES (USES)				
Proceeds From Capital Leases	-	-	303,376	303,376
Transfer Out	-	-	(19,154)	(19,154)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>284,222</u>	<u>284,222</u>
Net Change in Fund Balance	<u>\$ 873,089</u>	<u>\$ 873,089</u>	33,531	<u>\$ (839,558)</u>
FUND BALANCE (DEFICIT)				
Beginning of Year			<u>(7,401,970)</u>	
End of Year			<u>\$ (7,368,439)</u>	

See Notes to Basic Financial Statements.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2004**

	2004			
	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources				
Earnings on Investments	\$ 15,000	\$ 15,000	\$ 10,951	\$ (4,049)
Other - Primarily Meal Sales	3,541,036	3,541,036	3,465,776	(75,260)
State Sources	91,768	91,768	87,209	(4,559)
Federal Sources	865,456	865,456	915,647	50,191
Total Revenues	<u>4,513,260</u>	<u>4,513,260</u>	<u>4,479,583</u>	<u>(33,677)</u>
EXPENDITURES				
Current				
Food Service	4,441,417	4,441,417	4,394,528	(46,889)
Capital Outlay	82,000	82,000	98,571	16,571
Total Expenditures	<u>4,523,417</u>	<u>4,523,417</u>	<u>4,493,099</u>	<u>(30,318)</u>
Net Change in Fund Balance	<u>\$ (10,157)</u>	<u>\$ (10,157)</u>	(13,516)	<u>\$ (3,359)</u>
FUND BALANCE				
Beginning of Year			<u>456,343</u>	
End of Year			<u>\$ 442,827</u>	

See Notes to Basic Financial Statements.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2004**

	2004			
	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources				
Property Taxes	\$ 989,035	\$ 989,035	\$ 1,406,216	\$ 417,181
Earnings on Investments	-	-	15,895	15,895
Other - Primarily Tuition and Fees	1,225,360	1,491,360	1,630,581	139,221
State Sources	1,896,465	1,896,465	1,566,290	(330,175)
Federal Sources	243,480	243,480	240,317	(3,163)
Total Revenues	<u>4,354,340</u>	<u>4,620,340</u>	<u>4,859,299</u>	<u>238,959</u>
EXPENDITURES				
Current				
Community Service	5,454,445	4,820,445	4,965,461	145,016
Capital Outlay	16,850	16,850	13,769	(3,081)
Total Expenditures	<u>5,471,295</u>	<u>4,837,295</u>	<u>4,979,230</u>	<u>141,935</u>
Excess of Revenues Over Expenditures	<u>(1,116,955)</u>	<u>(216,955)</u>	<u>(119,931)</u>	<u>97,024</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	19,154	(19,154)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>19,154</u>	<u>(19,154)</u>
Net Change in Fund Balance	<u>\$ (1,116,955)</u>	<u>\$ (216,955)</u>	(100,777)	<u>\$ 77,870</u>
FUND BALANCE				
Beginning of Year			<u>512,577</u>	
End of Year			<u>\$ 411,800</u>	

See Notes to Basic Financial Statements.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2004**

	Private- Purpose Trust
ASSETS	
Cash and Temporary Investments	\$ 256,658
Accounts Receivable	1,992
Total Assets	\$ 258,650
LIABILITIES	
Accounts and Contracts Payable	\$ 500
Total Liabilities	\$ 500
NET ASSETS	
Reserved for Scholarships	\$ 258,150
Total Net Assets	\$ 258,150

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2004**

	Private- Purpose Trust
ADDITIONS	
Gifts and Donations	\$ 101,777
Earnings on Investments	7,872
Total Additions	109,649
DEDUCTIONS	
Scholarships Awarded	114,150
Total Deductions	114,150
Change in Net Assets	(4,501)
Net Assets - Beginning of Year	262,651
Net Assets - End of Year	\$ 258,150

See Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 621 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards titled Codification of Governmental Accounting and Financial Reporting Standards: Statement 34 Edition. This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments that have implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, issued in June 1999.

This financial report has been prepared in conformity with GASB Statement No. 34.

B. Financial Reporting Entity

Independent School District No. 621 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

U.S. Generally Accepted Accounting Principles (GAAP) require that the District's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

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

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these financial statements.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The District-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The Fiduciary Funds are only reported in the statements of Fiduciary Net Assets at the Fund Financial Statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net assets are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the District-wide financial statements.

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

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Description of Funds

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

Major Governmental Funds

General Fund

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

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services.

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. The Fund was established for building construction activity authorized by specific voter-approved bond issues.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation bond, energy conservation loan and certificate of participation debt service.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Fund

Private Purpose Trust Fund

The Private Purpose Trust Fund is used to administer resources received and held by the District as the trustee for others. The District's Fund is used for scholarships.

E. Budgeting

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

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

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

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

Revenues	Original Budget	Amendments	Amended Budget
General Fund	\$ 86,380,007	\$ 1,442,150	\$ 87,822,157
Special Revenue Funds			
Community Service Fund	4,354,340	266,000	4,620,340
Expenditures			
General Fund	85,506,918	1,442,150	86,949,068
Special Revenue Funds			
Community Service Fund	5,471,295	(634,000)	4,837,295

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

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

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

F. Cash and Temporary Investments

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

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

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are property taxes receivable.

H. Inventories

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

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes

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

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

In accordance with State law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy (frozen at \$2,472,890) that is advance recognized as revenue in fiscal 2004 with no corresponding state aid adjustment. Starting in fiscal year 2004, the shift was expanded to include all other general and community service fund levies (net of credits). State aids are then reduced in fiscal year 2004 by this expanded shift amount, making this portion of the tax shift revenue neutral to school districts. This resulted in a significant increase in the advance recognition of tax revenue in the General Fund (and corresponding state aid holdback totaling \$5,320,525) but also included an advance recognition tax shift in the District's Community Service Fund (and corresponding state aid holdback totaling \$410,616). Since advance collections of Pay 2004 levy amounts at June 30, 2004 were sufficient to cover the amounts required to be advance recognized as revenue in fiscal 2004, the amount advance recognized is tax revenue. To the extent advance collections would have been insufficient to cover the amount to be advance recognized, state statute requires that fiscal 2005 general education aid be recognized. Certain other portions of the District's 2003 Pay 2004 levy, normally revenue for the 2004-05 fiscal year, are also advance recognized at June 30, 2004, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2004, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Prepaid Items

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

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,500 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 District-wide financial statement, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

L. Long-Term Obligations

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

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

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Employee Benefits

Vacation Pay

In the fund financial statements, vacations taken or estimated to be taken within 60 days after the District's fiscal year-end are accrued and included in compensated absences payable at June 30. The long-term portion of vacation liabilities is recorded as compensated absences payable in long-term debt in the district-wide financial statements

Sick Pay

Substantially all district employees are entitled to sick leave at various rates. Unused sick leave is a factor in the calculation of an employee's severance pay upon retirement.

Severance and Health Benefits

Severance and health benefits consist of lump sum early retirement incentive payments (based on years of service and/or convertible sick leave) and post-employment health care benefits. Accounting policies for severance and health benefits are described below.

1. Early Retirement Incentive and Convertible Sick Leave

The District maintains various early retirement incentive payment plans for its administrator and teacher employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. For substantially all employees, early retirement incentive benefits are eliminated if retirement occurs at the normal retirement age as specified in their contracts. If early retirement incentive or convertible sick leave payments are paid within 60 days after year-end, an accrual is made in the governmental fund incurring the liability. The amount of early retirement incentive is calculated by converting a portion of accrued sick leave, by computing a benefit based solely in years of service, or a combination of both. Therefore, benefits are not considered vested or recorded as long-term until actual turnover occurs. The amount of early retirement incentive payment that is based on convertible sick leave is recorded as a liability in long-term debt as it is earned and when it becomes probable that it will vest at some point in the future.

During fiscal year 2004, the District's expenditures for early retirement incentive and convertible sick leave expenditures for early retirement incentive totaled approximately \$1,749,521. At June 30, 2004, the long-term portion of the early retirement incentive and convertible sick leave liability is included as part of long-term debt.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Employee Benefits (Continued)

2. Post-Employment Health Care Benefits

In addition to retirement benefits, the District provides post retirement medical and dental insurance benefits to certain District employees, in accordance with their respective master employment agreements. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. During the year ended June 30, 2004, 264 retirees received District-provided medical insurance benefits. District contributions are funded on a pay-as-you-go basis. During the year, expenditures for post retirement medical insurance benefits totaled approximately \$1,504,459. The estimated future liability for medical insurance benefits payable for current retirees is included in long-term debt as a component of severance and health benefits payable.

N. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

O. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance coverage for such risks. The District participates in the Minnesota School Board Association Insurance Trust (MSBA Trust), a public entity risk pool for its workers compensation insurance. The MSBA Trust operates as a common risk management and insurance program for approximately 375 member districts. The District pays an annual premium to the MSBA Trust for its insurance coverage. The MSBA Trust agreement provides that the MSBA Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event. The reinsurance point is \$150,000 per occurrence for medical and hospitalization.

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

P. Net Assets

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

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Prior Period Comparative Financial Information

The basic financial statements include certain prior-year partial comparative information in total but not at the level of detail required for 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 government's financial statements for the year ended June 30, 2003, from which the summarized information was derived.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2004.

	Budget	Expenditures	Excess
General Fund	\$ 86,949,068	\$ 88,840,508	\$ 1,891,440
Special Revenue Funds			
Community Service Fund	4,837,295	4,979,230	141,935
Debt Service Fund	8,616,395	8,671,503	55,108

The overages were considered by District management to be the result of necessary expenditures critical to operations and were approved by the Board.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." An indication of the level of custodial credit risk assumed by the District at year-end is categorized as follows for the District's cash and investments:

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

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

Authorized collateral 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.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Deposit balances at June 30, 2004 are as follows:

	Bank Balance	Carrying Amount
Insured or Collateralized by Securities Held by the District or its Agent in the District's Name.	\$ 6,000	\$ (2,416,486)

Cash On Hand

Cash in the possession of the District consisting of petty cash and change funds at year-end totaled \$5,711.

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes, as follows: direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen 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, 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 financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The District's Investments are categorized to give an indication of the level of custodial credit risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

	Custodial Credit Risk Category			Carrying and Fair Value
	1	2	3	
Certificates of Deposit	\$ 88,312	\$ -	\$ -	\$ 88,312
Commercial Paper	12,191,704	-	-	12,191,704
	\$12,280,016	\$ -	\$ -	12,280,016
Investment Pools				
Minnesota School District Liquid Asset Fund				27,281,152
Total Investments				39,561,168
Deposits				(2,416,486)
Cash on Hand				5,711
Total Cash and Investments				\$ 37,150,393
Reconciliation of Cash and Investments to the Finance Statements:				
Cash and Investments - Governmental Balance Sheet				\$ 36,893,735
Cash and Investments - Statement of Fiduciary Net Assets				256,658
Total Cash and Investments				\$ 37,150,393

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 2,352,938	\$ -	\$ -	\$ 2,352,938
Construction in Progress	113,511,531	20,670,924	-	134,182,455
Total Capital Assets, Not Being Depreciated	115,864,469	20,670,924	-	136,535,393
Capital Assets, Being Depreciated:				
Land Improvements	2,257,691	-	-	2,257,691
Buildings and Improvements	49,425,004	72,102	-	49,497,106
Equipment	6,392,194	369,064	(177,387)	6,583,871
Total Capital Assets, Being Depreciated	58,074,889	441,166	(177,387)	58,338,668
Accumulated Depreciation for				
Land Improvements	(1,231,978)	(71,902)	-	(1,303,880)
Buildings and Improvements	(26,657,043)	(961,510)	-	(27,618,553)
Equipment	(4,047,970)	(285,567)	177,387	(4,156,150)
Total Accumulated Depreciation	(31,936,991)	(1,318,979)	177,387	(33,078,583)
Total Capital Assets, Being Depreciated, Net	26,137,898	(877,813)	-	25,260,085
Governmental Activities Capital Assets, Net	<u>\$ 142,002,367</u>	<u>\$ 19,793,111</u>	<u>\$ -</u>	<u>\$ 161,795,478</u>

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

Governmental Activities	
District Support Services	\$ 1,302
Elementary and Secondary Regular Instruction	903,152
Vocational Education Instruction	4,359
Special Education Instruction	8,492
Pupil Support Services	46,399
Sites and Buildings	344,935
Community Service	10,340
Total Depreciation Expense, Governmental Activities	<u>\$ 1,318,979</u>

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 5 AID ANTICIPATION CERTIFICATES

The District sold aid anticipation certificates dated August 20, 2002 with a value of \$12,173,194 at an interest rate of 2.25% and tax anticipation certificates dated February 1, 2003 with a value of \$7,000,000 at an interest rate of 2.50%. These certificates matured and were repaid on August 1, 2003 and February 1, 2004, respectively. Additionally, general obligation aid anticipation certificates dated August 13, 2003 with a value of \$31,440,568 at an interest rate of 1.75% were sold. Interest and fiscal charges on aid and tax anticipation certificates for the year ended June 30, 2004 in the General Fund totaled \$664,032. Interest in the amount of \$462,778 has been accrued in the General Fund at June 30, 2004.

Balance - June 30, 2003	\$ 19,173,194
Additions	31,440,568
Payments	(19,173,194)
Balance - June 30, 2004	<u>\$ 31,440,568</u>

In August, 2004, the District sold Aid Anticipation Certificates totaling \$20,381,774.

NOTE 6 LONG-TERM LIABILITIES

A. Components of Long-Term Debt

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
School Building Bonds					
11/1/1999	4.70% - 5.85%	\$ 10,000,000	2/1/2022	\$ 110,000	\$ 10,000,000
8/1/2000	4.80% - 6.00%	30,515,000	2/1/2024	200,000	30,515,000
10/1/2001	4.80% - 6.00%	40,580,000	2/1/2022	720,000	39,230,000
2/4/2003	3.00% - 5.00%	25,575,000	2/1/2023	-	25,575,000
Refunding Bonds					
2/4/2003	2.00% - 2.60%	4,945,000	2/1/2008	820,000	4,185,000
2/4/2003	2.00% - 2.25%	1,605,000	2/1/2008	390,000	1,605,000
4/15/2004	1.05% - 1.80%	2,390,000	2/1/2007	785,000	2,390,000
Alternative Facility Bonds					
4/15/2004	1.05% - 3.35%	6,350,000	2/1/2012	220,000	6,350,000
Capital Appreciation Bonds					
4/15/2004	4.00% - 5.40%	15,308,495	2/1/2025	-	15,308,495
Total General Obligation Bonds				3,245,000	135,158,495
Bond Discounts				-	(1,269,349)
Capital Lease Payable				100,077	303,376
Certificate of Participation Payable				80,000	165,000
Severance and Health Benefits Payable				2,988,793	10,941,539
				<u>\$ 6,413,870</u>	<u>\$ 145,299,061</u>

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 6 LONG-TERM LIABILITES (CONTINUED)

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including severance and health benefits payable are as follows:

Year Ending June 30	General Obligation Bonds Payable		Certificates of Participation Payable		Capital Lease Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 3,245,000	\$ 5,507,188	\$ 80,000	\$ 9,000	\$ 100,077	\$ 5,877
2006	4,355,000	5,348,036	85,000	3,060	99,956	5,999
2007	4,735,000	5,224,596	-	-	103,343	2,611
2008	4,940,000	5,078,743	-	-	-	-
2009	5,810,000	4,875,554	-	-	-	-
2010 - 2014	33,206,602	21,727,372	-	-	-	-
2015 - 2019	39,560,686	17,699,887	-	-	-	-
2020 - 2024	37,934,185	11,350,611	-	-	-	-
2025	1,372,022	2,782,977	-	-	-	-
	<u>\$ 135,158,495</u>	<u>\$ 79,594,964</u>	<u>\$ 165,000</u>	<u>\$ 12,060</u>	<u>\$ 303,376</u>	<u>\$ 14,487</u>

C. Description of Long-Term Debt

General Obligation School Building Bonds

These bonds were issued to finance acquisition and/or construction/improvement of capital facilities. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies are dedicated for the retirement of these bonds. Total deferred tax levies available to retire bond principal and interest payable at June 30, 2004 are \$224,928,560. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota Statute.

General Obligation Refunding Bonds

On February 4, 2003 the District issued \$4,945,000 of General Obligation Refunding Bonds, Series 2003B. The proceeds of this issue was used to refund, in advance of their stated maturities, the 2004 through 2008 maturities of the District's 1993A General Obligation School Building Bonds, totaling \$5,375,743. This "crossover refunding" reduced the District's total future debt service payments by approximately \$375,093, and resulted in a present value savings of approximately \$353,162.

On February 4, 2003 the District issued \$1,605,000 of General Obligation Refunding Bonds, Series 2003C. The proceeds of these issues are scheduled to be used to refund, in advance of their stated maturities, the 2005 through 2008 maturities of the District's 1995A General Obligation School Building Bonds, totaling \$2,285,000. This "crossover refunding" reduced the District's total future debt service payments by approximately \$87,100, and resulted in a present value savings of approximately \$80,309.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

On April 15, 2004 the District issued \$2,390,000 of General Obligation Refunding Bonds, Series 2004C. The proceeds of these issues are scheduled to be used to refund, in advance of their stated maturities, the 2005 through 2007 maturities of the District's 1994B General Obligation Refunding Bonds, and the 2005 through 2007 maturities of the District's 1997A General Obligation Capital Facilities Bonds totaling \$2,360,000. This "crossover refunding" reduced the District's total future debt service payments by approximately \$129,621, and resulted in a present value savings of approximately \$126,901.

Certificates of Participation Payable

These certificates dated June 29, 1990 were issued to finance the acquisition of the Ralph R. Reeder Community Center Building. These certificates will be retired through future amounts levied by the Debt Service Fund.

Capital Lease Payable

On May 3, 2004, the District entered into a lease purchase agreement for the acquisition of equipment. Lease principal repayments, together with interest at a rate of 3.36% will be repaid by the general fund through January 2007.

Severance and Health Benefits Payable

Severance and health benefits payable consist of early retirement incentive payments, convertible sick leave, and post-retirement health insurance benefits payable to employees upon retirement. Severance and health benefits are paid by the General and Special Revenue Funds. Annual payments to retire the severance and health benefits liability have not been determined and will depend on actual employee turnover. Resources for the payment of severance and compensated absences payable included in long-term debt will be provided primarily by the General Fund.

Arbitrage Rebate Liability

The Tax Reform Act of 1986 requires school districts and other governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986.

Certain bond issues of the District are subject to the arbitrage rebate requirements. However, management does not expect to incur any significant arbitrage rebate liability.

In October, 2004, the District issued General Obligation Refunding Bonds, Series 2004D totaling \$36,480,000.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

D. Changes in Long-Term Debt

	<u>June 30, 2003</u>	<u>Net Additions</u>	<u>Retirements</u>	<u>June 30, 2004</u>
Bonds Payable	\$ 117,850,000	\$ 24,048,495	\$ 6,740,000	\$135,158,495
Bond Discounts	(1,022,184)	(313,592)	(66,427)	(1,269,349)
Capital Lease Payable	150,990	303,376	150,990	303,376
Energy Conservation Loans Payable	482,359	-	482,359	-
Certificate of Participation Payable	240,000	-	75,000	165,000
Severance and Health Benefits Payable	11,912,350	2,283,169	3,253,980	10,941,539
	<u>\$ 129,613,515</u>	<u>\$ 26,321,448</u>	<u>\$ 10,635,902</u>	<u>\$ 145,299,061</u>

NOTE 7 RESERVED FUND BALANCES

Fund Equity

Certain portions of fund balance are reserved based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. Any such "reserves" which have an accumulated deficit rather than a positive balance at June 30 are included in unreserved fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. However, a description of these "deficit balance reserves" is included herein since the District has specific statutory authority to levy taxes for such deficits.

Reserved fund balances at June 30, 2004 are as follows:

	<u>Reserved</u>
Special Revenue Funds	
Community Service Fund	
Reserved for School Readiness	\$ 15,115
Reserved for Adult Basic Education	181,377
Reserved for Community Education Programs	150,271
Reserved for Early Childhood Family Education Programs	<u>42,023</u>
Total Special Revenue Funds	388,786
Capital Projects - Building Construction Fund	
Reserved for Building Construction	<u>10,943,081</u>
Total Capital Projects - Building Construction Fund	<u>10,943,081</u>
Total All Funds	<u>\$ 11,331,867</u>

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 7 RESERVED FUND BALANCES (CONTINUED)

A. Reserved for Reemployment Insurance

The District levies amounts for reemployment insurance costs and records the revenue from such levies in the General Fund. The balance in the reemployment insurance appropriation is derived by adding to last year's ending balance the net of the current year's tax revenue and reemployment insurance obligations paid. A reemployment insurance deficit of \$43,279 (allowed by state statute) at June 30, 2004 has been reported in unreserved fund balance in the financial statements.

B. Reserved for Severance and Health Benefits

Represents resources available for severance pay amounts recorded as long-term debt. Under State accounting regulations, resources are segregated from the unreserved fund balance in an amount estimated to meet severance and health benefit obligations in the second ensuing year (fiscal 2005 – 2006).

C. Reserved for Health and Safety

Reserved for health and safety represents available resources to be used only to provide for the removal of hazardous substances and other state approved life/health safety projects. Under Minnesota statute, a deficit in this reserve generates specific future levy authority and at June 30, 2004 has been reported in unreserved fund balance in the financial statements.

D. Reserved for Operating Capital

The District levies taxes and receives state aid to be used for the purchase of equipment, books and vehicles and to purchase, rent, improve and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a reservation of fund balance in the General Fund for state reporting purposes but at June 30, 2004 has been reported in unreserved fund balance in the financial statements.

E. Reserved for School Readiness

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

F. Reserved for Adult Basic Education

The fund balance reservation represents accumulated resources available to provide adult basic education programming.

G. Reserved for Community Education Programs

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

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 7 RESERVED FUND BALANCES (CONTINUED)

H. Reserved for Early Childhood Family Education Programs

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

I. Reserved for Alternative Facilities

This fund balance reservation represents the resources available for approved expenditures based on the ten-year plan for capital projects and deferred maintenance.

NOTE 8 OPERATING TRANSFERS

The District transferred \$19,154 from the General Fund to the Community Service Special Revenue Fund.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 9 RETIREMENT PLANS

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

A. Teacher's Retirement Association (TRA)

1. Plan Description

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

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

TRA publicly issues a Comprehensive Annual Financial Report (CAFR) presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA Web site www.tra.state.mn.us. Alternatively, a copy of the report may be obtained by writing or calling TRA:

Teachers Retirement Association
60 Empire Drive Suite 400
St Paul MN 55103-4000
651-296-6449
800-657-3853

2. Funding Policy

Minnesota Statutes Chapter 354 sets the rates for the employee and employer contributions. These statutes are established and amended by the state legislature. Coordinated and Basic Plan members are required to contribute 5.0% and 9.0%, respectively, of their annual covered salary while the District is required to contribute at an actuarially determined rate.

The District is required to contribute the following percentages of annual covered payroll: 5.0% for Coordinated Plan members and 9.0% for Basic plan members. The contribution requirements of plan members and the District are established and may be amended by State Statute. The District contributions for the years ended June 30, 2004, 2003 and 2002 were \$1,719,959, \$1,839,690, and \$1,913,563, respectively, equal to the required contributions for each year as set by state statute.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 9 RETIREMENT PLANS (CONTINUED)

B. Public Employees' Retirement Association (PERA)

1. Plan Description

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF, PEPFF, and PECF. That report may be obtained on the web at mnpera.org, or by writing to PERA:

Public Employees' Retirement Association
60 Empire Drive Suite 200
St Paul MN 55103-2088
651-296-7460
800-652-9026

2. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plans equal to the amount required by State Statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 5.10%, respectively, of their annual covered salary.

The District was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 5.53% for Coordinated Plan PERF members. The contribution requirements of plan members and the District are established by and may be amended by State Statute. The District's contributions for the years ending June 30, 2004, 2003, and 2002, were \$831,049, \$841,166, and \$802,603, respectively, equal to the contractually required contributions for each year as set by state statute.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 10 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a "cafeteria plan" under Section 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 health care and dependent 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 plan, whether or not such contributions have been made.

Payments of insurance premiums (health, dental, life and disability) 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.

Amounts withheld for medical reimbursement and dependent care are paid by the District to an outside administrator upon an employee submitting a request for reimbursement. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee.

All plan property 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 health care and dependent 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 11 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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 fund. 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.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Contingencies

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management believes the resolution of these matters will not have a material impact on the District.

C. Construction Contracts

At June 30, 2004, the District is committed to a number of contracts for the construction and improvement of various District property. The District's remaining commitment under these contracts is approximately \$1,979,000.

D. Operating Lease Commitments

The District is obligated under certain leases accounted for as operating leases. These leases are generally cancelable on an annual basis by the district. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected as a liability in the District's financial statements.

The following is a summary of the significant terms relating to these leases:

<u>Location</u>	<u>Annual Lease</u>	<u>Expires</u>
MN Department of Natural Resources Mounds View North Building	\$ 7,988	September 2007
Home of the Good Shepherd Oak Grove Center	308,077	June 2004
Incarnation Lutheran Church Community Education	11,000	May 2005
Shoreview Business Campus Alternative Learning Center	185,233	September 2005
Anthoney Properties Mounds View Extended Campus	156,688	August 2005
City of Mounds View Mounds View Community Center	57,401	January 2008
Northeast Metro ISD 916 Pike Lake Special Education	224,066	June 2005
City of New Brighton New Brighton Family Service Center	20,505	December 2006
City of Shoreview High School Park Facility Usage	30,000	January 2005

SUPPLEMENTAL INFORMATION

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
GENERAL FUND
BALANCE SHEET
JUNE 30, 2004
(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2003)**

	2004	2003
ASSETS		
Cash and Temporary Investments	\$ 14,861,753	\$ 5,148,925
Receivables		
Current Taxes	10,235,787	5,175,690
Delinquent Taxes	313,598	401,939
Accounts and Interest Receivable	190,652	140,315
Due from Other Minnesota School Districts	1,486,541	1,381,991
Due from Minnesota Department of Education	14,784,701	13,270,035
Due from Federal through the Minnesota Department of Education	560,814	542,115
Due from Other Governmental Units	307,602	352,470
Inventories	825	137
Prepaid Items	162,349	5,545
Total Assets	\$ 42,904,622	\$ 26,419,162
LIABILITIES AND FUND BALANCE		
Liabilities		
Aid Anticipation Certificates	\$ 31,440,568	\$ 19,173,194
Salaries and Compensated Absences Payable	6,326,861	6,789,043
Accounts and Contracts Payable	1,233,370	1,014,941
Due to Other Minnesota School Districts	690,190	617,337
Interest Payable	462,778	306,945
Due to Other Governmental Units	1,449,749	101
Property Taxes Levied for Subsequent Year	8,550,863	5,501,690
Deferred Revenue	-	300,175
Deferred Revenue - Delinquent Taxes	118,682	117,706
Total Liabilities	50,273,061	33,821,132
Fund Equity		
Fund Balance (Deficit)		
Unreserved		
Undesignated	(7,368,439)	(7,401,970)
Total Fund Equity	(7,368,439)	(7,401,970)
Total Liabilities and Fund Equity	\$ 42,904,622	\$ 26,419,162

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2003)**

	2004		Over (Under) Final Budget	2003
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources				
Property Taxes	\$ 8,074,234	\$ 13,663,005	\$ 5,588,771	\$ 9,338,753
Earnings on Investments	440,000	369,725	(70,275)	267,361
Other	5,303,611	5,612,522	308,911	4,986,586
State Sources	71,057,175	66,120,942	(4,936,233)	74,830,904
Federal Sources	2,947,137	2,823,623	(123,514)	3,116,828
Total Revenues	87,822,157	88,589,817	767,660	92,540,432
EXPENDITURES				
Current				
Administration				
Salaries	3,467,608	3,338,538	(129,070)	3,532,814
Employee Benefits	836,689	767,252	(69,437)	806,450
Purchased Services	88,398	39,239	(49,159)	46,904
Supplies and Materials	46,901	20,674	(26,227)	10,095
Other Expenditures	40,022	49,999	9,977	31,007
Total Administration	4,479,618	4,215,702	(263,916)	4,427,270
District Support Services				
Salaries	1,176,537	1,437,134	260,597	1,356,940
Employee Benefits	568,648	607,339	38,691	596,055
Purchased Services	848,214	644,067	(204,147)	377,246
Supplies and Materials	62,421	41,620	(20,801)	55,399
Other Expenditures	1,680	(6,424)	(8,104)	(34,321)
Total District Support Services	2,657,500	2,723,736	66,236	2,351,319
Elementary and Secondary Regular Instruction				
Salaries	27,750,910	26,833,961	(916,949)	29,030,304
Employee Benefits	7,808,863	7,805,069	(3,794)	7,782,526
Purchased Services	313,253	704,973	391,720	763,919
Supplies and Materials	1,679,726	1,200,481	(479,245)	1,238,490
Capital Expenditures	627	91,828	91,201	23,986
Other Expenditures	16,264	19,446	3,182	760
Total Elementary and Secondary Regular Instruction	37,569,643	36,655,758	(913,885)	38,839,985

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2003)**

	<u>2004</u>		Over (Under) Final Budget	<u>2003</u>
	<u>Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
EXPENDITURES (Continued)				
Current (Continued)				
Vocational Education Instruction				
Salaries	\$ 1,023,425	\$ 1,264,578	\$ 241,153	\$ 1,265,820
Employee Benefits	260,192	293,632	33,440	287,908
Purchased Services	396,633	388,090	(8,543)	330,256
Supplies and Materials	31,883	24,371	(7,512)	35,937
Capital Expenditures	35,000	70,124	35,124	90,978
Total Vocational Education Instruction	1,747,133	2,040,795	293,662	2,010,899
Special Education Instruction				
Salaries	11,031,739	11,030,541	(1,198)	10,880,701
Employee Benefits	2,605,203	2,508,346	(96,857)	2,426,350
Purchased Services	3,121,098	2,710,759	(410,339)	2,707,261
Supplies and Materials	88,458	104,469	16,011	116,300
Capital Expenditures	-	28,342	28,342	14,993
Other Expenditures	854	2,109	1,255	745
Total Special Education Instruction	16,847,352	16,384,566	(462,786)	16,146,350
Instructional Support Services				
Salaries	1,322,070	1,544,669	222,599	1,606,976
Employee Benefits	409,976	319,833	(90,143)	312,627
Purchased Services	187,733	204,583	16,850	434,610
Supplies and Materials	126,766	116,559	(10,207)	135,898
Capital Expenditures	-	118	118	3,586
Other Expenditures	1,228	974	(254)	28,411
Total Instructional Support Services	2,047,773	2,186,736	138,963	2,522,108
Pupil Support Services				
Salaries	1,706,535	1,769,195	62,660	1,764,524
Employee Benefits	464,211	399,085	(65,126)	375,292
Purchased Services	5,189,716	5,385,459	195,743	4,626,924
Supplies and Materials	630,872	949,813	318,941	646,781
Capital Expenditures	57,541	89,275	31,734	53,951
Other Expenditures	200	1,506	1,306	939
Total Pupil Support Services	8,049,075	8,594,333	545,258	7,468,411

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2003)**

	<u>2004</u>		<u>Over (Under) Final Budget</u>	<u>2003</u>
	<u>Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
EXPENDITURES (Continued)				
Current (Continued)				
Sites and Buildings				
Salaries	\$ 2,231,133	\$ 2,638,572	\$ 407,439	\$ 2,767,681
Employee Benefits	855,966	933,428	77,462	894,462
Purchased Services	5,273,623	6,187,749	914,126	4,992,971
Supplies and Materials	1,319,257	1,876,115	556,858	1,760,189
Capital Expenditures	3,096,458	2,757,270	(339,188)	5,841,041
Other Expenditures	-	57	57	-
Total Sites and Buildings	12,776,437	14,393,191	1,616,754	16,256,344
Fiscal and Other Fixed Cost Programs				
Purchased Services	394,537	432,186	37,649	356,723
Total Fiscal and Other Fixed Costs Programs	394,537	432,186	37,649	356,723

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2003)**

	<u>2004</u>		<u>Over (Under) Final Budget</u>	<u>2003</u>
	<u>Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
EXPENDITURES (Continued)				
Debt Service				
Principal	\$ -	\$ 540,008	\$ 540,008	\$ 583,172
Interest and Fiscal Charges	380,000	673,497	293,497	441,331
Total Debt Services	<u>380,000</u>	<u>1,213,505</u>	<u>833,505</u>	<u>1,024,503</u>
Total Expenditures	<u>86,949,068</u>	<u>88,840,508</u>	<u>1,891,440</u>	<u>91,403,912</u>
Excess (Deficiency) of Revenues Over Expenditures	873,089	(250,691)	(1,123,780)	1,136,520
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	-	303,376	303,376	-
Transfers Out	-	(19,154)	(19,154)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>284,222</u>	<u>284,222</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 873,089</u>	33,531	<u>\$ (839,558)</u>	1,136,520
Fund Balance (Deficit)				
Beginning of Year		<u>(7,401,970)</u>		<u>(8,538,490)</u>
End of Year		<u>\$ (7,368,439)</u>		<u>\$ (7,401,970)</u>

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2004
(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2003)**

	2004	2003
ASSETS		
Cash and Temporary Investments	\$ 691,475	\$ 532,481
Receivables		
Accounts and Interest Receivable	(786)	(623)
Due from Minnesota Department of Education	7,209	20,296
Due from Federal through the Minnesota Department of Education	96,889	14,468
Inventory	23,166	48,613
Prepaid Items	-	2,895
Total Assets	\$ 817,953	\$ 618,130
LIABILITIES AND FUND EQUITY		
Liabilities		
Salaries and Compensated Absences Payable	\$ 248,014	\$ 136,677
Accounts and Contracts Payable	127,112	25,110
Total Liabilities	375,126	161,787
Fund Equity		
Fund Balance		
Unreserved		
Undesignated	442,827	456,343
Total Liabilities and Fund Equity	\$ 817,953	\$ 618,130

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
FOOD SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003)**

	2004		Over (Under) Final Budget	2003
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources				
Earnings on Investments	\$ 15,000	\$ 10,951	\$ (4,049)	\$ 9,888
Other - Primarily Meal Sales	3,541,036	3,465,776	(75,260)	3,486,174
State Sources	91,768	87,209	(4,559)	126,756
Federal Sources	865,456	915,647	50,191	873,621
Total Revenues	4,513,260	4,479,583	(33,677)	4,496,439
EXPENDITURES				
Current				
Salaries	1,957,055	1,366,774	(590,281)	1,434,464
Employee Benefits	289,212	273,327	(15,885)	276,524
Purchased Services	132,900	666,150	533,250	656,149
Supplies and Materials	2,061,750	2,087,589	25,839	2,104,353
Other Expenditures	500	688	188	428
Capital Outlay	82,000	98,571	16,571	334,068
Total Expenditures	4,523,417	4,493,099	(30,318)	4,805,986
Net Change in Fund Balance	\$ (10,157)	(13,516)	\$ (3,359)	(309,547)
FUND BALANCE				
Beginning of Year		456,343		765,890
End of Year		\$ 442,827		\$ 456,343

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2004
(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2003)**

	2004	2003
ASSETS		
Cash and Temporary Investments	\$ 702,201	\$ 908,647
Receivables		
Current Taxes	555,065	658,579
Delinquent Taxes	19,669	18,467
Accounts and Interest Receivable	870	1,680
Due from Other School Districts	1,187	163
Due from Minnesota Department of Education	383,126	319,191
Due from Federal Government through the Minnesota Department of Education	86,475	194,298
Due from Other Governmental Units	-	2,452
Total Assets	\$ 1,748,593	\$ 2,103,477
LIABILITIES AND FUND EQUITY		
Liabilities		
Salaries and Compensated Absences Payable	\$ 493,735	\$ 206,720
Accounts and Contracts Payable	71,671	68,143
Due to Other School Districts	185,851	-
Property Taxes Levied for Subsequent Year	479,809	1,062,629
Deferred Revenue	105,737	246,815
Deferred Revenue - Delinquent Taxes	(10)	6,593
Total Liabilities	1,336,793	1,590,900
Fund Equity		
Fund Balance		
Reserved for Community Education Programs	150,271	404,040
Reserved for Early Childhood and Family Education Programs	42,023	63,332
Reserved for School Readiness	15,115	24,733
Reserved for Adult Basic Education	181,377	-
Unreserved, Undesignated	23,014	20,472
Total Fund Equity	411,800	512,577
Total Liabilities and Fund Equity	\$ 1,748,593	\$ 2,103,477

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
COMMUNITY SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003)**

	2004			2003
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources				
Property Taxes	\$ 989,035	\$ 1,406,216	\$ 417,181	\$ 914,769
Earnings on Investments	-	15,895	15,895	-
Other - Primarily Tuition and Fees	1,491,360	1,630,581	139,221	1,559,625
State Sources	1,896,465	1,566,290	(330,175)	1,960,098
Federal Sources	243,480	240,317	(3,163)	289,077
Total Revenues	4,620,340	4,859,299	238,959	4,723,569
EXPENDITURES				
Current				
Salaries	2,237,089	2,214,422	(22,667)	2,321,634
Employee Benefits	506,219	507,565	1,346	504,841
Purchased Services	1,648,539	1,814,640	166,101	1,720,317
Supplies and Materials	414,798	407,850	(6,948)	440,090
Other Expenditures	13,800	20,984	7,184	22,715
Capital Outlay	16,850	13,769	(3,081)	53,921
Total Expenditures	4,837,295	4,979,230	141,935	5,063,518
Excess of Revenues Over Expenditures	(216,955)	(119,931)	97,024	(339,949)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	19,154	(19,154)	-
Total Other Financing Sources (Uses)	-	19,154	(19,154)	-
Net Change in Fund Balance	<u>\$ (216,955)</u>	(100,777)	<u>\$ 77,870</u>	(339,949)
FUND BALANCE				
Beginning of Year		512,577		852,526
End of Year		<u>\$ 411,800</u>		<u>\$ 512,577</u>

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2004
(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2003)**

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and Temporary Investments	\$ 14,072,324	\$ 15,605,278
Other Receivables		
Accounts and Interest Receivable	19,337	6,472
Total Assets	<u>\$ 14,091,661</u>	<u>\$ 15,611,750</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Salaries and Benefits Payable	\$ 13,547	\$ 7,799
Accounts and Contracts Payable	3,135,033	5,906,021
Total Liabilities	3,148,580	5,913,820
Fund Balance		
Reserved for Building Construction	10,943,081	9,697,930
Total Fund Balance	10,943,081	9,697,930
Total Fund Liabilities and Fund Balance	<u>\$ 14,091,661</u>	<u>\$ 15,611,750</u>

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003)**

	<u>2004</u>	<u>2003</u>
REVENUES		
Local Sources		
Earnings on Investments	\$ 60,248	\$ 138,068
Other	<u>199,362</u>	<u>1,116,351</u>
Total Revenues	259,610	1,254,419
EXPENDITURES		
Current		
Salaries	147,619	102,106
Employee Benefits	30,810	21,874
Purchased Services	2,730,457	2,927,654
Debt Service		
Interest and Fiscal Charges	64,139	14,800
Capital Outlay	<u>17,369,835</u>	<u>29,528,016</u>
Total Expenditures	<u>20,342,860</u>	<u>32,594,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,083,250)	(31,340,031)
OTHER FINANCING SOURCES (USES)		
General Obligation Bond Proceeds	<u>21,328,401</u>	<u>23,168,328</u>
Total Other Financing Sources (Uses)	<u>21,328,401</u>	<u>23,168,328</u>
Net Change in Fund Balance	1,245,151	(8,171,703)
Fund Balance - Beginning	<u>9,697,930</u>	<u>17,869,633</u>
Fund Balance - Ending	<u><u>\$ 10,943,081</u></u>	<u><u>\$ 9,697,930</u></u>

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2004
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2003)**

	2004	2003
ASSETS		
Cash and Temporary Investments	\$ 6,565,982	\$ 6,941,952
Cash and Investments Held by Trustee	-	1,606,576
Receivables		
Current Taxes	5,184,023	5,029,372
Delinquent Taxes	137,086	119,973
Due from Minnesota Department of Education	98,878	95,672
Total Assets	\$ 11,985,969	\$ 13,793,545
LIABILITIES AND FUND EQUITY		
Liabilities		
Property Taxes Levied for Subsequent Year	\$ 8,315,053	\$ 8,115,933
Deferred Revenue - Delinquent Taxes	(12,708)	39,807
Total Liabilities	8,302,345	8,155,740
Fund Equity		
Fund Balance		
Reserved for Bond Refunding	-	1,606,576
Unreserved - Undesignated	3,683,624	4,031,229
Total Fund Equity	3,683,624	5,637,805
Total Liabilities and Fund Equity	\$ 11,985,969	\$ 13,793,545

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2004
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2003)**

	<u>2004</u>		<u>Over (Under) Final Budget</u>	<u>2003</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
REVENUES				
Local Sources				
Property Tax	\$ 7,636,479	\$ 7,601,616	\$ (34,863)	\$ 7,605,427
Earnings on Investments	60,000	117,355	57,355	72,297
Other	-	2,460	2,460	-
State Sources	<u>479,608</u>	<u>494,389</u>	<u>14,781</u>	<u>562,780</u>
Total Revenues	8,176,087	8,215,820	39,733	8,240,504
EXPENDITURES				
Debt Service				
Bond Principal	3,003,342	3,003,341	(1)	2,248,342
Bond Interest	5,603,053	5,639,901	36,848	5,487,817
Bond Issuance Costs	<u>10,000</u>	<u>28,261</u>	<u>18,261</u>	<u>63,628</u>
Total Expenditures	<u>8,616,395</u>	<u>8,671,503</u>	<u>55,108</u>	<u>7,799,787</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(440,308)	(455,683)	(15,375)	440,717
OTHER FINANCING SOURCES (USES)				
Proceeds of Refunding Bonds	-	2,406,502	2,406,502	8,702,749
Payment to Refunded Bond Escrow Agent	<u>-</u>	<u>(3,905,000)</u>	<u>(3,905,000)</u>	<u>(4,890,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,498,498)</u>	<u>(1,498,498)</u>	<u>3,812,749</u>
Net Change in Fund Balance	<u>\$ (440,308)</u>	<u>(1,954,181)</u>	<u>\$ (1,513,873)</u>	4,253,466
Fund Balance - Beginning		<u>5,637,805</u>		<u>1,384,339</u>
Fund Balance - Ending		<u>\$ 3,683,624</u>		<u>\$ 5,637,805</u>

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2004**

<u>01 General Fund</u>			<u>04 Community Service</u>	
Total Revenue	\$ 88,589,817		Total Revenue	\$ 4,859,299
Total Expenditures	\$ 88,537,132		Total Expenditures	\$ 4,979,230
Fund Balance			Fund Balance	
Reserved			Reserved	
403 Staff Development	\$ -		411 Severance	\$ -
406 Health and Safety	(9,572,313)		418 Severance - Ins. Premium	-
407 Down Payment Levy	-		419 Encumbrances	-
408 Cooperative Revenue	-		426 \$25 Taconite	-
409 Deferred Maintenance	-		431 Community Education	150,271
410 Reemployment Insurance	-		432 E.C.F.E.	42,023
411 Severance Pay	1,551,632		444 School Readiness	15,115
412 Bus Purchase	-		447 Adult Basic Education	181,377
414 Operating Debt	-		Unreserved	
415 Reduce SOD-1977	-		421 Designated Since SOD-1977	\$ -
416 Levy Reduction	-		422 Unreserved/Undesignated	23,014
418 Severance - Ins. Premiums	-			
419 Encumbrances	-		<u>06 Building Construction</u>	
423 Certain Teacher Programs	-		Total Revenue	\$ 259,610
424 Operating Capital	15,303		Total Expenditures	\$ 20,342,860
426 \$25 Taconite	-		Fund Balance	
427 Disabled Accessibility	-		Reserved	
428 Learning and Development	-		407 Down Payment Levy	\$ -
429 Parental Involvement	-		409 Alternative Facility Program	9,805,114
433 Student Transportation Safety	-		419 Encumbrances	-
434 Area Learning Center	-		Unreserved	
435 Contracted Alt Programs	-		422 Unreserved/Undesignated	\$ 1,137,967
436 State Approved Alt Program	-			
437 Grad Standards Staff Dev	-		<u>07 Debt Service</u>	
438 Grad Standards G & T	-		Total Revenue	\$ 8,215,820
439 Grad Standards	-		Total Expenditures	\$ 10,216,502
441 Basic Skills Programs	-		Fund Balance	
442 Class Size, All-Day K, and Special Ed Ratio Reduction	-		Reserved	
443 Telecommunication Access Cost	-		425 Bond Refundings	\$ -
445 Career and Technical Programs	-		Unreserved	
Unreserved			422 Unreserved/Undesignated	\$ 3,683,624
420 Designated for SOD-1977	\$ -			
421 Designated Since SOD-1977	-		<u>08 Trust</u>	
422 Unreserved/Undesignated	636,939		Total Revenue	\$ 109,649
			Total Expenditures	\$ 114,150
<u>02 Food Service</u>			Fund Balance	
Total Revenue	\$ 4,479,583		Reserved	
Total Expenditures	\$ 4,493,099		419 Encumbrances	\$ -
Fund Balance			Unreserved	
Reserved			422 Unreserved/Undesignated	\$ 258,150
411 Severance	\$ -			
418 Severance - Ins. Premiums	-		<u>09 Agency</u>	
419 Encumbrances	-		Fund Balance	
Unreserved			Unreserved	
421 Designated Since SOD-1977	\$ -		422 Unreserved/Undesignated	\$ -
422 Unreserved/Undesignated	442,827			
			<u>20 Internal Service</u>	
			Total Revenue	\$ -
			Total Expenditures	\$ -
			Retained Earnings	
			Reserved	
			419 Encumbrances	\$ -
			Unreserved	
			422 Unreserved/Undesignated	\$ -

Note: The District reports certain additional reserved fund balances for financial reporting purposes that are reported to the Minnesota Department of Education as unreserved for purposes of this table.

STATISTICAL SECTION (UNAUDITED)

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 1
GENERAL FUND REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year Ended June 30,	Local Property Taxes	State Revenues	Federal Revenues	Other Local and Miscellaneous	Total
1995	\$ 30,116,050 48%	\$ 28,969,734 46%	\$ 1,062,037 2%	\$ 2,561,288 4%	\$ 62,709,109 100%
1996	25,575,396 38%	37,477,526 55%	1,558,810 3%	2,946,803 4%	67,558,535 100%
1997	32,297,142 43%	38,008,379 50%	1,630,215 2%	3,437,932 5%	75,373,668 100%
1998	35,549,442 46%	35,997,012 46%	1,689,834 2%	4,385,723 6%	77,622,011 100%
1999	28,918,847 36%	44,358,968 56%	2,022,950 2%	4,464,373 6%	79,765,138 100%
2000	30,682,540 35%	49,909,000 57%	1,999,787 2%	4,900,742 6%	87,492,069 100%
2001	28,058,464 31%	53,937,230 61%	2,302,477 3%	4,785,092 5%	89,083,263 100%
2002	29,370,449 33%	54,027,453 60%	2,485,450 3%	4,246,211 4%	90,129,563 100%
2003	9,338,753 10%	74,830,904 81%	3,116,828 3%	5,253,947 6%	92,540,432 100%
2004	13,663,005 15%	66,120,942 75%	2,823,623 3%	5,982,247 7%	88,589,817 100%

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 2
GENERAL FUND EXPENDITURES BY PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year Ended June 30,</u>	<u>District and School Administration</u>	<u>District Support Services</u>	<u>Regular and Vocational Instruction</u>	<u>Special Education Instruction</u>	<u>Instructional Support Services</u>
1995	\$ 2,362,100	\$ 2,087,815	\$ 34,771,023	\$ 10,089,882	\$ 2,461,002
1996	2,790,973	2,332,583	38,010,489	11,606,813	2,001,344
1997	3,234,932	2,363,236	38,123,909	11,961,984	2,483,915
1998	4,321,518	2,750,904	39,534,889	12,332,850	2,300,648
1999	4,636,343	2,786,961	40,289,679	13,033,426	2,720,831
2000	4,673,580	2,951,168	41,272,133	14,178,680	3,015,840
2001	5,233,357	2,239,574	43,427,747	15,100,696	3,094,124
2002	5,054,211	2,734,880	42,793,419	15,439,960	3,177,828
2003	4,427,270	2,351,319	40,850,884	16,146,350	2,522,108
2004	4,215,702	2,723,736	38,696,553	16,384,566	2,186,736

Notes: Beginning in fiscal year 1996-1997, the Pupil Transportation and Capital Expenditure Funds were combined with the General Fund in accordance with Minnesota Statutes.

In fiscal year 2001-2002 the district reclassified \$8.7 million of construction expenditures into the Health & Safety to fund a portion of the new mechanical systems being upgraded in each of our school buildings.

<u>Pupil Support Services</u>	<u>Site, Building and Equipment</u>	<u>Fiscal and Other Fixed Cost Programs</u>	<u>Total</u>
\$ 2,572,056	\$ 5,695,403	\$ 1,940,541	\$ 61,979,822
2,256,237	6,097,420	1,652,437	66,748,296
6,068,941	9,987,628	324,569	74,549,114
6,062,658	9,974,883	240,549	77,518,899
6,649,169	12,403,622	207,910	82,727,941
7,172,691	12,474,321	222,859	85,961,272
7,622,445	14,639,209	248,215	91,605,367
7,968,555	22,544,677	939,539	100,653,069
7,468,411	16,256,344	1,381,226	91,403,912
8,594,333	14,393,191	1,645,691	88,840,508

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 3
BUILDING CONSTRUCTION AND DEBT SERVICE FUNDS
SUMMARY OF REVENUES AND EXPENDITURES FOR GENERAL, SPECIAL REVENUE AND
CAPITAL PROJECTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Year Ended June 30,	General Fund	Food Service Fund	Transportation Fund	Community Service Fund
REVENUES	1995	\$ 62,709,109	\$ 2,680,336	\$ 3,575,964	\$ 3,360,081
	1996	67,558,535	2,908,214	3,718,117	3,623,925
	1997	75,373,668	3,156,782	-	3,153,411
	1998	77,622,011	3,571,196	-	3,013,688
	1999	79,765,138	3,918,208	-	3,948,602
	2000	87,492,069	4,225,558	-	4,772,482
	2001	89,083,263	4,257,309	-	5,281,163
	2002	90,129,563	4,327,621	-	5,118,839
	2003	92,540,432	4,496,439	-	4,723,569
	2004	88,589,817	4,479,583	-	4,859,299
EXPENDITURES	1995	\$ 61,979,822	\$ 2,740,507	\$ 3,575,964	\$ 3,369,837
	1996	66,748,296	2,862,951	3,961,150	3,684,551
	1997	74,549,114	3,126,893	-	3,186,381
	1998	77,518,899	3,268,065	-	3,103,267
	1999	82,727,941	3,784,939	-	3,807,381
	2000	85,961,272	4,039,336	-	4,496,326
	2001	91,605,367	4,163,181	-	5,361,405
	2002	100,653,069	4,496,934	-	5,076,389
	2003	91,403,912	4,805,986	-	5,063,518
	2004	88,840,508	4,493,099	-	4,979,230

Note: Beginning in fiscal year 1996-1997, the Transportation and Capital Expenditure Funds were combined with General Fund.

Capital Expenditure Fund	Capital Projects - Building Construction Fund	Debt Service Fund	Total
\$ 4,649,907	\$ 182,705	\$ 3,841,893	\$ 80,999,995
3,936,387	133,743	3,372,147	85,251,068
-	10,288	3,137,042	84,831,191
-	39,993	3,542,937	87,789,825
-	3,714	4,015,633	91,651,295
-	279,386	3,783,782	100,553,277
-	1,655,489	2,889,175	103,166,399
-	1,102,966	6,595,724	107,274,713
-	1,254,419	8,240,504	111,255,363
-	259,610	8,215,820	106,404,129
<hr/>	<hr/>	<hr/>	<hr/>
\$ 3,041,163	\$ 5,441,376	\$ 3,636,378	\$ 83,785,047
5,150,557	3,802,843	3,139,789	89,350,137
-	631,458	3,504,039	84,997,885
-	707,922	3,704,048	88,302,201
-	132,026	3,808,235	94,260,522
-	3,336,483	3,758,648	101,592,065
-	21,459,821	3,809,847	126,399,621
-	40,309,008	6,126,637	156,662,037
-	32,594,450	7,799,787	141,667,653
-	20,342,860	8,671,503	127,327,200

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 4
HISTORY OF TAX CAPACITY RATES
LAST TEN FISCAL YEARS
(AMOUNTS SHOWN AS PERCENTAGE PER NET TAX CAPACITY)
(UNAUDITED)**

Tax Collection Year	Independent School District No. 621	City of Mounds View	City of New Brighton	City of Arden Hills	City of Vadnais Heights	City of North Oaks
1995	64.664	26.029	17.602	17.480	15.052	9.082
1996	62.061	24.686	17.736	17.616	14.895	8.235
1997	60.471	25.062	17.719	17.748	14.841	8.499
1998	50.164 (1)	25.908	19.532	19.100	15.103	9.009
1999	48.241	26.855	20.276	19.059	15.505	9.060
2000	46.421	25.551	20.387	18.992	15.461	8.444
2001	49.585	29.568	20.391	17.209	15.269	7.792
2002	25.379 (2)	41.273	38.880	25.092	24.672	12.300
2003	21.984	37.923	35.850	23.930	22.410	10.888
2004	21.843	42.548	35.797	23.367	21.473	9.783

(1) Beginning in 1998, rate does not include referendum, which is spread on School District Referendum Market Value.

(2) Beginning in 2002, the state took over 100% of the General Educational formula therefore decreasing property tax rates for the school district. Most cities had large levy increases due to reductions in state aids.

Source: Ramsey County

<u>City of Shoreview</u>	<u>City of Roseville</u>	<u>Ramsey County</u>
19.330	18.000	41.224
19.382	17.306	40.370
19.703	17.751	40.540
19.807	19.254	42.336
19.917	19.997	43.185
19.384	19.028	40.995
18.733	18.522	38.719
30.402	29.414	50.749
28.753	25.734	50.286
27.067	23.833	49.439

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 5
TAXABLE NET TAX CAPACITY, MARKET VALUE AND EFFECTIVE TAX CAPACITY RATE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Tax Collection Year	Taxable Net Tax Capacity (1)	Estimated Market Value	Effective Tax Capacity Rate
1995	\$ 61,281,985	\$ 3,289,088,100	1.86%
1996	63,836,099	3,420,089,800	1.87%
1997	65,683,996	3,555,216,600	1.85%
1998	62,536,987	3,726,787,400	1.68%
1999	63,135,327	4,017,779,130	1.57%
2000	65,978,293	4,313,124,598	1.53%
2001	73,586,066	4,743,074,800	1.55%
2002	57,354,635 (2)	5,253,137,600	1.09%
2003	63,670,730	5,890,174,000	1.08%
2004	69,572,742	6,530,033,600	1.07%

(1) As adjusted for Fiscal Disparities and Tax Increments.

(2) The Minnesota legislature made a multitude of changes that impacted 2002 property taxes. There were significant class rate compression for all types of property.

Source: Ramsey County

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 6
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Tax Collection Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
1995	\$ 39,657,384	\$ 38,853,426	97.97%	\$ 98,740	\$ 38,952,166	98.22%
1996	39,814,596	39,243,936	98.57%	364,227	39,608,163	99.48%
1997	39,846,110	39,407,685	98.90%	260,238	39,667,923	99.55%
1998	35,870,889	35,622,412	99.31%	244,727	35,867,139	99.99%
1999	32,456,519	31,997,708	98.59%	218,008	32,215,716	99.26%
2000	31,125,581	30,821,819	99.02%	184,897	31,006,716	99.62%
2001	36,515,278	35,988,349	98.56%	(41,486) (3)	35,946,863	98.44%
2002	17,521,233	17,380,738	99.20%	53,309	17,434,047	99.50%
2003	16,823,847	16,333,676	97.09%	343,776	16,677,452	99.13%
2004	25,194,611	12,605,760	50.03% (2)	-	12,605,760	50.03%

(1) Total Tax Levy includes certified levy (including fiscal disparities) less HACA and Education Homestead Credit adjustments, as applicable.

(2) Property taxes are remitted to the district based on a calendar year; the amount stated represents collections through the district's fiscal year end of June 30.

(3) In 2001 the District experienced abated property after collections. This column included refunds back to Ramsey County. This allowed total tax collection to reflect actual collected over the years of collection.

Source: Ramsey County and District Records

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 7
SCHOOL TAX LEVIES AND TAX RATES BY FUND
LAST TEN FISCAL YEARS
(UNAUDITED)**

Tax Levies

Tax Collection Year	General Fund	Pupil Transportation Fund	Community Service Fund	Capital Expenditure Fund
1995	\$ 32,696,205	\$ 2,475,524	\$ 1,250,963	\$ 2,187,021
1996	35,256,734	-	1,067,281	2,168,477
1997	36,199,933	-	1,276,244	-
1998	34,882,870	-	1,116,250	-
1999	34,111,697	-	663,747	-
2000	35,294,371	-	706,810	-
2001	36,598,427	-	1,007,851	-
2002	9,372,067 (2)	-	1,050,986	-
2003	8,485,130	-	1,062,457	-
2004	16,769,144	-	890,617	-

Tax Rates

Tax Collection Year	General Fund	Pupil Transportation Fund	Community Service Fund	Capital Expenditure Fund
1995	0.51640	0.03740	0.01701	0.03312
1996	0.54186	-	0.01372	0.02787
1997	0.54413	-	0.01648	-
1998	0.42462	-	0.01710	-
1999	0.41573	-	0.01028	-
2000	0.41339	-	0.01062	-
2001	0.39211	-	0.01381	-
2002	0.09584 (2)	-	0.01816	-
2003	0.07784	-	0.01644	-
2004	0.08620	-	0.01279	-

(1) Beginning in fiscal year 1996-1997, the Pupil Transportation and Capital Expenditures Funds were combined with the General Fund in accordance with Minnesota Statutes.

(2) Beginning in 2002, the state took over 100% of the General Educational formula therefore decreasing property tax rates for the General Fund.

(3) Beginning in 2002, \$415 per pupil unit of operating referendum was shifted to state aid. This was another significant part of the Minnesota Legislature. If a school district was levying more than \$415 per pupil unit, it was only a shift from levy to aid. But, if a district was levying less than \$415, it represented new funding for the district.

Source: School Tax Report

Debt Service Fund	Total All Funds
\$ 3,141,141	\$ 41,750,854
2,891,421	41,383,913
3,416,254	40,892,431
3,910,422	39,909,542
3,640,353	38,415,797
2,674,993	38,676,174
6,564,314	44,170,592
8,092,173	18,515,226
8,116,087	17,663,674
8,315,199	25,974,960

Debt Service Fund	Total All Funds	Market Value Referendum Tax Rate
0.04271	0.64664	-
0.03716	0.62061	-
0.04410	0.60471	-
0.05992	0.50164	0.00176
0.05640	0.48241	0.00155
0.04020	0.46421	0.00158
0.08993	0.49585	0.00145
0.13979	0.25379	0.00064 (3)
0.12556	0.21984	0.00052
0.11944	0.21843	0.00159

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 8
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2004
(UNAUDITED)**

Governmental Unit	2003/2004 Taxable Net Tax Capacity	Tax Capacity Percent in District	Total G.O. Debt	Share of Debt
Independent School District No. 621	\$ 69,572,742	100.00%	\$ 137,683,495	\$ 137,683,495
Overlapping Debt				
Ramsey County	\$ 383,824,524	18.13%	\$ 164,767,000	\$ 29,872,257
Ramsey County Library	203,426,983	34.20%	1,580,000	540,360
City of Arden Hills	9,966,939	96.95%	2,715,000	2,632,193
City of Mounds View	7,247,907	100.00%	3,305,162	3,305,162
City of New Brighton	16,087,869	91.63%	31,500,000	28,863,450
City of Roseville	37,080,600	16.97%	21,650,000	3,674,005
City of Shoreview	24,418,535	93.08%	12,555,000	11,686,194
City of Vadnais Heights	11,636,848	11.92%	6,780,000	808,176
White Bear Town	10,258,859	0.13%	8,690,000	11,297
N.E.I.S.D. #916	456,894,148	15.23%	16,120,000	2,455,076
Special Districts:				
Metro Council	2,380,905,446	2.92%	845,710,429	24,694,745
Metro Airports Commission	2,380,905,446	2.92%	411,956,000	12,029,115
Total Overlapping Debt				<u>\$ 120,572,029</u>
Total Direct and Overlapping Debt				<u><u>\$ 258,255,524</u></u>

Source: Ramsey County and District Records

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 9
ASSESSED VALUATIONS AND TAX CAPACITIES
LAST TEN COLLECTION YEARS
(UNAUDITED)**

	Tax Collection Year	Agricultural Valuation	Nonagricultural Valuation	Fiscal Disparities	
				Contribution Valuation	Distribution Valuation
<u>Ramsey County</u>					
<u>Tax Capacities</u>	1995	\$ 7,809	\$ 69,371,530	\$ (9,504,460)	\$ 7,172,685
	1996	11,820	72,008,978	(8,931,118)	7,575,821
	1997	76,482	75,328,121	(9,926,980)	7,939,417
	1998	74,016	71,074,595	(9,136,170)	7,591,857
	1999	70,497	71,498,002	(8,309,270)	7,563,429
	2000	9,341	76,378,051	(9,415,301)	8,210,613
	2001	60,663	85,638,694	(10,826,047)	9,285,582
	2002 (1)	42,464	65,412,382	(7,368,611)	5,836,182
	2003	43,253	73,238,447	(8,500,835)	6,262,911
	2004	48,768	80,459,922	(9,694,302)	6,855,565

(1) The Minnesota legislature made a multitude of changes that impacted 2002 property taxes. There were significant class rate compression for all types of property.

Source: School Tax Report.

<u>Tax Increment Valuation</u>	<u>Total Taxable Valuation</u>
\$ (5,765,579)	\$ 61,281,985
(6,829,392)	63,836,109
(7,733,044)	65,683,996
(7,067,311)	62,536,987
(7,687,331)	63,135,327
(9,204,411)	65,978,293
(10,572,826)	73,586,066
(6,567,783)	57,354,634
(7,373,046)	63,670,730
(8,097,211)	69,572,742

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 10
PROPERTY TAX LEVIES AND RECEIVABLES
LAST TEN COLLECTION YEARS
(UNAUDITED)**

Tax Collection Year	Original Levy			Total Spread
	Local Spread	Fiscal Disparities	State Credits ⁽¹⁾	
1995	\$ 34,989,238	\$ 4,668,128	\$ 2,093,488	\$ 41,750,854
1996	34,914,967	4,898,830	1,570,116	41,383,913
1997	34,918,000	4,927,283	1,047,148	40,892,431
1998	30,590,583	5,279,474	4,039,485	39,909,542
1999	27,090,308	5,365,628	5,959,861	38,415,797
2000	26,097,869	5,026,626	7,551,679	38,676,174
2001	31,105,823	5,409,036	7,655,733	44,170,592
2002	15,421,517	2,097,985	995,724	18,515,226
2003	14,828,067	1,995,804	839,803	17,663,674
2004	23,323,700	1,870,991	780,269	25,974,960

Note: Delinquent taxes are written off after seven years.

(1) State credits pay a portion of the certified levy and are made up of HACA (Homestead Agricultural Credit Aid), Education Homestead Credit Aid, Education Agricultural Credit Aid, and Disaster Credit.

Uncollectible Taxes Receivable as of June 30, 2004

Delinquent		Current	
Amount	Percent	Amount	Percent
\$ -	0.00	\$ -	0.00
-	0.00	-	0.00
17,364	0.04	-	0.00
(4,600)	(0.01)	-	0.00
(42,966)	(0.11)	-	0.00
25,899	0.07	-	0.00
308,995	0.70	-	0.00
(262,990)	(1.42)	-	0.00
428,652	2.43	-	0.00
-	0.00	15,974,874	61.50
\$ 470,354			

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621**

TABLE 11

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO TAX CAPACITY, NET GENERAL
OBLIGATION BONDED DEBT PER CAPITA AND LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Gross Bonded Debt ⁽¹⁾	Less Debt Service Funds on Hand	Net Bonded Debt	Tax Capacity	Percent of Net Debt to Tax Capacity
1995	\$ 30,615,000	\$ 5,841,629	\$ 24,773,371	\$ 61,281,985	40.43%
1996	29,570,000	6,073,987	23,496,013	63,836,099	36.81%
1997	23,915,000	521,990	23,393,010	65,683,996	35.61%
1998	21,560,000	360,879	21,199,121	62,536,987	33.90%
1999	19,050,000	568,277	18,481,723	63,135,327	29.27%
2000	26,380,000	593,411	25,786,589	65,978,293	39.08%
2001	54,725,000	(327,260)	55,052,260	73,586,066	74.81%
2002	93,010,000	1,384,339	91,625,661	57,354,634	159.75%
2003	118,090,000	5,637,805	112,452,195	63,670,730	176.62%
2004	137,683,495	3,683,625	133,999,870	69,572,742	192.60%

The legal debt limit for school districts in Minnesota is 15% of actual market value. This limit applies only to net general obligation bonded debt and excludes debt supported by special revenue sources. The total net general obligation bonded debt on June 30, 2004 was \$133,999,870 as compared to the legal limit of \$ 979,505,040. The resulting legal debt margin is \$845,505,170.

(1) Gross bonded debt includes general obligation bonds, certificates of participation, and capital equipment notes.

(2) Updated population with the 2000 Census data.

<u>Estimated Population</u>		<u>Net Bonded Debt Per Capita</u>
75,355	\$	329
75,947		309
76,381		306
76,526		277
77,069		240
76,193	(2)	338
76,574		719
76,957		1,191
77,342		1,454
77,728		1,724

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 12
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN COLLECTION YEARS
(UNAUDITED)**

Fiscal Year	Principal	Interest and Other Fiscal Charges	Total Debt Service Expenditures	Total General Expenditures (1)	Percent of Debt Service to General Expenditures (1)
1995	\$ 2,333,414	\$ 1,302,964	\$ 3,636,378	\$ 83,785,047	4.34%
1996	1,531,565	1,608,224	3,139,789	89,350,137	3.51%
1997	1,943,549	1,560,490	3,504,039	84,997,885	4.12%
1998	2,536,286	1,167,762	3,704,048	88,302,201	4.19%
1999	2,691,286	1,116,949	3,808,235	94,260,522	4.04%
2000	2,775,397	983,251	3,758,648	101,592,065	3.70%
2001	2,266,973	1,542,874	3,809,847	126,399,621	3.01%
2002	2,391,973	3,734,664	6,126,637	156,662,037	3.91%
2003	7,721,514	6,007,576	13,729,090	146,557,653	9.37%
2004	7,448,349	6,405,798	13,854,147	131,232,200	10.56%

(1) General expenditures include General, Special Revenue, Capital Projects - Building Construction, and Debt Service Funds.

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 13
PRINCIPAL TAXPAYERS
(UNAUDITED)**

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Market Value</u>	<u>2004 Net Tax Capacity</u>	<u>Percentage of 2004 Net Tax Capacity</u>
Cardiac Pacemakers Inc	Commercial	\$ 67,305,900	\$ 1,344,618	1.69%
Xcel Energy	Utility	45,635,200	911,106	1.15%
Shoreview Owner LLC	Commercial	41,250,000	824,250	1.04%
Wells Fargo Properties Inc	Commercial	36,100,000	721,250	0.91%
St Paul Properties Inc	Industrial	29,521,200	588,174	0.74%
Deluxe Corporation	Commercial	29,000,000	579,250	0.73%
CB Richard Ellis	Industrial	25,073,200	499,964	0.63%
MN Industiral Venture LLC	Commercial	24,306,300	482,376	0.61%
North Prior LLC	Commercial	22,000,000	439,250	0.55%
Land O'Lakes Inc	Commercial	<u>21,655,100</u>	<u>432,352</u>	<u>0.54%</u>
		<u>\$ 341,846,900</u>	<u>\$ 6,822,590</u>	<u>8.59%</u>

Source: Ramsey County

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 14
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year Ended June 30,	Resident Average Daily Membership					Weighted Average Daily Membership	Estimated Population
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total		
1995	83.83	798.29	5,560.00	5,574.59	12,016.71	13,647.50	75,355
1996	55.74	827.16	5,601.74	5,572.38	12,057.02	13,676.07	75,947
1997	68.27	772.87	5,587.58	5,676.69	12,105.41	13,780.41	76,381
1998	84.32	761.08	5,442.16	5,796.80	12,084.36	13,792.22	76,526
1999	64.23	792.19	5,356.77	5,812.84	12,026.03	13,729.14	77,069
2000	92.48	751.02	5,338.46	5,825.85	12,007.81	13,893.97	76,193 (1)
2001	101.10	728.67	5,321.36	5,633.25	11,784.38	13,603.92	76,574
2002	94.28	676.35	5,195.59	5,667.63	11,633.85	13,448.99	76,957
2003	95.43	623.39	4,951.30	5,694.51	11,364.63	13,096.73	77,342
2004 (2)	94.02	591.60	4,613.93	5,413.93	10,713.48	12,368.78	77,728

(1) Updated population with 2000 Census Data.

(2) Beginning with 2004 ADM has been presented under "new law" (1.0 ADM) limits. Prior year numbers have not been changed and are presented under "old law" (1.5 ADM) limits.

Average Daily Membership is weighted as follows in computing Weighted Average Daily Membership:

	Handicapped	Pre- Kindergarten	Kindergarten	Elementary Grades 1-3	Elementary Grades 4-6	Secondary
Fiscal 1992 and 1993	1.000	1.000	0.500	1.000	1.000	1.300
Fiscal 1994	1.000	1.000	0.515	1.030	1.030	1.300
Fiscal 1995 through 1999	1.000	1.000	0.530	1.060	1.060	1.300
Fiscal 2000 through 2004	1.250	1.000	0.557	1.115	1.060	1.300

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 15
COST PER PUPIL BASED ON WEIGHTED AVERAGE DAILY MEMBERSHIP
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003
(UNAUDITED)**

Description	2003-2004		2002-2003	
	Cost (1)	Cost Per Pupil (2)	Cost (1)	Cost Per Pupil (3)
District and School Administration	\$ 4,215,702	\$ 341	\$ 4,427,270	\$ 329
District Support Services	2,723,736	220	2,351,319	175
Regular Instruction	36,655,758	2,964	38,839,985	2,888
Vocational Instruction	2,040,795	165	2,010,899	150
Special Education Instruction	16,384,566	1,325	16,146,350	1,201
Community Education and Services	4,979,230	403	4,960,484	369
Instructional Support Services	2,186,736	177	2,522,108	188
Pupil Support Services	13,087,432	1,058	12,377,431	920
Site, Buildings and Equipment	34,671,912	2,803	48,835,994	3,631
Fiscal and Other Fixed Cost Programs	10,381,333	839	9,195,813	684
Totals	<u>\$ 127,327,200</u>	<u>\$ 10,295</u>	<u>\$ 141,667,653</u>	<u>\$ 10,535</u>

(1) Including general, special revenue, capital projects - building construction, and debt service funds.

(2) The Weighted Average Daily Membership used for 2003-04 is 12,368.78

(3) The Weighted Average Daily Membership used for 2002-03 is 13,096.73

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 16
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2004
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Real and Personal Property (All Locations)	\$ 164,688,041
Earnings and Extra Expense	3,036,000
Inland Marine	
Musical Instruments and Band Uniforms	235,000
Mahogany Grand Piano	59,000
Audio Visual Equipment	700,000
Valuable Papers	200,000
Equipment Floater	248,713
Electronic Data Processing	
Hardware and Software	4,000,000
Extra Expense	100,000
Transit	100,000
Crime	
Employee Dishonesty	100,000
Forgery or Alteration	50,000
Money and Securities	
Limit Inside Your Building	50,000
Limit Outside Your Building	50,000
General Liability	
General Aggregate	3,000,000
Products/Completed Operations Limit	3,000,000
Personal and Advertising Injury Limit	1,000,000
Per Occurrence Limit	1,000,000
Premises Damage Limit	100,000
Medical Expense Limit	5,000
School Leaders Legal Liability	
Per Claim	1,000,000
Per Aggregate	1,000,000
Automobile Coverage	
Combined Single Limit for Bodily Injury and Property Damage for Any Auto	1,000,000
Combined Single Limit Each Person for Uninsured and Underinsured Coverage on any Owned Auto	1,000,000
Combined Single Limit for Non-Owned and Hired Automobile Liability	1,000,000
Boiler and Machinery	
Property	Per Property Schedule
Limit Per Accident	Per Property Schedule
Consequential Damage Per Accident	10,000
Expediting Expenses	100,000
Hazardous Substances	100,000

**MOUNDS VIEW PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 621
TABLE 17
DEFERRED TAX LEVIES FOR FUTURE BOND DEBT SERVICE
JUNE 30, 2004
(UNAUDITED)**

Calendar Year in Which Levy is Collectible	Total Levies (All Issues)
2005	\$ 10,337,663
2006	10,525,774
2007	10,604,629
2008	11,348,231
2009	11,322,432
2010	11,307,194
2011	11,336,009
2012	12,219,439
2013	12,220,765
2014	12,203,099
2015	12,201,012
2016	12,200,178
2017	12,195,485
2018	12,202,306
2019	12,199,642
2020	12,194,851
2021	12,199,391
2022	8,624,641
2023	7,422,332
2024	<u>4,362,750</u>
Total Amount to be Levied In Future Years	<u>219,227,821</u>
2004	Amount levied for collection in 2004 and included in current taxes receivable and property taxes levied for subsequent year at June 30, 2004
	<u>8,315,053</u>
Total Deferred Tax Levies for Future Bond Debt Service	<u><u>\$ 227,542,874</u></u>

Note: Deferred tax levies represent debt service levies scheduled by the various bond obligations. These levies are subject to reduction based on excess fund balance limitations in accordance with Minnesota Statutes Sec. 475.61.