

INDEPENDENT SCHOOL DISTRICT 719
PRIOR LAKE-SAVAGE AREA SCHOOLS
PRIOR LAKE, MINNESOTA



2010-11
Comprehensive
Annual Financial Report
Year Ended June 30, 2011

INDEPENDENT SCHOOL DISTRICT 719
PRIOR LAKE-SAVAGE AREA SCHOOLS

P.O. BOX 539
PRIOR LAKE, MN 55372

Comprehensive
Annual Financial Report

Year Ended June 30, 2011

Prepared by:

District Business Office

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
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INTRODUCTORY SECTION



PRIOR LAKE-SAVAGE
AREA SCHOOLS

A community of lifelong learners

To: Citizens of Prior Lake-Savage Area Schools
Board of Education
Staff of Prior Lake-Savage Area Schools

Date: November 10, 2011

PREFACE

The Comprehensive Annual Financial Report of Independent School District No. 719, Prior Lake-Savage Area Schools (District) is submitted for the fiscal year (FY) ended June 30, 2011. The District administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. An independent firm of certified public accountants audits this report.

Independent School District No. 719, also known as Prior Lake-Savage Area Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of Prior Lake-Savage Area Schools. A superintendent is appointed by the board and is responsible for administrative control of the District. There are no other entities for which the District is considered financially accountable.

These financial statements incorporate the requirements of Statement No. 34 of the Governmental Accounting Standards Board (GASB) entitled *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This standard, issued in June 1999, creates a reporting model of financial information and disclosure, which is comprehensive and attempts to closely reflect the reporting model required for private industry. The reader will notice that two entity-wide basic financial statements created by this standard, the Statement of Net Assets and the Statement of Activities, do not contain numerous columns for various funds that have been seen in past governmental financial statements. These two statements consolidate much of the information contained in fund-based financial statements of the past into statements which tend to 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 a part of “Required Supplementary 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.

The Comprehensive Annual Financial Report is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

The introduction includes a list of principal officials, an organizational chart, and this transmittal letter. The financial section includes the basic financial statements, individual fund statements and related schedules. The report of the Independent Certified Public Accountants is also included in the financial section. Notes to the financial section are provided to enhance the reader's understanding of Prior Lake-Savage Area Schools' accounting policies and procedures. The statistical section incorporates GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. GASB Statement No. 44 offers a wealth of descriptive and illustrative material designed to minimize the possibility of misinterpretation. GASB incorporated into the statistical section certain data now available for the first time as a result of the implementation of GASB Statement No. 34. GASB established five broad objectives which are used to organize the Statistical Section.

- 1) Financial trends
- 2) Revenue capacity
- 3) Debt capacity
- 4) Demographics and economics
- 5) Operations

The District is required to undergo an annual audit of its Federal Financial Assistance (Single Audit) in accordance with *Government Auditing Standards*, as issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133. Information related to the Single Audit is issued separately and is not included in this report.

DISTRICT STRATEGIC ROADMAP

The School Board approved a strategic roadmap for our district in May 2009 that serves as a compass to shape yearly improvement goals and guide the District's educational programs, services and applied resources. One of the driving forces of the strategic plan was to maintain our current fiscal health and accountability while moving toward achievement of our educational vision. Components include:

School District Mission:

Our mission is to educate all learners to reach their full potential as contributing, productive community members of an ever-changing world.

We are innovative, environmentally focused and wise stewards of our resources.

Vision:

- Sustainable environmental focus recognized at the state and national levels
- Challenging, diverse and personalized learning
- A culture of excellence fostering a love of learning and appreciation for the arts and activities
- A district of stakeholder partnerships
- Technology enhancing instruction, communication and administration
- Innovative and flexible staffing through wise financial stewardship

Core Values:

- **Partnership:** Collaboration of resources and talents to achieve high mutual goals for the benefit of all
- **Innovation:** Creative problem solving connecting creativity with usefulness
- **Respect:** Valuing of ourselves, each other and our world across all differences
- **Wise stewardship:** Developing and effective use of our knowledge, human, financial, physical, and environmental resources
- **Accountability:** Holding ourselves and each other accountable for our actions and words
- **Strive for Excellence:** Commitment to continuous learning and improvement

Strategic Directions:

- A. Increasing measurable student growth and achievement
- B. Continue financial accountability to community while using available resources to educate students and maintain class size targets
- C. Expand innovative programming to meet family needs
- D. Expand and embed environmental focus across the District
- E. Integrating technology for teaching and communications; increasing capacity to set standards for all learners using 21st century skills
- F. Engage parents, families and community to strengthen a culture of respect and inclusion

DISTRICT FISCAL FRAMEWORK

The District has been functioning under financial constraints over the past several years as a result of:

- Change from rapid to flat or slow enrollment growth due to current economy
- With the exception of the voter-approved excess operating referendum, the District is dependent on the State of Minnesota for most of its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.
- Rising Costs

For the past 4 years, the District has closed the fiscal year favorable to budget and with a positive fund balance. Many efforts led to this district's fiscal success in light of financial constraints:

- An unwavering focus on efficiency improvement in all areas. Items of cost containment that have resulted from these efficiencies include reduction in energy usage, reduced rates for property insurance, increased use of technology to automate processes and a reduction in paper consumption.
- In November 2008, the District's voters approved an operating referendum renewal along with a \$210 per pupil unit increase. The increase is used for operating costs for Redtail Ridge Elementary, re-open Twin Oaks pool and to hire 11 staff to reduce class size. As a result of the successful election the operating referendum per pupil unit is \$1,051 and is in place for ten years.

- The 2009 Legislature approved a 0% increase the General Education formula for 2009-10 and 2010-11. The funding formula has been below the current annual rate of inflation for the last twenty years. Accordingly, the District continues to utilize sophisticated enrollment and financial planning tools, along with detailed and conservative budgeting and budget monitoring processes. The District will continue to seek all available sources of funding, respond to enrollment increases, balance revenue to expenditures, and maintain systems that ensure financial stability. In 2011, Legislature approved a \$50 increase to the funding formula for 2011-12 and an additional \$50 to the formula in 2012-13. This increase, while modest, will help the district to offset increased expenditures for the next two years.

DISTRICT ACCOMPLISHMENTS AND PROGRAMS

Under the leadership of the School Board and Superintendent Dr. Sue Ann Gruver, the District continues to enjoy academic success.

Academic Achievement:

Prior Lake-Savage Area Schools is accredited by the North Central Association of Colleges and Secondary Schools. 95% of District students attend 2 or 4 year colleges. Prior Lake-Savage Area Schools students consistently achieve high levels on standardized tests. A sampling of test results follows:

In April 2011, students in Prior Lake-Savage Area Schools took the Minnesota Comprehensive Tests (MCA-II's and MCA-III's) in reading, math and science. The MCA-II's and MCA-III's are tests required under the federal No Child Left Behind (NCLB) Act. Students in grades 3 through 8 are tested in both math and reading. Students in grade 10 are tested in reading and students in grade 11 are tested in math. Students in grades 5, 8, and 10 are required to take the science test, but the results do not count towards graduation or NCLB requirements.

Results are reported in four levels: Not Meeting Standards; Partially Meeting Standards; Meeting Standards; and Exceeding Standards. Meeting and exceeding standards are considered to be at or above grade level respectively.

The following overviews provide a comparison for the 2010 MCA-II and 2011 MCA-II/MCA-III test results.

Reading Overview and Insights:

- The scores listed below indicate the percentage of students passing or achieving proficiency on the MCA-II Reading Assessment.
- 2011 scores indicate that students at each grade level increased in comparison to the students at the grade level in 2010.
- Cohort scores also increased from 2010 to 2011 in all grade levels with the exception of 2010 5th grade students to 2011 6th grade students.
- The gap or difference between District students and State students appears to be increasing in most grade levels with PLSAS student out-performing state peers.
- The District has been implementing a new Reading/Language Arts curriculum and approach (Making Meaning, Words Their Way, and Guided Reading) over the past 2-3 years. Scores would indicate that the District is not experiencing an "Implementation Dip". An implementation dip is referred to by education researchers when test scores drop as a result of implementing new curriculum materials.

MCA-II 2011 Reading Scores:

Grade Level	2010 District Percent of Students Passing	2011 District Percent of Students Passing	Difference between 2010 & 2011	2011 State Average of Students Passing	Difference between District and State
3rd Grade	84.2%	88.0%	3.8%	78.5%	9.5%
4th Grade	81.3%	85.6%	4.3%	75.2%	10.4%
5th Grade	82.9%	85.9%	3.0%	80.3%	5.6%
6th Grade	78.3%	81.2%	2.9%	75.1%	6.1%
7th Grade	68.5%	79.8%	11.3%	69.6%	10.2%
8th Grade	76.4%	76.5%	0.1%	68.1%	8.4%
10 th Grade	81.1%	80.1%	-1.0%	75.3%	4.8%

Math Overview and Insights:

- The scores listed below indicate the percentage of students passing or achieving proficiency on the MCA-II and MCA-III Math Assessment. MCA-III Math assesses new, more rigorous standards than the MCA-II assessment.
- The 2010 Math assessment results are aligned to the previous math standards and assessed with the MCA-II test.
- The 2011 MCA-III assesses student proficiency on new math standards (MCA-III) and content in grades 3 through 8. The 11th grade math assessment was aligned to the previous standards as a result of the GRAD requirements.
- The MCA-III is a more rigorous test designed for higher graduation standards in Math, including all students completing Algebra by 8th grade and master Higher Algebra II/Trigonometry skills in order to graduate high school.
- The 2011 math scores will serve as a benchmark moving forward to compare student proficiency and growth.
- The MCA-III math test was administered to students online.
- While scores appear to indicate decreases in the yearly comparison and cohort comparison, PLSAS out-performed state peers by a significant margin.
- The District will use these results in the implementation of new math curriculum district-wide through the 2011-12 school year and 2012-13 school year.

MCA-III 2011 Math Scores:

Grade Level	2010 District Percent of Students Passing	2011 District Percent of Students Passing	Difference between 2010 & 2011	2011 State Average of Students Passing	Difference between District and State
3rd Grade	85.3%	85.4%	0.1%	70.1%	15.3%
4th Grade	86.0%	83.1%	-2.9%	67.2%	15.9%
5th Grade	78.9%	67.8%	-11.1%	53.6%	14.2%
6th Grade	76.7%	68.4%	-8.3%	50.3%	18.1%
7th Grade	76.5%	70.5%	-6.0%	51.7%	18.8%
8th Grade	76.4%	70.9%	-5.5%	53.2%	17.7%
11th Grade	51.7%	59.7%	8.0%	48.6%	11.1%

Science Scores:

In 2011, 5th, 8th and 10th grade students participated in the science MCA-II's. This exam is conducted entirely online. Prior Lake-Savage students performed well on the science test and outperformed state averages. The following tables provide additional detail on how Prior Lake-Savage students compared to the state average.

Prior Lake-Savage Area Schools				
2010-11 MCA II Science Results				
% of Students Meeting or Exceeding Proficiency				
Grade	2010 PLS	2010 State	2011 PLS	2010 State
5	56.7%	46.0%	62.1%	46.0%
8	60.2%	47.9%	54.4%	44.4%
10	69.0%	51.8%	75.0%	53.8%

2010 PLAN Results:

All 10th grade students in Prior Lake-Savage take the PLAN test. The PLAN test is an indicator of how well a student is likely to do on the ACT test. Students are testing the core subject areas and are asked to indicate the courses they have taken or plan to take. Scores at Prior Lake High School surpass national averages in virtually all areas of the PLAN. Local and national averages are as follows:

Subject	Local 2010	National 2010	Difference
English	18.5	16.9	1.6
Mathematics	21.0	17.7	3.3
Reading	18.3	16.9	1.4
Science	20.1	18.2	1.9
Composite	19.5	17.5	2.0

2010 EXPLORE Results:

All 8th grade students in Prior Lake – Savage take the EXPLORE test. EXPLORE is the first part of a testing system that goes on to include PLAN and the ACT. All three test students in English, math, reading, and science. However, the material tested in each program gets more difficult.

Subject	Local	National	Difference
English	15.9	14.8	1.1
Mathematics	17.8	15.6	2.2
Reading	16.0	14.7	1.3
Science	18.1	16.6	1.5
Composite	17.0	15.5	1.5

LOCAL ECONOMIC CONDITION AND OUTLOOK

The Prior Lake-Savage Area School District serves all or part of two cities and four townships in Scott County encompassing 46 square miles. However, the vast majority of the District's households are in the cities of Prior Lake and Savage. In 2000, 83% of the District's households were in these two cities. By 2005, 86% of district households were in Prior Lake and Savage. Only about 1% of Cedar Lake Township and Sand Creek Township are in the Prior Lake-Savage Area School District.

Scott County has been among the fastest growing counties in the nation since the 2000 census. The county's growth is fueled by the upgrading of Highway 169 and the completion of the Bloomington Ferry Bridge. Growth was rapid in the 1990's also, when District households increased by nearly 60%. The Prior Lake-Savage Area School community is a developing suburb with a small town atmosphere.

Learners in the District attend ten educational sites. The District offers full and half-day kindergarten. WestWood Elementary is the home of SAGE Academy, our gifted program. All elementary schools offer grades K-5, two middle schools house grades 6-8 and one high school educates grades 9-12. The District also has an Area Learning Center and an Early Childhood/Kindergarten Center.

The District employs over 1,000 staff members. Our staff is focused on our mission: "Our mission is to educate all learners to reach their full potential as contributing, productive community members of an ever-changing world. We are innovative, environmentally focused and wise stewards of our resources." The District runs its own food service program and before and after school childcare programs. Our bus service is contracted with local vendors. Buildings and grounds staff members are responsible for maintaining the facilities inside and out. A dedicated auxiliary staff includes a wide variety of positions such as lunchroom/playground supervisors, computer lab support, network manager, special education support paraprofessionals, secretarial/clerical staff and health support.

The school district has strong community support. Parent and community volunteers help in all District sites and serve on a number of advisory committees. Voters have supported referenda to build schools to accommodate the growing population. Our facilities support the schools' quality educational programs and are used extensively by the community.

District expenditures per pupil are consistently among the lowest in Scott County. As result, the District spends more than \$1,800 less per student than the state average and has one of the lowest administrative costs per student in the metro area. A district Finance Committee meets monthly to review fiscal and budget processes and progress.

As the population of Prior Lake and Savage has increased so has our student enrollment. The District currently houses 7,140 students. Due to the current economy and the opening of a charter school within the District, the student enrollment growth has slowed compared to the rapid growth of previous years. The anticipated growth rate for the District is estimated at 0% to 1% a year for the next several years.

INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota schools. UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report must be provided to the State Department of Education by December 1, subsequent to year-end on June 30.

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or loss. Reasonable assurance means the cost of controls is weighted against the benefits received. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. Specific expenditure, revenue and detail transaction reports are available "on-line" over the District's wide area network or in hard copy for individuals with budget responsibilities. The reports can be printed either in the business office or in the administrative office in each building or department.

To accurately track and report financial activities with a focus on site-based accounting, approximately 7,000 accounts have been defined in the District's chart of accounts.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. This requirement has been complied with and the opinion of LarsonAllen LLP is included in this report.

CERTIFICATE OF EXCELLENCE AND OTHER INFORMATION

This report has been prepared following the guidelines provide by the Association of School Business Officials International for their Certificate of Excellence in Financial Reporting Program. Achieving recognition by this program has been a long time goal of the District's business office and provides a clear indication of the District's high standards for financial reporting. The District intends to submit this comprehensive Annual Financial Report to the ASBO Certificate Program for consideration. The District has received the ASBO Certificate of Excellence in Financial Reporting for Comprehensive Annual Financial Report for the fiscal years ended June 30, 2009 and June 30, 2010. The District has received the School Finance Award from the Minnesota Department of Education in recognition of outstanding accomplishments in financial management, including compliance with state statutes, for the past three years.

ACKNOWLEDGMENTS

We acknowledge the efforts of the entire business office staff in providing complete and accurate data for this Comprehensive Annual Financial Report.

Sincerely,



Julie Cink
Director of Business Affairs



Dr. Sue Ann Gruver
Superintendent of Schools

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2011**

SCHOOL BOARD

<u>NAME</u>	<u>TERM ON BOARD EXPIRES</u>	<u>BOARD POSITION</u>
Eric Pratt	December 31, 2014	Chairperson
Lee Shimek	December 31, 2012	Vice Chairperson
Michael Murray	December 31, 2012	Clerk/Treasurer
Stacey Ruelle	December 31, 2014	Director
Todd Sorensen	December 31, 2014	Director
Tom Anderson	December 31, 2012	Director
Richard Wolf	December 31, 2014	Director

ADMINISTRATION

Dr. Sue Ann Gruver

Superintendent

Julie Cink

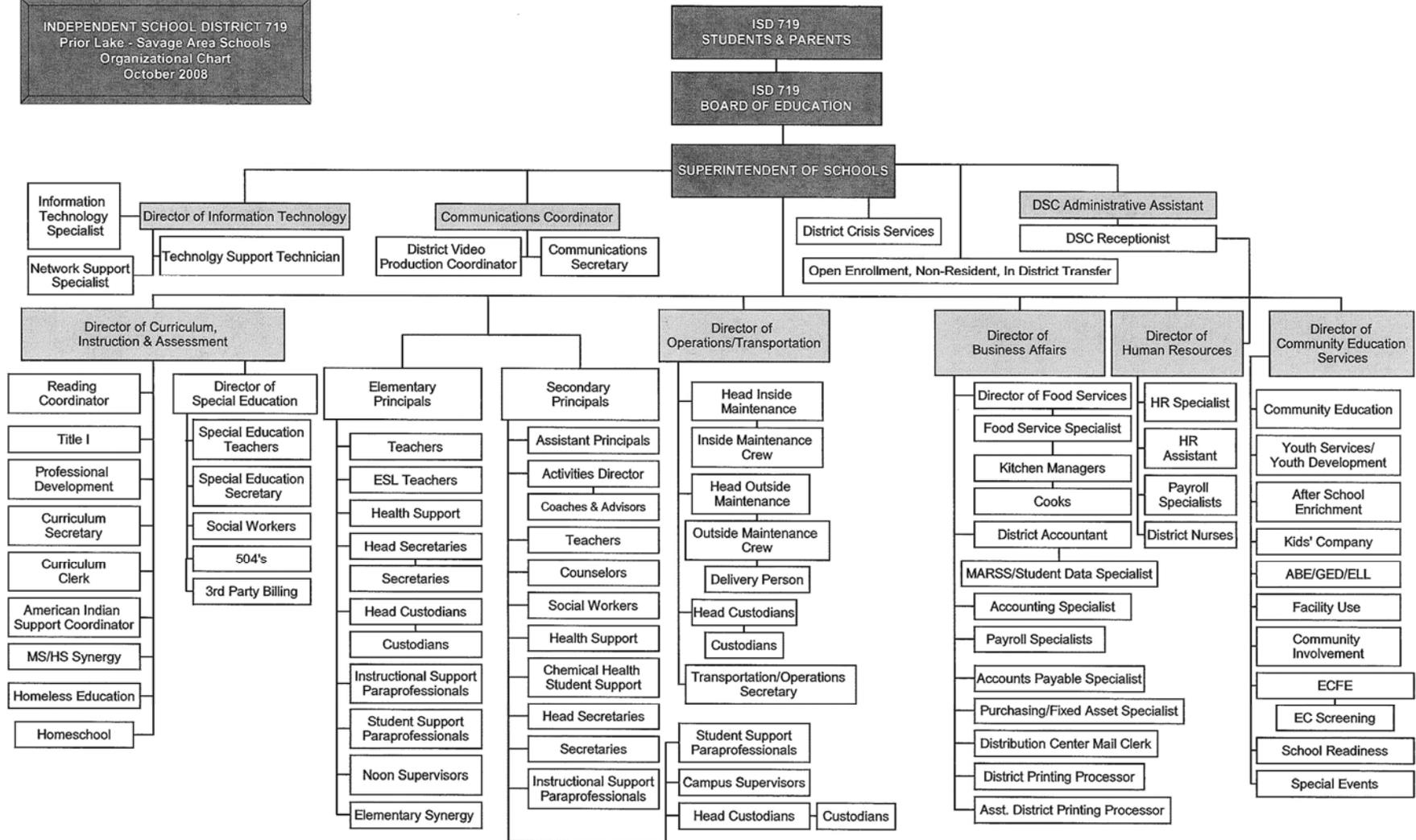
Director of Business Affairs

District Services Center:

Independent School District No. 719
Prior Lake-Savage Area Public Schools
4540 Tower Street
Prior Lake, MN 55372

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
ORGANIZATIONAL CHART
JUNE 30, 2011**

INDEPENDENT SCHOOL DISTRICT 719
Prior Lake - Savage Area Schools
Organizational Chart
October 2008



PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2011



This Certificate of Excellence in Financial Reporting is presented to

PRIOR LAKE-SAVAGE AREA SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2010

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

President

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

School Board
Independent School District No. 719
Prior Lake-Savage Area Schools
Prior Lake, 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. 719, Prior Lake, Minnesota as of and for the year ended June 30, 2011, 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. The prior year partial comparative information has been derived from the District's 2010 financial statements and, in our report dated October 11, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 719 as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in the notes to the financial statements, the District adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended June 30, 2011. This statement results in the District reporting nonspendable, restricted, assigned, and unassigned fund balances in its governmental fund types.

School Board
Independent School District No. 719
Prior Lake-Savage Area Schools

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund statements and schedules as listed in the table of contents as supplemental information and statistical section 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 and compliance table have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.


LarsonAllen LLP

Minneapolis, Minnesota
November 10, 2011

REQUIRED SUPPLEMENTARY INFORMATION

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

This section of Independent School District No. 719's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the District's financial statements, which immediately follow this letter.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Government 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.

Financial Highlights

Key financial highlights for the 2010-11 fiscal year include the following:

- Total net assets increased \$7,584,736. The increase is due to the District's decrease in expenditures, the reduction in long-term liabilities in 2010-11 and an increase in the internal service fund which dedicates funds to the reduction of the District's other postemployment benefit liability.
- The District has continued efforts to operate efficiently to reduce costs and keep dollars in the classroom through cooperative purchasing agreements, using numerous energy management systems, stocking green seal certified custodial paper, and increased recycling efforts to reduce disposal costs.
- The District conducted an actuarial study in 2008-09 in compliance with GASB Statements Nos. 45, 27, and 16. The District actuary provided updated information for the 2010-11 year. The District set up an internal service fund beginning in 2008-09 to start addressing the long-term postemployment benefit liabilities and has contributed to this fund on an annual basis.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

Overview of the Financial Statements

The financial section of the annual report consists of four parts: Independent Auditors' Report, Required Supplementary Information which includes MD&A (this section), the basic financial statements, and supplemental information.

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

- The **government-wide financial statements**, including the *Statement of Net Assets* and the *Statement of Activities*, 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 government-wide statements.
- **Governmental funds statements** tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- **Proprietary funds statements** offer short- and long-term financial information about the activities the District operates like businesses.

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

Government-Wide Statements

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

- Over time, increases or decreases in the District's net assets are 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.

In the government-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.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

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 may establish 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 government-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Fund* – The District initiated an internal service fund for accumulating resources for the payment of health insurance benefits for eligible employees upon retirement.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets

The District's *combined* net assets were \$32,261,620 on June 30, 2011. This was a change of 30.74% from the prior year (see Table A-1).

The largest part of the District's net assets is the investment in capital assets (land, buildings and equipment) less depreciation and the related debt outstanding that was used to acquire the assets. The District uses the capital assets to provide educational services to students. These are not capital assets available for future spending. Even though the District's investment in capital assets is reported net of the related debt, the resources needed to repay this debt must be provided from other sources because the capital assets cannot be used to liquidate these liabilities.

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

	Governmental Activities as of June 30,		Percentage Change
	2011	2010	
Current and Other Assets	\$ 41,073,497	\$ 42,957,860	(4.39)%
Capital Assets	149,197,376	152,563,507	(2.21)
Total Assets	<u>190,270,873</u>	<u>195,521,367</u>	(2.69)
Current Liabilities	28,780,530	33,465,062	(14.00)
Long-Term Liabilities	129,228,723	137,379,421	(5.93)
Total Liabilities	<u>158,009,253</u>	<u>170,844,483</u>	(7.51)
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	23,048,414	19,217,014	19.94
Restricted	3,330,757	2,312,593	44.03
Unrestricted	5,882,449	3,147,277	86.91
Total Net Assets	<u>\$ 32,261,620</u>	<u>\$ 24,676,884</u>	30.74 %

The District's improved financial position is the product of many factors. The District experienced a small increase in enrollment. One time Federal Jobs bill dollars of \$1.1M was allocated to the District to be spent in 2010-11 and 2011-12. The property tax increase was largely due to the property tax shift. State aids seemingly decreased and federal aids increased; however, this was caused by the state using federal stimulus funding to make aid payments to schools and the property tax shift. The District increased net assets by reducing long-term liabilities.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

Changes in Net Assets

In Table A-2, Change in Net Assets, operations are reported on a governmental-wide basis with no reference to funds.

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

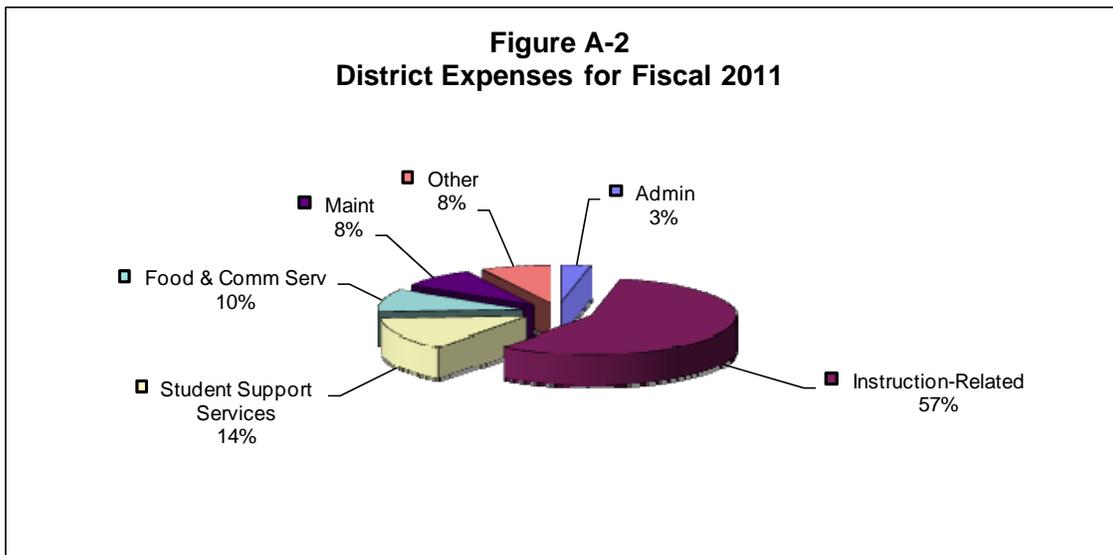
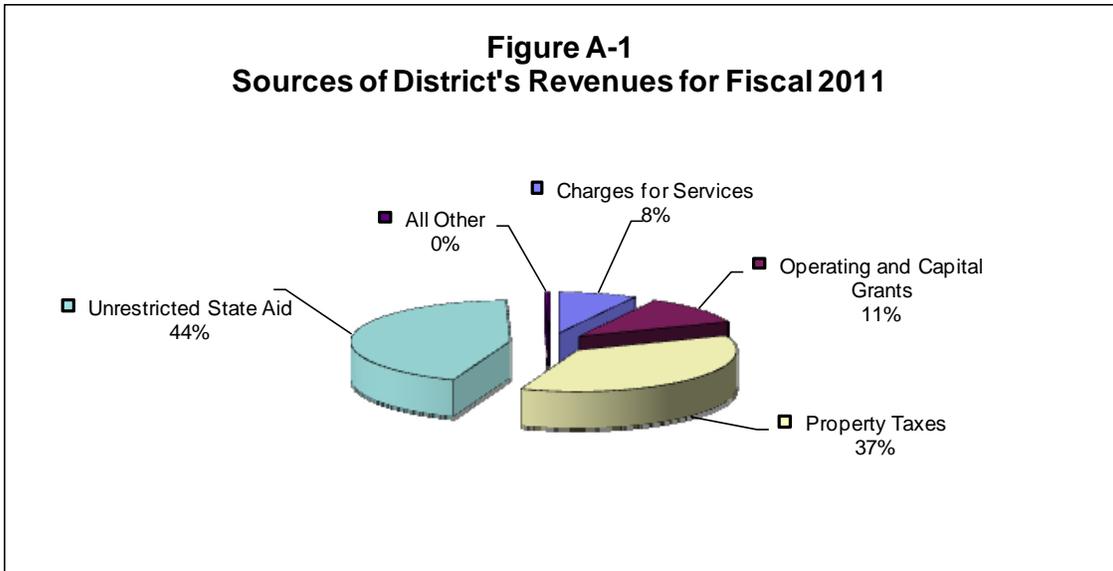
	Governmental Activities for the Fiscal Year Ended June 30,		Total % Change
	2011	2010	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 6,772,152	\$ 6,593,915	2.70 %
Operating Grants and Contributions	7,954,222	8,234,305	(3.40)
Capital Grants and Contributions	1,725,626	1,602,345	7.69
<u>General Revenues</u>			
Property Taxes	31,280,029	25,757,232	21.44
Unrestricted State Aid	37,512,639	41,260,442	(9.08)
Investment Earnings	67,234	774,674	(91.32)
Other	281,251	248,165	13.33
Total Revenues	85,593,153	84,471,078	1.33
Expenses			
Administration	2,535,757	2,450,511	3.48
District Support Services	1,172,491	1,200,198	(2.31)
Regular Instruction	32,697,354	31,604,628	3.46
Vocational Education Instruction	649,824	1,089,528	(40.36)
Special Education Instruction	11,080,549	10,785,336	2.74
Instructional Support Services	4,570,384	4,941,331	(7.51)
Pupil Support Services	5,113,766	5,359,399	(4.58)
Sites and Buildings	6,555,220	7,301,329	(10.22)
Fiscal and Other Fixed Cost Programs	209,054	213,604	(2.13)
Food Service	3,293,510	3,336,223	(1.28)
Community Service	4,381,322	4,246,523	3.17
Interest and Fiscal Charges on Long-Term Liabilities	5,749,186	7,496,377	(23.31)
Total Expenses	78,008,417	80,024,987	(2.52)
Increase in Net Assets			
Beginning Net Assets	24,676,884	20,230,793	
Ending Net Assets	\$ 32,261,620	\$ 24,676,884	

Total revenues were \$85,593,153 while total expenses were \$78,008,417, increasing net assets by a net of \$7,584,736.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

The cost of all *governmental* activities this year was \$78,008,417.

- Some of the cost was paid by the users of the District's programs (Table A-2, Charges for Services, \$6,772,152). The majority of this category, \$6.7 million, comes from food service meal sales and community education class tuition.
- The federal and state governments subsidized certain programs with grants and contributions (Table A-2, Operating and Capital Grants and Contributions, \$9,679,848).
- Most of the District's costs were paid for with local property taxes, unrestricted state aid, investment earnings, and other general revenues. Governmental activities were paid for with \$31,280,029 in property taxes, \$37,512,639 of unrestricted state aid, and with investment earnings and other general revenues.



**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

All governmental funds include not only funds received for the general operation of the District but also include resources from the entrepreneurial-type funds of Food Service and Community Education. 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 general operation resources.

Table A-3, seen below, presents the cost of twelve major District activities such as, instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and others. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2011	2010		2011	2010	
Administration	\$ 2,535,757	\$ 2,450,511	3.48 %	\$ 2,535,757	\$ 2,450,511	3.48 %
District Support Services	1,172,491	1,200,198	(2.31)	1,147,380	1,183,325	(3.04)
Regular Instruction	32,697,354	31,604,628	3.46	30,674,046	30,126,483	1.82
Vocational Education Instruction	649,824	1,089,528	(40.36)	649,824	1,089,528	(40.36)
Special Education Instruction	11,080,549	10,785,336	2.74	5,438,470	4,977,119	9.27
Instructional Support Services	4,570,384	4,941,331	(7.51)	4,442,299	4,939,056	(10.06)
Pupil Support Services	5,113,766	5,359,399	(4.58)	4,470,850	4,667,515	(4.21)
Sites and Buildings	6,555,220	7,301,329	(10.22)	5,691,180	5,698,984	(0.14)
Fiscal and Other Fixed Cost Programs	209,054	213,604	(2.13)	209,054	213,604	(2.13)
Food Service	3,293,510	3,336,223	(1.28)	92,890	156,366	(40.59)
Community Service	4,381,322	4,246,523	3.17	455,481	595,554	(23.52)
Interest and Fiscal Charges on Long-Term Liabilities	5,749,186	7,496,377	(23.31)	5,749,186	7,496,377	(23.31)
Total	<u>\$ 78,008,417</u>	<u>\$ 80,024,987</u>	(2.52)	<u>\$ 61,556,417</u>	<u>\$ 63,594,422</u>	(3.20)

The cost of all governmental activities this year was \$78,008,417, a decrease of \$2,016,570 over the prior year. After applying program specific revenue, the net cost of all governmental activities this year was \$61,556,417 or a decrease of \$2,038,005 over the prior year.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. The General, Food Service, Community Service, and Debt Service Funds had more revenues than expenditures in 2011, thereby contributing to the increase in the combined governmental fund balance. The Capital Projects-Building Construction fund had more expenditures than revenues in 2011 which was an intentional spend down of fund balance. At the end of the 2010-11 fiscal year, the District's governmental funds reported combined restricted and unassigned fund balances of \$12,010,892.

Revenues for the District's governmental funds were \$85,654,017, while total expenditures were \$83,430,556. As a result, the District completed the year with a net positive change in fund balances of \$2,223,461.

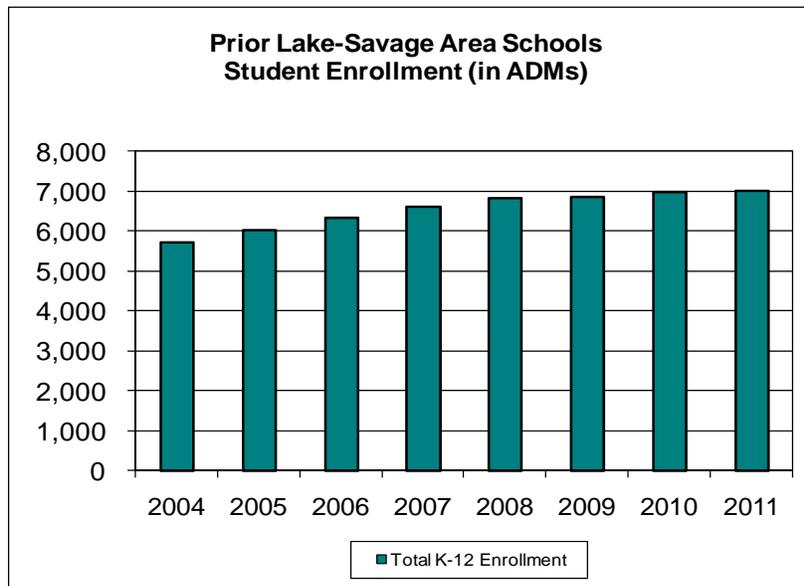
General Fund

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

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately 70% of General Fund revenue being determined by enrollment. While many Minnesota school districts are facing declining enrollment, during the last five years, the District has averaged a 3% increase in students, although that pace has slowed in 2011. The District hired a professional demographer to project student growth. The following chart shows that the number of students has increased over the last eight years.

Table A-4



**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2011	June 30, 2010	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 16,845,508	\$ 11,541,847	\$ 5,303,661	45.95 %
Earnings on Investments	13,843	31,577	(17,734)	(56.16)
Other	946,095	1,052,357	(106,262)	(10.10)
State Sources	43,122,773	43,572,121	(449,348)	(1.03)
Federal Sources	2,800,308	6,012,928	(3,212,620)	(53.43)
Total General Fund Revenue	<u>\$ 63,728,527</u>	<u>\$ 62,210,830</u>	<u>\$ 1,517,697</u>	2.44

General Fund revenue increased by a net of \$1,517,697 or 2.44% from the previous year.

Property Taxes increased \$5,303,661. Factors that contribute to levy changes are enrollment growth and property tax base growth. Operating capital revenue, equity revenue and reemployment insurance levies continue to shift revenue from state aid to levy annually. The 2011 property tax shift also gave districts revenue that would otherwise have come from state sources.

State Sources decreased by \$449,348. The decrease is primarily due to the state usage of federal stimulus funding to make aid payments to schools resulting in a decrease in state aid and an increase in federal revenue. The major contributor to increases in state sources is enrollment growth and special education aid.

Federal Revenue is recorded in the year in which the related expenditure is made. Federal Sources decreased by \$3,212,620. The decrease is primarily due to the one-time federal special stimulus funding received in 2009-11 is no longer available.

General Fund Revenue is received in two major categories as follows:

1. State Education Finance Appropriations
 - A. General Education Aid – The largest share of the education finance appropriation, general education aid, is intended to provide the basic financial support for the education program and is enrollment driven.
 - B. Categorical Aids – Categorical revenue formulas are used to meet costs of that program (i.e. special education) or promote certain types of programs (i.e., career and technical aid, staff development, operating capital).
2. Property Tax Levies

The largest share of the levy is from voter-approved levies: the excess operating referendum which is also enrollment driven.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

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, 2011	June 30, 2010		
Salaries	\$ 36,073,407	\$ 36,575,861	\$ (502,454)	(1.37)%
Employee Benefits	15,057,337	13,714,214	1,343,123	9.79
Purchased Services	6,471,986	6,501,815	(29,829)	(0.46)
Supplies and Materials	1,775,243	2,085,488	(310,245)	(14.88)
Capital Expenditures	1,490,151	1,507,335	(17,184)	(1.14)
Other Expenditures	135,831	105,485	30,346	28.77
Total Expenditures	<u>\$ 61,003,955</u>	<u>\$ 60,490,198</u>	<u>\$ 513,757</u>	0.85

Total General Fund expenditures increased \$513,757 or .85% from the previous year.

In fiscal 2011, salaries and benefits increased costs due to the addition of the ADSIS grant. The Federal Jobs Bill dollars were spent on hiring staff for class size reduction and an early retirement incentive. Other factors impacting salaries were longevity, education, pay rates and other items included in bargaining agreements. Employee Benefits that increased include TRA and PERA employer contributions, health, life, and dental insurance premiums and long-term postemployment benefit costs. Most of these benefit increases are tied to the increase in total salaries. Working with the Employee Insurance Advisory Committee, for 2011-12, the District has moved to a self-insured model for health insurance. The District will also look to move to a self-insured model for dental insurance in the future.

Purchased Services and Supplies and Materials consist of expenditures for fees for service, postage, utilities, diesel and gasoline, property insurance, maintenance repairs, leases, travel, telephone, tuition, instructional supplies and textbooks. These categories increased to meet current needs and rising energy costs.

General Fund Budgetary Highlights

After initial approval of the budget, the District revised the budget based on changes in unbudgeted costs or revenue changes. While the District anticipated, in its final budget, that the net change in fund balance would be \$415,370 total fund balance improved by \$2,724,572 resulting in a total fund balance of \$7,380,246 at June 30, 2011.

Actual revenues were \$167,635 more than budgeted primarily due to additional local revenue from increased enrollment and recognition of special education revenue related to prior year costs. The actual expenditures were \$2,141,583 less than budgeted due to savings in deferred maintenance, capital, utility, transportation fuel, and special education tuition along with staff development carryovers, and site allocation carryovers.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

Food Service Fund

The Food Service Fund revenue for 2010-11 totaled \$3,201,739 and expenditures were \$3,200,893. The June 30, 2011, fund balance is \$390,919, an increase of \$846 from fiscal year 2010. The District anticipated a decrease in the fund balance, but due to some cost controls, the District was able to decrease its total expenditures.

Community Service Fund

The Community Service Fund revenue for 2010-11 totaled \$4,606,528 and expenditures were \$4,387,145. The June 30, 2011, total fund balance is \$994,221, an increase of \$219,383 from fiscal year 2010. The increase in fund balance is primarily attributed to lower program expenditures than projected. The goal is to maintain the total fund balance below 25% of the ensuing year's expenditures to avoid a loss of state funding.

Capital Expenditure-Building Construction Fund

The Capital Expenditure-Building Construction Fund revenue for 2010-11 totaled \$4,684 and expenditures were \$885,007. The June 30, 2011, fund balance is \$1,176,367 a decrease of \$880,323 from fiscal year 2010. The decrease in fund balance is due to the spending of 2007 bond proceeds to build Redtail Ridge Elementary School and district wide deferred maintenance costs.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, operating capital, or for initial or refunding bonds. The Debt Service Fund revenue for 2010-11 totaled \$14,112,523 and expenditures were \$13,953,540. The June 30, 2011, operating fund balance is \$2,069,139, an increase of \$158,983 from fiscal year 2010. The District is required to levy 1.05% of the principal and interest payments each year.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2011, the District had invested just under \$189 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). The most significant change from last year is accumulated depreciation. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was just over \$4 million.

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

	2011	2010	Percentage Change
Land	\$ 12,503,082	\$ 12,503,082	-
Land Improvements	1,970,948	1,949,717	1.09
Buildings and Improvements	166,518,926	166,111,659	0.25
Equipment	7,852,344	7,599,936	3.32
Less: Accumulated Depreciation	(39,647,924)	(35,600,887)	11.37
Total	\$ 149,197,376	\$ 152,563,507	(2.21)

Long-Term Liabilities

At year-end, the District had \$125,420,000 in general obligation bonds payable outstanding – reflecting a 5.95% decrease from last year – as shown in Note 5 to the financial statements. The District also had an estimated net \$1,903,394 in postemployment severance and health benefits payable at June 30, 2011, which was a net decrease of \$72,844 from June 30, 2010.

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

	2011	2010	Percentage Change
General Obligation Bonds	\$ 125,420,000	\$ 133,350,000	(5.95)%
Net Bond Premium and Discount	1,905,329	2,053,183	(7.20)
Other Postemployment Benefits Payable	1,432,809	1,065,544	34.47
Other Pension Benefits Payable	(338,967)	(171,228)	97.96
Compensated Absences Payable	809,552	1,081,922	(25.17)
Total	\$ 129,228,723	\$ 137,379,421	(5.93)
Long-Term Liabilities:			
Due Within One Year	\$ 7,305,600	\$ 7,988,400	
Due in More than One Year	121,923,123	129,391,021	
	\$ 129,228,723	\$ 137,379,421	

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

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 most of its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

The basic revenue formula allowance remained flat at \$5,124 in fiscal 2011. The 2009 Legislature approved a 0% increase in the General Education formula for 2009-10 and 2010-11. The funding formula has been below the current annual rate of inflation for the last twenty years. Accordingly, the District continues to utilize sophisticated enrollment and financial planning tools, along with detailed and conservative budgeting and budget monitoring processes. The District will continue to seek all available sources of funding, respond to enrollment increases, balance revenue to expenditures, and maintain systems that ensure financial stability.

Currently, the High School is at its enrollment capacity. The District's Growth Task Force will be reconvened in the fall of 2013 to explore and define student enrollment projections and secondary facilities for the District.

In October 2011, Moody's Investors Service conducted a review of the District's financial position. As a result of this review, the District's bond rating was upgraded to an Aa3 from A1, with an underlying rating of Aa2. Moody's cited the improved financial position of the District, management's commitment to maintain positive operations, and a large tax base with above average wealth levels as reasons for the upgrade.

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 the District's citizens, taxpayers, customers, and 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, ISD No. 719, 4540 Tower Street, Prior Lake, MN 55372 or visit the District's website at www.priorlake-savage.k12.mn.us.

BASIC FINANCIAL STATEMENTS

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
STATEMENT OF NET ASSETS
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	Governmental Activities	
	2011	2010
ASSETS		
Cash and Investments	\$ 11,352,029	\$ 13,667,254
Receivables:		
Property Taxes	13,736,803	15,623,002
Other Governments	15,380,062	12,942,976
Other	102,084	146,473
Prepaid Items	23,921	89,011
Inventories	264,228	257,829
Bond Issuance Costs, Net	214,370	231,315
Capital Assets:		
Land	12,503,082	12,503,082
Other Capital Assets, Net of Depreciation	136,694,294	140,060,425
Total Assets	190,270,873	195,521,367
 LIABILITIES		
Salaries and Compensated Absences Payable	3,808,412	3,847,386
Accounts and Contracts Payable	1,990,237	725,436
Accrued Interest	2,382,020	2,508,520
Due to Other Governmental Units	160,663	185,289
Unearned Revenue:		
Property Taxes	19,586,000	25,304,460
Local Sources	853,198	893,971
Long-Term Liabilities:		
Portion Due Within One Year	7,305,600	7,988,400
Portion Due in More Than One Year	121,923,123	129,391,021
Total Liabilities	158,009,253	170,844,483
 NET ASSETS		
Invested in Capital Assets, Net of Related Debt	23,048,414	19,217,014
Restricted for:		
General Fund Operating Capital Purposes	1,591,619	891,387
General Fund State-Mandated Restrictions	353,998	256,295
Food Service	390,919	390,073
Community Service	994,221	774,838
Unrestricted	5,882,449	3,147,277
Total Net Assets	\$ 32,261,620	\$ 24,676,884

See accompanying Notes to Basic Financial Statements.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

Functions	2011				2010	2010
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and	Revenue and
					Changes in	Changes in
				Net Assets	Net Assets	
				Total	Total	
				Governmental	Governmental	
				Activities	Activities	
Governmental Activities						
Administration	\$ 2,535,757	\$ -	\$ -	\$ -	\$ (2,535,757)	\$ (2,450,511)
District Support Services	1,172,491	-	14,381	10,730	(1,147,380)	(1,183,325)
Regular Instruction	32,697,354	429,962	870,575	722,771	(30,674,046)	(30,126,483)
Vocational Education Instruction	649,824	-	-	-	(649,824)	(1,089,528)
Special Education Instruction	11,080,549	145,288	5,496,791	-	(5,438,470)	(4,977,119)
Instructional Support Services	4,570,384	-	-	128,085	(4,442,299)	(4,939,056)
Pupil Support Services	5,113,766	122,394	520,522	-	(4,470,850)	(4,667,515)
Sites and Buildings	6,555,220	-	-	864,040	(5,691,180)	(5,698,984)
Fiscal and Other Fixed Cost Programs	209,054	-	-	-	(209,054)	(213,604)
Food Service	3,293,510	2,618,853	581,767	-	(92,890)	(156,366)
Community Service	4,381,322	3,455,655	470,186	-	(455,481)	(595,554)
Interest and Fiscal Charges on Long-Term Liabilities	5,749,186	-	-	-	(5,749,186)	(7,496,377)
Total School District	\$ 78,008,417	\$ 6,772,152	\$ 7,954,222	\$ 1,725,626	(61,556,417)	(63,594,422)
General Revenues						
Property Taxes Levied for:						
General Purposes					16,806,696	11,654,648
Community Service					850,798	502,036
Debt Service					13,622,535	13,600,548
State and Federal Aid Not Restricted to Specific Purposes					37,512,639	41,260,442
Earnings on Investments					67,234	774,674
Miscellaneous					281,251	248,165
Total General Revenues					69,141,153	68,040,513
Change in Net Assets					7,584,736	4,446,091
Net Assets - Beginning					24,676,884	20,230,793
Net Assets - Ending					\$ 32,261,620	\$ 24,676,884

See accompanying Notes to Basic Financial Statements.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects - Building Construction	Debt Service	2011	2010
ASSETS							
Cash and Investments	\$ -	\$ 456,055	\$ 1,268,658	\$ 1,257,031	\$ 6,993,166	\$ 9,974,910	\$ 12,333,315
Receivables:							
Current Property Taxes	6,006,864	-	325,305	-	6,853,126	13,185,295	14,974,369
Delinquent Property Taxes	241,324	-	12,025	-	298,159	551,508	648,633
Due from Other Minnesota School Districts	28,999	-	-	-	-	28,999	412,940
Due from Minnesota Department of Education	14,323,799	-	168,159	-	127,623	14,619,581	11,918,391
Due from Federal through Minnesota Department of Education	731,482	-	-	-	-	731,482	280,056
Due from Other Governmental Units	-	-	-	-	-	-	331,589
Other Receivables	47,168	982	51,318	2,616	-	102,084	146,473
Due from Other Funds	-	-	-	-	1,341,259	1,341,259	-
Prepaid Items	18,081	150	5,690	-	-	23,921	89,011
Inventory	216,160	48,068	-	-	-	264,228	257,829
Total Assets	\$ 21,613,877	\$ 505,255	\$ 1,831,155	\$ 1,259,647	\$ 15,613,333	\$ 40,823,267	\$ 41,392,606
LIABILITIES AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 2,527,581	\$ -	\$ -	\$ -	\$ -	\$ 2,527,581	\$ 2,552,013
Payroll Deductions and Employer Contributions Payable	1,237,067	19,434	24,330	-	-	1,280,831	1,295,373
Accounts and Contracts Payable	1,808,040	12,230	86,687	83,280	-	1,990,237	725,436
Due to Other Governmental Units	160,663	-	-	-	-	160,663	185,289
Due to Other Funds	1,850,493	8,020	3,844	-	-	1,862,357	-
Deferred Revenue:							
Property Taxes Levied for Subsequent Year	6,006,864	-	333,101	-	13,246,035	19,586,000	25,304,460
Delinquent Property Taxes	241,324	-	12,025	-	298,159	551,508	648,633
Local Sources	401,599	74,652	376,947	-	-	853,198	893,971
Total Liabilities	14,233,631	114,336	836,934	83,280	13,544,194	28,812,375	31,605,175
Fund Balance:							
Nonspendable:							
Prepaid Items	18,081	150	5,690	-	-	23,921	89,011
Inventory	216,160	48,068	-	-	-	264,228	257,829
Restricted for:							
Staff Development	202,847	-	-	-	-	202,847	169,836
Deferred Maintenance	157,956	-	-	-	-	157,956	56,398
Area Learning Center	-	-	-	-	-	-	39,734
Operating Capital	1,591,619	-	-	-	-	1,591,619	891,387
Community Education Programs	-	-	777,349	-	-	777,349	605,455
Early Childhood and Family Educations Programs	-	-	129,065	-	-	129,065	117,867
School Readiness	-	-	80,953	-	-	80,953	33,414
Building Construction	-	-	-	1,176,367	-	1,176,367	2,056,690
Other Purposes	-	342,701	1,164	-	2,069,139	2,413,004	2,318,331
Assigned for:							
Special Education Stimulus	501,500	-	-	-	-	501,500	701,500
Redtail Ridge	207,380	-	-	-	-	207,380	307,380
Cash Flow	2,000,000	-	-	-	-	2,000,000	-
Class-size Reduction	500,000	-	-	-	-	500,000	350,000
Stimulus Dollars	350,000	-	-	-	-	350,000	-
Site Carryover	640,835	-	-	-	-	640,835	660,563
Unassigned	993,868	-	-	-	-	993,868	1,132,036
Total Fund Balance	7,380,246	390,919	994,221	1,176,367	2,069,139	12,010,892	9,787,431
Total Liabilities and Fund Balance	\$ 21,613,877	\$ 505,255	\$ 1,831,155	\$ 1,259,647	\$ 15,613,333	\$ 40,823,267	\$ 41,392,606

See accompanying Notes to Basic Financial Statements.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	2011	2010
Total Fund Balance for Governmental Funds	\$ 12,010,892	\$ 9,787,431
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	12,503,082	12,503,082
Land Improvements, Net of Accumulated Depreciation	1,130,307	1,196,382
Buildings and Improvements, Net of Accumulated Depreciation	132,927,524	135,932,083
Equipment, Net of Accumulated Depreciation	2,636,463	2,931,960
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.		
	551,508	648,633
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(2,382,020)	(2,508,520)
Bond issuance costs are reported as expenditures in the governmental funds.		
	214,370	231,315
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets at year-end are:		
	1,898,217	1,333,939
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	(125,420,000)	(133,350,000)
Unamortized Premiums	(1,905,329)	(2,053,183)
Other Postemployment Benefits Payable	(1,432,809)	(1,065,544)
Compensated Absences Payable	(809,552)	(1,081,922)
Other Pension Benefits	338,967	171,228
Total Net Assets of Governmental Activities	\$ 32,261,620	\$ 24,676,884

See accompanying Notes to Basic Financial Statements.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects - Building Construction	Debt Service	2011	2010
REVENUES							
Local Sources:							
Property Taxes	\$ 16,845,508	\$ -	\$ 853,046	\$ -	\$ 13,678,600	\$ 31,377,154	\$ 25,512,939
Earnings on Investments	13,843	1,119	2,803	4,684	8,508	30,957	774,674
Other	946,095	2,618,853	3,488,455	-	-	7,053,403	6,842,080
State Sources	43,122,773	81,417	262,224	-	425,415	43,891,829	44,576,003
Federal Sources	2,800,308	500,350	-	-	-	3,300,658	6,521,089
Total Revenues	63,728,527	3,201,739	4,606,528	4,684	14,112,523	85,654,001	84,226,785
EXPENDITURES							
Current:							
Administration	2,547,644	-	-	-	-	2,547,644	2,444,355
District Support Services	1,097,056	-	-	-	-	1,097,056	1,136,646
Regular Instruction	29,325,758	-	-	-	-	29,325,758	28,168,369
Vocational Education Instruction	640,500	-	-	-	-	640,500	1,092,029
Special Education Instruction	11,249,103	-	-	-	-	11,249,103	10,719,741
Instructional Support Services	4,468,731	-	-	-	-	4,468,731	4,828,927
Pupil Support Services	5,115,598	-	-	-	-	5,115,598	5,363,719
Sites and Buildings	4,860,360	-	-	-	-	4,860,360	5,015,473
Fiscal and Other Fixed Cost Programs	209,054	-	-	-	-	209,054	213,604
Food Service	-	3,152,511	-	-	-	3,152,511	3,213,120
Community Service	-	-	4,339,786	-	-	4,339,786	4,158,902
Capital Outlay	1,490,151	48,382	47,359	885,007	-	2,470,899	3,122,352
Debt Service:							
Principal	-	-	-	-	7,930,000	7,930,000	7,060,000
Interest and Fiscal Charges	-	-	-	-	6,023,540	6,023,540	7,926,274
Total Expenditures	61,003,955	3,200,893	4,387,145	885,007	13,953,540	83,430,540	84,463,511
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,724,572	846	219,383	(880,323)	158,983	2,223,461	(236,726)
OTHER FINANCING USES							
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	(29,740,000)
Net Change in Fund Balances	2,724,572	846	219,383	(880,323)	158,983	2,223,461	(29,976,726)
Fund Balance - Beginning	4,655,674	390,073	774,838	2,056,690	1,910,156	9,787,431	39,764,157
Fund Balance - Ending	\$ 7,380,246	\$ 390,919	\$ 994,221	\$ 1,176,367	\$ 2,069,139	\$ 12,010,892	\$ 9,787,431

See accompanying Notes to Basic Financial Statements.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
RECONCILIATION OF THE STATEMENT
OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011	2010
Net Change in Fund Balance-Total Governmental Funds	\$ 2,223,461	\$ (29,976,726)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital Outlays	680,906	715,274
Depreciation Expense	(4,047,037)	(4,070,273)
<p>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 and premiums 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:</p>		
Payment to Refunded Bond Escrow Agent	-	29,740,000
Repayment of Bond Principal	7,930,000	7,060,000
Change in Accrued Interest Expense - General Obligation Bonds	126,500	282,043
Amortization of Bond Issuance Costs	(16,945)	(16,945)
Amortization of Bond Premium	147,854	147,854
<p>In the statement of activities, other postemployment 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). This is the amount that other postemployment benefits payable changed.</p>		
	(367,265)	(473,865)
<p>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.</p>		
	(97,125)	244,293
<p>In the statement of activities, certain operating expenses - other pension benefits, severance benefits and compensated absences - 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).</p>		
	440,109	(4,808)
<p>Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.</p>		
	564,278	799,244
Change in Net Assets of Governmental Activities	\$ 7,584,736	\$ 4,446,091

See accompanying Notes to Basic Financial Statements.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 11,699,678	\$ 16,309,326	\$ 16,845,508	\$ 536,182
Earnings on Investments	19,545	9,125	13,843	4,718
Other	724,715	730,436	946,095	215,659
State Sources	48,114,022	43,325,433	43,122,773	(202,660)
Federal Sources	1,832,401	3,186,588	2,800,308	(386,280)
Total Revenues	<u>62,390,361</u>	<u>63,560,908</u>	<u>63,728,527</u>	<u>167,619</u>
EXPENDITURES				
Current:				
Administration	2,336,221	2,439,264	2,547,644	108,380
District Support Services	1,201,450	1,249,279	1,097,056	(152,223)
Elementary and Secondary Regular Instruction	27,706,644	29,722,470	29,325,758	(396,712)
Vocational Education Instruction	791,464	809,896	640,500	(169,396)
Special Education Instruction	11,206,907	11,549,945	11,249,103	(300,842)
Instructional Support Services	5,548,978	4,786,164	4,468,731	(317,433)
Pupil Support Services	5,135,362	5,205,771	5,115,598	(90,173)
Sites and Buildings	5,189,484	5,328,134	4,860,360	(467,774)
Fiscal and Other Fixed Cost Programs	214,600	214,600	209,054	(5,546)
Capital Outlay	1,497,036	1,840,015	1,490,151	(349,864)
Total Expenditures	<u>60,828,146</u>	<u>63,145,538</u>	<u>61,003,955</u>	<u>(2,141,583)</u>
Excess of Revenues Over Expenditures	<u>\$ 1,562,215</u>	<u>\$ 415,370</u>	2,724,572	<u>\$ 2,309,202</u>
FUND BALANCE				
Beginning of Year			<u>4,655,674</u>	
End of Year			<u>\$ 7,380,246</u>	

See accompanying Notes to Basic Financial Statements.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings on Investments	\$ 2,000	\$ 1,565	\$ 1,119	\$ (446)
Other - Primarily Meal Sales	2,729,700	2,650,800	2,618,853	(31,947)
State Sources	83,000	84,000	81,417	(2,583)
Federal Sources	441,000	522,000	500,350	(21,650)
Total Revenues	<u>3,255,700</u>	<u>3,258,365</u>	3,201,739	<u>(56,626)</u>
EXPENDITURES				
Current:				
Food Service	3,196,731	3,253,992	3,152,511	(101,481)
Capital Outlay	40,000	40,000	48,382	8,382
Total Expenditures	<u>3,236,731</u>	<u>3,293,992</u>	<u>3,200,893</u>	<u>(93,099)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 18,969</u>	<u>\$ (35,627)</u>	846	<u>\$ 36,473</u>
FUND BALANCE				
Beginning of Year			<u>390,073</u>	
End of Year			<u>\$ 390,919</u>	

See accompanying Notes to Basic Financial Statements.

**PRIOR LAKE-SAVAGE AREAS SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2011**

	<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	\$ 553,304	\$ 851,745	\$ 853,046	\$ 1,301
Earnings on Investments	4,890	3,660	2,803	(857)
Other - Primarily Tuition and Fees	3,342,585	3,422,421	3,488,455	66,034
State Sources	<u>585,886</u>	<u>282,007</u>	<u>262,224</u>	<u>(19,783)</u>
Total Revenues	4,486,665	4,559,833	4,606,528	46,695
EXPENDITURES				
Current:				
Community Service	4,672,004	4,748,184	4,339,786	(408,398)
Capital Outlay	<u>27,790</u>	<u>62,820</u>	<u>47,359</u>	<u>(15,461)</u>
Total Expenditures	<u>4,699,794</u>	<u>4,811,004</u>	<u>4,387,145</u>	<u>(423,859)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (213,129)</u>	<u>\$ (251,171)</u>	219,383	<u>\$ 470,554</u>
FUND BALANCE				
Beginning of Year			<u>774,838</u>	
End of Year			<u>\$ 994,221</u>	

See accompanying Notes to Basic Financial Statements.

PRIOR LAKE-SAVAGE AREAS SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
PROPRIETARY FUND
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)

	2011	2010
ASSETS		
Current Assets:		
Cash and Investments	\$ 1,377,119	\$ 1,333,939
Due from Other Funds	521,098	-
Total Assets	1,898,217	1,333,939
NET ASSETS		
Unrestricted	\$ 1,898,217	\$ 1,333,939

See accompanying Notes to Basic Financial Statements.

PRIOR LAKE-SAVAGE AREAS SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
PROPRIETARY FUND
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges for Services	\$ 934,703	\$ 1,202,445
OPERATING EXPENSES		
Other Postemployment Benefits	<u>406,702</u>	<u>403,201</u>
Operating Income	528,001	799,244
NONOPERATING INCOME		
Earnings on Investments	<u>36,277</u>	<u>-</u>
Change in Net Assets	564,278	799,244
Total Net Assets - Beginning	<u>1,333,939</u>	<u>534,695</u>
Total Net Assets - Ending	<u><u>\$ 1,898,217</u></u>	<u><u>\$ 1,333,939</u></u>

See accompanying Notes to Basic Financial Statements.

PRIOR LAKE-SAVAGE AREAS SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
PROPRIETARY FUND
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 934,703	\$ 1,202,445
Payments for Retirement Benefits	(406,702)	(403,201)
Net Cash Provided by Operating Activities	<u>528,001</u>	<u>799,244</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>(484,821)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	43,180	799,244
Cash and Cash Equivalents - Beginning	<u>1,333,939</u>	<u>534,695</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,377,119</u></u>	<u><u>\$ 1,333,939</u></u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 719 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.

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

B. Financial Reporting Entity

Independent School District No. 719 (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, 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 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 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.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The government-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.

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 government-wide financial statements.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is contributions from the operating funds for other postemployment benefits. Operating expenses for the internal service fund include the costs of other postemployment benefits. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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 the proprietary 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.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

The District reports deferred revenue on its 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 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 Fund

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Major Governmental Funds (Continued)

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 and energy conservation loan debt service except for refunding bond issues, for which a separate refunding bond trust account has been established.

Proprietary Funds

Internal Service Fund

The Internal Service Fund is established to account for cash and other assets held by the District for the payment of Other Postemployment Benefits and HRA contributions.

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 Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Capital Projects, 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 Board. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the 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 Board action. Revisions to budgeted amounts must be approved by the Board.

Total fund expenditures in excess of the budget require approval of the 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 changed revenue and expenditure budgets. Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

At the end of each fiscal year, if the General Fund has a net unassigned 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.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and 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.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Debt Service Fund, the refunding bond escrow account held by trustee can be used only to retire refunded bond issues and to pay interest on refunding bond issues until the crossover refunding dates. Interest earned on these investments is allocated directly to the escrow account.

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.

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.

I. 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.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes

Property tax levies are established by the 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 the 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 and Special Revenue Funds 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 \$893,302) advance recognized as revenue in fiscal 2011 with no corresponding state aid adjustment. Starting in fiscal year 2011, the tax shift was expanded to include all other General and Community Service Fund levies (net of credits). State aids are then reduced in fiscal year 2011 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 \$4,695,754) but also included an advance recognition tax shift in the District's Community Service Fund (and corresponding state aid holdback totaling \$298,442). Since advance collections of Pay 2011 levy amounts at June 30, 2011, were sufficient to cover the amounts required to be advance recognized as revenue in fiscal 2011, 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 2012 general education aid be recognized. The tax shift also includes certain other levies that are recognized early based on statutory requirements.

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, 2011, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$5,000 for equipment and vehicles and \$25,000 for building and improvements and an estimated useful life in excess of two years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial 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 20 years for equipment.

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

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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

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.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Employee Benefits

Vacation Pay

Because teachers are not eligible for vacation pay and amounts accrued to other employees are forfeited if not taken by December 31 of the following year, no long-term portion of vacation liabilities are recorded in the financial statements.

Sick Pay

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

Early Retirement Incentive

The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. See Note 8 for further information.

Severance and Health Benefits

The District maintains a severance plan for its employees. The teachers' contract provides for payment of up to 120 days of accumulated sick leave as severance benefits based on years of service with the District and the retirees' age. Other District employee groups have similar severance provisions. A retiring employee shall elect that all retirement pay be paid on July 15 of the retirement year. All retirement payments on July 15, 2011 are included as salaries payable in the respective fund from which the salaries had been paid prior to retirement. A severance pay liability has been reported in the government-wide financial statements for all employees who have met the criteria of the severance plan but have not yet retired.

Postemployment Health Care Benefits

Under the terms of certain collectively bargained employment contracts, including the teachers' contract retirees, are eligible to participate in the District's health insurance plans. For employees meeting certain length of service experience requirements, the District is required to pay the health insurance premiums until the age 65. The long-term portion of the postemployment health care benefits liability is included as Other Postemployment Benefits of long-term debt. See Notes 5 and 7 for further information.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance

At June 30, 2011, the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with the new standard, the prior year comparative balances for governmental fund balances have been restated to conform with the current year presentation.

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

Nonspendable – portions of fund balance related to prepaids, inventories, long term receivables, and corpus on any permanent fund.

Restricted – funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the Board of Education.

Assigned – consists of internally imposed constraints. The Board of Education passed a resolution authorizing the Superintendent and Director of Business Affairs to assign fund balances and their intended uses.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end target unassigned fund balance of 5% of the annual budget.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

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

Q. Use of Estimates

The preparation of financial statement in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

R. Comparative Data

Comparative data for the prior year has been presented only for certain sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Certain comparative information has been reclassified to conform to the current year presentation.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 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 statement of net assets and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes the District maintains deposits at financial institutions which are authorized by the School District's Board.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. 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 include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The carrying value and bank balance of the District's deposits in banks at June 30, 2011 is \$11,300,552 and \$12,998,457, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

At June 30, 2011, the District's petty cash fund totaled \$500.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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 received 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 rate "A" or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement 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

At June 30, 2011, the District's investment balances were as follows:

Minnesota School District Liquid Asset Fund –

Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	\$ 51,007
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The MSDLAF+ is an external investment pool and its investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments.

Credit Risk – The MSDLAF+ pool is rated AAAM by Standard & Poor's.

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Assets	\$ 11,352,029
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**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 12,503,082	\$ -	\$ -	\$ 12,503,082
Capital Assets, Being Depreciated:				
Land Improvements	1,949,717	21,231	-	1,970,948
Buildings and Improvements	166,111,659	407,267	-	166,518,926
Equipment	7,599,936	252,408	-	7,852,344
Total Capital Assets, Being Depreciated	<u>175,661,312</u>	<u>680,906</u>	<u>-</u>	<u>176,342,218</u>
Accumulated Depreciation for:				
Land Improvements	(753,335)	(87,306)	-	(840,641)
Buildings and Improvements	(30,179,576)	(3,411,826)	-	(33,591,402)
Equipment	(4,667,976)	(547,905)	-	(5,215,881)
Total Accumulated Depreciation	<u>(35,600,887)</u>	<u>(4,047,037)</u>	<u>-</u>	<u>(39,647,924)</u>
Total Capital Assets, Being Depreciated, Net	<u>140,060,425</u>	<u>(3,366,131)</u>	<u>-</u>	<u>136,694,294</u>
Governmental Activities Capital Assets, Net	<u>\$ 152,563,507</u>	<u>\$ (3,366,131)</u>	<u>\$ -</u>	<u>\$ 149,197,376</u>

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

Governmental Activities	
Administration	\$ 13,121
District Support Services	20,608
Regular Instruction	3,333,865
Special Education Instruction	3,020
Instructional Support Services	107,267
Sites and Buildings	436,554
Food Service	128,342
Community Service	4,260
Total Depreciation Expense, Governmental Activities	<u>\$ 4,047,037</u>

NOTE 4 LONG-TERM LIABILITIES

The District has issued general obligation school building bonds to finance the construction of capital facilities or to refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies are dedicated for the retirement of these bonds and loans. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

A. Components of General Long-Term Debt

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
8/1/2000	4.50% - 5.50%	\$ 38,900,000	2/1/2021	\$ -	\$ -
1/1/2002	4.00% - 5.25%	12,500,000	2/1/2023	305,000	7,425,000
9/1/2002	3.00% - 5.00%	17,155,000	2/1/2023	190,000	16,140,000
2/1/2003	2.00% - 4.40%	5,000,000	2/1/2023	145,000	4,095,000
2/16/2005	2.75% - 4.00%	18,400,000	2/1/2016	1,975,000	10,740,000
5/1/2005	3.25% - 5.00%	55,000,000	2/1/2026	1,915,000	49,240,000
1/3/2007	4.00% - 5.00%	12,160,000	2/1/2026	245,000	11,420,000
1/3/2007	4.00% - 5.00%	29,375,000	2/1/2021	2,195,000	26,360,000
Total General Obligation Bonds				6,970,000	125,420,000
Bond Premium - Net				-	1,905,329
Other Postemployment Benefits				-	1,432,809
Other Pension Benefits Payable				-	(338,967)
Compensated Absences Payable				335,600	809,552
				<u>\$ 7,305,600</u>	<u>\$ 129,228,723</u>

The long-term bond liabilities listed above were issued to finance the acquisition, construction, refurbishing of capital facilities, purchase capital assets or to refinance (refund) previous bond issues.

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		
	Principal	Interest	Total
2012	\$ 6,970,000	\$ 5,716,846	\$ 12,686,846
2013	7,185,000	5,445,514	12,630,514
2014	7,935,000	5,141,881	13,076,881
2015	8,270,000	4,799,844	13,069,844
2016	8,785,000	4,436,413	13,221,413
2017 - 2021	47,360,000	16,025,811	63,385,811
2022 - 2026	38,915,000	5,019,895	43,934,895
Total	<u>\$ 125,420,000</u>	<u>\$ 46,586,204</u>	<u>\$ 172,006,204</u>

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Changes in Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Bonds Payable:				
GO School Building Bonds 2002A	\$ 8,135,000	\$ -	\$ (710,000)	\$ 7,425,000
GO School Building Bonds 2002C	16,325,000	-	(185,000)	16,140,000
GO School Building Bonds 2003A	4,235,000	-	(140,000)	4,095,000
GO School Building Bonds 2005A	12,635,000	-	(1,895,000)	10,740,000
GO School Building Refunding Bonds 2005B	50,990,000	-	(1,750,000)	49,240,000
GO School Building Bonds 2007A	11,655,000	-	(235,000)	11,420,000
GO School Building Refunding Bonds 2007B	29,375,000	-	(3,015,000)	26,360,000
Total Bonds Payable	133,350,000	-	(7,930,000)	125,420,000
Bond Premium	2,053,183	-	(147,854)	1,905,329
Other Postemployment Benefits	1,065,544	1,115,373	(748,108)	1,432,809
Other Pension Benefits Payable	(171,228)	704,201	(871,940)	(338,967)
Compensated Absences Payable	1,081,922	176,184	(448,554)	809,552
Total Governmental Activity Long-Term Liabilities	<u>\$ 137,379,421</u>	<u>\$ 1,995,758</u>	<u>\$ (10,146,456)</u>	<u>\$ 129,228,723</u>

Governmental compensated absences and other postemployment benefits are typically liquidated (paid) by the General Fund.

D. Description of Long-Term Debt

General Obligation School Building Bonds

Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to the retirement of these bonds. The District has authority to levy for all existing general obligation bonds. These levies are subject to reduction if fund balances exceed limitations imposed by Minnesota law.

General Obligation School Building Bonds were issued to finance acquisitions and/or construction of capital facilities.

Severance, Compensated Absences, Other Pension Benefits Payable and Other Postemployment Benefits

Severance, Other Pension Benefits Payable and Other Postemployment Benefits liabilities consist of convertible sick leave, early retirement incentives, and other healthcare benefits paid for retirees upon retirement.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 RESTRICTED FUND BALANCES

A. Restricted Fund Balances

Certain portions of fund balance are restricted 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 "restrictions" which have an accumulated deficit rather than a positive balance at June 30 are included since the District has specific statutory authority to levy taxes for such deficits.

Restricted for Staff Development – Providing teachers and other school district staff with individual and professional organizational growth and development opportunities prepares them to provide excellent educational experiences for students, and ultimately helps achieve the fundamental purpose of improving student learning.

Restricted for Deferred Maintenance – This balance represents unspent deferred maintenance revenues. Revenues are from local tax levies.

Restricted for Area Learning Center – This represents amounts reserved for students attending area learning centers. Each district that send students to an area learning center must reserve an amount equal to at least 90% of the district average General Education Revenue, minus .0485 times the formula allowance per pupil unit, times the number of pupils attending area learning centers. See Finance code 303 for the proper accounting of revenue and expenditures for this program. Refer to Minn. Stat. §123A.05, Subd. 2.

Restricted for Health and Safety – This amount represents resources to be derived exclusively for capital expenditure health and safety projects. Revenues are derived from tax levies and expenditures are for necessary corrections for fire and life safety hazards, asbestos removal and related repairs and cleanup, removal, disposal and repairs related to storing heating fuel or transportation fuel. This restriction is allowed to go into a deficit to the extent there is future revenues to eliminate the deficit. The ending fund balance of this restriction was a deficit of \$177,464.

Restricted for Operating Capital – This balance represents amounts available for capital expenditure equipment purchases, facility projects and personnel costs directly related to acquisition, operation and maintenance of computers, related equipment and network and applications software. Revenue to finance these expenditures is derived primarily from state aid revenue.

Restricted for Community Education – This amount represents available resources for community education classes. Revenues are derived from local tax levies and state aids and expenditures are for salaries, benefits and supplies.

Restricted for Early Childhood and Family Education (ECFE) – This amount represents available resources for ECFE classes. Revenues are derived from local tax levies and state aids and expenditures are for salaries, benefits and supplies.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 RESTRICTED FUND BALANCES (CONTINUED)

A. Reserved Fund Balances (Continued)

Restricted for School Readiness – This amount represents available resources to provide services for learning readiness programs. Related to Finance Code 344, School Readiness, Minnesota Statutes 1240.16, includes aids, fees, grants and all other revenues received by the District.

Restricted for Building Construction – This amount represents the resources available to finance project expenditures.

Restricted for Other Purposes – This amount represents amounts that can only be spent for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

B. Assigned Fund Balances

At June 30, 2011, the General Fund includes assignments of fund balance for site carryover, Redtail Ridge, Federal Jobs Bill, 50% of the special education stimulus, cash flow, and class size reduction. The site carryover represents site allocations which the Board has allowed to be carried over for re-appropriation in the following fiscal year. The Redtail Ridge assigned fund balance represents a \$51/per pupil unit assignment in General Fund funding to go toward the opening of Redtail Ridge. The Federal Jobs Bills dollars are to be allocated for class size reduction in 2011-12. The 50% special education stimulus assigned fund balance represents 50% of the District's special education stimulus award. Cash flow is allocated due to the state aid shift moving from 90/10 to 60/40 over the past three years. The 2010-11 class size reduction assigned fund balance is for the purpose of reducing class sizes for fiscal year 2012-13.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 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 Basic members were first hired prior to July 1, 1989. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356.

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

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 55103-1855
651-296-6449
800-657-3853

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 RETIREMENT PLANS (CONTINUED)

A. Teacher's Retirement Association (TRA) (Continued)

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 5.5% 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: 5.5% for Coordinated Plan members and 9.5% 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, 2011, 2010 and 2009 were \$1,590,658, \$1,564,599 and \$1,455,642, respectively, equal to the required contributions for each year as set by state statute.

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 General Employees' Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

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 GERF. That report may be obtained on the web at www.mnpera.org. Alternatively, a copy of the report may be obtained by writing or calling PERA:

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

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 RETIREMENT PLANS (CONTINUED)

B. Public Employees' Retirement Association (PERA) (Continued)

2. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for the 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. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2010. Employee contribution rates for the Coordinated Plan increased to 6.25% effective January 1, 2011.

The District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERP members and 7.00% for Coordinated Plan members. Employer contribution rates for the Coordinated Plan increased to 7.25% effective January 1, 2011. The District contributions for the years ended June 30, 2011, 2010 and 2009 were \$725,307, \$743,077 and \$646,474, respectively, equal to the required contributions for each year as set by state statute.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PAYABLE

At June 30, 2009, the District adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions.

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the District's health insurance plan. There are 664 active participants, 62 retired participants and 15 spouses. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

Contribution requirements are also negotiated between the District and union representatives. The District contributes 100% of the cost of current-year premiums for specified coverage levels of eligible retired plan members and their spouses. For fiscal year 2011, the District contributed \$748,108 to the plan.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation.

Annual Required Contribution	\$ 1,130,941
Interest on Net OPEB Obligation	47,949
Adjustment to Annual Required Contribution	<u>(63,517)</u>
Annual OPEB Cost (Expense)	1,115,373
Contributions Made	<u>(748,108)</u>
Increase in Net OPEB Obligation	367,265
Net OPEB Obligation - Beginning of Year	<u>1,065,544</u>
Net OPEB Obligation - End of Year	<u><u>\$ 1,432,809</u></u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 1,115,373	67.1%	\$ 1,432,809
6/30/2010	1,196,574	60.4%	1,065,544
6/30/2009	1,205,481	50.9%	591,679

D. Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$9,593,870. The annual payroll for active employees covered by the plan in the actuarial valuation was \$33,418,619 for a ratio of UAAL to covered payroll of 28.7%.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

D. Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 8.5%, reduced by decrements to an ultimate rate of 5% after seven years. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis and the amortization period is not to exceed 30 years.

NOTE 8 SUPPLEMENTAL PENSION PLAN

The District engaged an actuary to determine the District's liability for its supplemental pension plan in accordance with the District adopted GASB Statement No. 27, as of July 1, 2010. Prior to fiscal year 2009, this calculation was performed by the District internally and included as a component of Severance Benefits Payable.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

A. Plan Description

The District provides a defined benefit supplemental pension benefit to eligible administrators and teachers. Currently, full-time teachers hired prior to July 1, 1991, custodians, and administrative assistants are eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 20 years of service. Certain administrators are eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 15 years of service. The superintendent is eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 6 years of service. There is no maximum benefit amount for any bargaining group, other than the superintendent who is capped at 50% of annual salary.

Currently, there are 160 active employees who are eligible to receive benefits under the plan as of June 30, 2011. The pension benefit ranges from three days per year of service times the hourly rate to one month of salary for each year of service. Payments are made as lump sum payments.

B. Funding Policy

Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The General Fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

C. Annual Pension Cost and Net Pension Obligation

The District's annual pension cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual pension cost for the year, the amount actually paid from the plan, and changes in the District's net pension obligation.

Annual Required Contribution	\$ 694,967
Interest on Net Pension Obligation	(7,705)
Adjustment to Annual Required Contribution	17,339
Annual Pension Cost (Expense)	<u>704,601</u>
Contributions Made	<u>871,940</u>
Increase in Net Pension Asset	167,339
Net Pension Asset - Beginning of Year	<u>171,228</u>
Net Pension Asset - End of Year	<u><u>\$ 338,567</u></u>

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

C. Annual Pension Cost and Net Pension Obligation (Continued)

The District's annual pension cost, the percentage of the annual pension cost contributed to the plan, and the net pension obligation for 2011, 2010, and 2009 was:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Asset
6/30/2011	\$ 704,601	123.7 %	\$ 338,567
6/30/2010	222,791	70.1 %	171,228
6/30/2009	694,967	208.5 %	237,749

D. Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$1,741,973. The annual payroll for active employees covered by the plan in the actuarial valuation was \$8,571,676 for a ratio of UAAL to covered payroll of 20.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and salary cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of the July 1, 2010, actuarial valuation using the projected unit actuarial cost method. The actuarial assumptions included a 4.5% discount rate, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date and projected salary increases at 3%.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8 SUPPLEMENTAL PENSION PLAN (CONTINUED)

E. Actuarial Methods and Assumptions (Continued)

The actuarial methods and assumptions include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at June 30, 2011, is not to exceed 30 years.

NOTE 9 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.

B. Contingencies

The District has the usual and customary types of legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. The District's management believes that the District will not incur any material liabilities relating to these claims, and none have been accrued at year-end.

NOTE 10 SUBSEQUENT EVENT

Effective July 1, 2011, the District established a self-insured health care plan for its employees.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLANS**

Other Postemployment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	\$ 9,593,870	\$ 9,593,870	-	\$ 33,418,619	28.7%
7/1/2008	-	10,971,359	10,971,359	-	30,327,463	36.2%

Pension						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	\$ 1,741,973	\$ 1,741,973	-	\$ 8,571,676	20.3%
7/1/2008	-	1,811,661	1,811,661	-	9,196,500	19.7%

SUPPLEMENTAL INFORMATION

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
GENERAL FUND
BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Investments	\$ -	\$ 958,082
Receivables:		
Current Taxes	6,006,864	6,511,835
Delinquent Taxes	241,324	280,136
Accounts and Interest Receivable	47,168	87,451
Due from Other Minnesota School Districts	28,999	412,940
Due from Minnesota Department of Education	14,323,799	11,672,226
Due from Federal through the Minnesota Department of Education	731,482	280,056
Due from Other Governmental Units	-	164,797
Inventories	216,160	219,441
Prepaid Items	18,081	87,434
	<u>21,613,877</u>	<u>20,674,398</u>
Total Assets	<u>\$ 21,613,877</u>	<u>\$ 20,674,398</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 2,527,581	\$ 2,552,013
Payroll Deductions and Employer Contributions Payable	1,237,067	1,257,698
Accounts and Contracts Payable	1,808,040	602,293
Due to Other Minnesota School Districts	160,000	184,154
Due to Other Funds	1,850,493	-
Due to Other Governmental Units	663	1,135
Property Taxes Levied for Subsequent Year	6,006,864	10,706,302
Deferred Revenue - Delinquent Taxes	241,324	280,136
Deferred Revenue	401,599	434,993
Total Liabilities	<u>14,233,631</u>	<u>16,018,724</u>
Fund Balance:		
Nonspendable:		
Prepaid Items	18,081	87,434
Inventory	216,160	219,441
Restricted for:		
Staff Development	202,847	169,836
Deferred Maintenance	157,956	56,398
Area Learning Center	-	39,734
Operating Capital	1,591,619	891,387
Assigned for:		
Special Education Stimulus	501,500	701,500
Redtail Ridge	207,380	307,380
Cash Flow	2,000,000	-
Class-size Reduction	500,000	350,000
Stimulus Dollars	350,000	-
Site Carryover	640,835	660,563
Unassigned	993,868	1,172,001
Total Fund Balance	<u>7,380,246</u>	<u>4,655,674</u>
Total Liabilities and Fund Balance	<u>\$ 21,613,877</u>	<u>\$ 20,674,398</u>

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 16,309,326	\$ 16,845,508	\$ 536,182	\$ 11,541,847
Earnings on Investments	9,125	13,843	4,718	31,577
Other	730,436	946,095	215,659	1,052,357
State Sources	43,325,433	43,122,773	(202,660)	43,572,121
Federal Sources	3,186,588	2,800,308	(386,280)	6,012,928
Total Revenues	63,560,908	63,728,527	167,619	62,210,830
EXPENDITURES				
Current:				
Administration:				
Salaries	1,783,706	1,791,883	8,177	1,780,572
Employee Benefits	559,163	661,474	102,311	570,670
Purchased Services	58,263	41,860	(16,403)	41,399
Supplies and Materials	14,414	20,048	5,634	15,843
Other Expenditures	23,718	32,379	8,661	35,871
Total Administration	2,439,264	2,547,644	108,380	2,444,355
District Support Services:				
Salaries	757,564	763,209	5,645	800,409
Employee Benefits	278,566	283,966	5,400	292,633
Purchased Services	98,938	(49,971)	(148,909)	(38,620)
Supplies and Materials	95,461	77,864	(17,597)	65,332
Capital Expenditures	57,325	41,813	(15,512)	44,538
Other Expenditures	18,750	21,988	3,238	16,892
Total District Support Services	1,306,604	1,138,869	(167,735)	1,181,184
Elementary and Secondary Regular Instruction:				
Salaries	19,688,379	19,518,963	(169,416)	19,257,942
Employee Benefits	8,815,142	8,793,139	(22,003)	7,887,661
Purchased Services	535,576	592,728	57,152	549,811
Supplies and Materials	677,523	418,505	(259,018)	466,314
Capital Expenditures	424,568	398,115	(26,453)	438,516
Other Expenditures	5,850	2,423	(3,427)	6,641
Total Elementary and Secondary Regular Instruction	30,147,038	29,723,873	(423,165)	28,606,885

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 593,468	\$ 465,588	\$ (127,880)	\$ 726,808
Employee Benefits	203,546	147,195	(56,351)	251,654
Purchased Services	2,005	18,204	16,199	97,614
Supplies and Materials	10,877	9,513	(1,364)	15,953
Total Vocational Education Instruction	809,896	640,500	(169,396)	1,092,029
Special Education Instruction:				
Salaries	7,965,585	7,690,047	(275,538)	7,496,907
Employee Benefits	2,685,780	2,899,285	213,505	2,456,108
Purchased Services	714,728	594,117	(120,611)	585,198
Supplies and Materials	182,652	64,834	(117,818)	181,118
Capital Expenditures	136,739	74,551	(62,188)	81,891
Other Expenditures	1,200	820	(380)	410
Total Special Education Instruction	11,686,684	11,323,654	(363,030)	10,801,632
Instructional Support Services:				
Salaries	2,907,835	2,718,757	(189,078)	3,149,491
Employee Benefits	1,098,717	1,050,996	(47,721)	970,021
Purchased Services	247,580	188,187	(59,393)	166,545
Supplies and Materials	484,209	468,460	(15,749)	533,675
Capital Expenditures	66,673	49,296	(17,377)	61,690
Other Expenditures	47,823	42,331	(5,492)	9,195
Total Instructional Support Services	4,852,837	4,518,027	(334,810)	4,890,617
Pupil Support Services:				
Salaries	1,196,883	1,127,999	(68,884)	1,296,387
Employee Benefits	457,186	461,049	3,863	539,358
Purchased Services	3,468,868	3,454,633	(14,235)	3,444,106
Supplies and Materials	82,834	71,917	(10,917)	83,868
Total Pupil Support Services	5,205,771	5,115,598	(90,173)	5,363,719

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 2,046,449	\$ 1,996,961	\$ (49,488)	\$ 2,067,345
Employee Benefits	755,708	760,233	4,525	746,109
Purchased Services	1,541,130	1,423,174	(117,956)	1,442,158
Supplies and Materials	943,547	644,102	(299,445)	723,385
Capital Expenditures	1,154,710	926,376	(228,334)	880,700
Other Expenditures	41,300	35,890	(5,410)	36,476
Total Sites and Buildings	6,482,844	5,786,736	(696,108)	5,896,173
Fiscal and Other Fixed Cost Programs:				
Purchased Services	214,600	209,054	(5,546)	213,604
Total Expenditures	63,145,538	61,003,955	(2,141,583)	60,490,198
Excess of Revenues Over Expenditures	\$ 415,370	2,724,572	\$ 2,309,202	1,720,632
FUND BALANCE				
Beginning of Year		4,655,674		2,935,042
End of Year		\$ 7,380,246		\$ 4,655,674

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	2011	2010
ASSETS		
Cash and Investments	\$ 456,055	\$ 430,546
Accounts and Interest Receivable	982	920
Inventory	48,068	38,388
Prepaid Items	150	-
Total Assets	\$ 505,255	\$ 469,854
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Payroll Deductions and Employer Contributions Payable	\$ 19,434	\$ 10,426
Accounts and Contracts Payable	12,230	3,970
Due to Other Funds	8,020	-
Deferred Revenue	74,652	65,385
Total Liabilities	114,336	79,781
Fund Balance:		
Nonspendable:		
Prepaid Items	150	-
Inventory	48,068	38,388
Restricted for Food Service Program	342,701	351,685
Total Fund Balance	390,919	390,073
Total Liabilities and Fund Balance	\$ 505,255	\$ 469,854

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ 1,565	\$ 1,119	\$ (446)	\$ 3,825
Other - Primarily Meal Sales	2,650,800	2,618,853	(31,947)	2,591,478
State Sources	84,000	81,417	(2,583)	80,218
Federal Sources	522,000	500,350	(21,650)	508,161
Total Revenues	3,258,365	3,201,739	(56,626)	3,183,682
EXPENDITURES				
Current:				
Salaries	1,155,982	1,150,311	(5,671)	1,144,398
Employee Benefits	361,710	365,299	3,589	346,969
Purchased Services	93,800	78,227	(15,573)	95,185
Supplies and Materials	1,621,500	1,550,483	(71,017)	1,606,031
Other Expenditures	21,000	8,191	(12,809)	20,537
Capital Outlay	40,000	48,382	8,382	29,025
Total Expenditures	3,293,992	3,200,893	(93,099)	3,242,145
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (35,627)	846	\$ 36,473	(58,463)
FUND BALANCE				
Beginning of Year		390,073		448,536
End of Year		\$ 390,919		\$ 390,073

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	2011	2010
ASSETS		
Cash and Investments	\$ 1,268,658	\$ 1,317,149
Receivables:		
Current Taxes	325,305	327,600
Delinquent Taxes	12,025	14,273
Accounts and Interest Receivable	51,318	57,309
Due from Minnesota Department of Education	168,159	147,406
Due from Other Governmental Units	-	5,843
Prepaid Items	5,690	1,577
Total Assets	\$ 1,831,155	\$ 1,871,157
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Payroll Deductions and Employer Contributions Payable	\$ 24,330	\$ 27,249
Accounts and Contracts Payable	86,687	96,081
Due to Other Funds	3,844	-
Property Taxes Levied for Subsequent Year	333,101	565,123
Deferred Revenue - Delinquent Taxes	12,025	14,273
Deferred Revenue	376,947	393,593
Total Liabilities	836,934	1,096,319
Fund Balance:		
Nonspendable:		
Prepaid Items	5,690	1,577
Restricted for:		
Community Education Programs	777,349	605,455
Early Childhood and Family Education Programs	129,065	117,867
School Readiness	80,953	33,414
Other Purposes	1,164	16,525
Total Fund Balance	994,221	774,838
Total Liabilities and Fund Balance	\$ 1,831,155	\$ 1,871,157

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011			2010
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 851,745	\$ 853,046	\$ 1,301	\$ 496,951
Earnings on Investments	3,660	2,803	(857)	9,089
Other - Primarily Tuition and Fees	3,422,421	3,488,455	66,034	3,198,245
State Sources	282,007	262,224	(19,783)	557,889
Total Revenues	4,559,833	4,606,528	46,695	4,262,174
EXPENDITURES				
Current:				
Salaries	2,827,810	2,644,072	(183,738)	2,556,666
Employee Benefits	783,641	691,229	(92,412)	637,601
Purchased Services	717,574	680,026	(37,548)	662,285
Supplies and Materials	411,014	321,537	(89,477)	295,589
Other Expenditures	8,145	2,922	(5,223)	6,761
Capital Outlay	62,820	47,359	(15,461)	84,233
Total Expenditures	4,811,004	4,387,145	(423,859)	4,243,135
Net Change in Fund Balance	\$ (251,171)	219,383	\$ 470,554	19,039
FUND BALANCE				
Beginning of Year		774,838		755,799
End of Year		\$ 994,221		\$ 774,838

PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
CAPITAL PROJECT – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)

	2011	2010
ASSETS		
Cash and Investments	\$ 1,257,031	\$ 2,078,989
Other Receivables:		
Accounts and Interest Receivable	2,616	793
Total Assets	\$ 1,259,647	\$ 2,079,782
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	\$ 83,280	\$ 23,092
Fund Balance:		
Restricted for Building Construction	1,176,367	2,056,690
Total Liabilities and Fund Balance	\$ 1,259,647	\$ 2,079,782

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
CAPITAL PROJECT – BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011			2010
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ 4,500	\$ 4,684	\$ 184	\$ 6,494
EXPENDITURES				
Current:				
Salaries	-	-	-	12,927
Employee Benefits	-	-	-	1,940
Purchased Services	-	351,731	351,731	2,355
Capital Outlay	1,139,560	533,276	(606,284)	1,484,537
Total Expenditures	<u>1,139,560</u>	<u>885,007</u>	<u>(254,553)</u>	<u>1,501,759</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,135,060)</u>	(880,323)	<u>\$ 254,737</u>	(1,495,265)
Fund Balance - Beginning		<u>2,056,690</u>		<u>3,551,955</u>
Fund Balance - Ending		<u>\$ 1,176,367</u>		<u>\$ 2,056,690</u>

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	2011	2010
ASSETS		
Cash and Investments	\$ 6,993,166	\$ 7,548,549
Receivables:		
Current Taxes	6,853,126	8,134,934
Delinquent Taxes	298,159	354,224
Due from Other Funds	1,341,259	-
Due from Minnesota Department of Education	127,623	98,759
Due from Other Governmental Units	-	160,949
Total Assets	\$ 15,613,333	\$ 16,297,415
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Property Taxes Levied for Subsequent Year	\$ 13,246,035	\$ 14,033,035
Deferred Revenue - Delinquent Taxes	298,159	354,224
Total Liabilities	13,544,194	14,387,259
Fund Balance:		
Restricted for Debt Service	2,069,139	1,910,156
Total Liabilities and Fund Balance	\$ 15,613,333	\$ 16,297,415

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Tax	\$ 13,644,121	\$ 13,678,600	\$ 34,479	\$ 13,474,141
Earnings on Investments	8,155	8,508	353	723,689
State Sources	402,681	425,415	22,734	365,775
Total Revenues	<u>14,054,957</u>	<u>14,112,523</u>	<u>57,566</u>	<u>14,563,605</u>
EXPENDITURES				
Debt Service:				
Bond Principal	7,930,000	7,930,000	-	7,060,000
Bond Interest	6,020,448	6,020,446	(2)	7,920,889
Paying Agent Fees and other	9,998	3,094	(6,904)	5,385
Total Expenditures	<u>13,960,446</u>	<u>13,953,540</u>	<u>(6,906)</u>	<u>14,986,274</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	94,511	158,983	64,472	(422,669)
OTHER FINANCING SOURCES (USES)				
Payment to Refunded Bond Escrow Agent	-	-	-	(29,740,000)
Net Change in Fund Balance	<u>\$ 94,511</u>	158,983	<u>\$ 64,472</u>	(30,162,669)
Fund Balance - Beginning		<u>1,910,156</u>		<u>32,072,825</u>
Fund Balance - Ending		<u>\$ 2,069,139</u>		<u>\$ 1,910,156</u>

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2011**

	AUDIT	UFARS	Difference
01 GENERAL FUND			
Total Revenue	\$ 63,728,527	\$ 63,728,527	\$ -
Total Expenditures	\$ 61,003,955	\$ 61,003,954	\$ 1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 234,241	\$ 234,241	\$ -
<i>Restricted/Reserved:</i>			
403 Staff Development	\$ 202,847	\$ 202,847	\$ -
405 Deferred Maintenance	\$ 157,956	\$ 157,956	\$ -
406 Health & Safety	\$ (177,464)	\$ (177,468)	\$ 4
407 Capital Project Levy	\$ -	\$ -	\$ -
408 Cooperative Programs	\$ -	\$ -	\$ -
411 Severance Pay	\$ -	\$ -	\$ -
413 Project Funded by COP	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -
416 Levy Reduction	\$ -	\$ -	\$ -
417 Taconite Building Maint	\$ -	\$ -	\$ -
423 Certain Teacher Programs	\$ -	\$ -	\$ -
424 Operating Capital	\$ 1,591,619	\$ 1,591,620	\$ (1)
426 \$25 Taconite	\$ -	\$ -	\$ -
427 Disabled Accessibility	\$ -	\$ -	\$ -
428 Learning & Development	\$ -	\$ -	\$ -
434 Area Learning Center	\$ -	\$ -	\$ -
435 Contracted Alt. Programs	\$ -	\$ -	\$ -
436 State Approved Alt. Program	\$ -	\$ -	\$ -
438 Gifted & Talented	\$ -	\$ -	\$ -
441 Basic Skills Programs	\$ -	\$ -	\$ -
445 Career and Technical Programs	\$ -	\$ -	\$ -
446 First Grade Preparedness	\$ -	\$ -	\$ -
449 Safe Schools Crime	\$ -	\$ -	\$ -
450 Prekindergarten	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Restricted Fund Balance	\$ -	\$ -	\$ -
<i>Committed:</i>			
418 Committed for Separation	\$ -	\$ -	\$ -
461 Committed Fund Balance	\$ -	\$ -	\$ -
<i>Assigned:</i>			
462 Assigned Fund Balance	\$ 4,199,715	\$ 4,199,715	\$ -
<i>Unassigned:</i>			
422 Unassigned Fund Balance	\$ 1,171,332	\$ 1,171,335	\$ (3)
02 FOOD SERVICE			
Total Revenue	\$ 3,201,739	\$ 3,201,740	\$ (1)
Total Expenditures	\$ 3,200,893	\$ 3,200,893	\$ -
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 48,218	\$ 48,218	\$ -
<i>Restricted:</i>			
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
464 Restricted Fund Balance	\$ 342,701	\$ 342,701	\$ -
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE			
Total Revenue	\$ 4,606,528	\$ 4,606,528	\$ -
Total Expenditures	\$ 4,387,145	\$ 4,387,146	\$ (1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ 5,690	\$ 5,690	\$ -
<i>Restricted/Reserved:</i>			
426 \$25 Taconite	\$ -	\$ -	\$ -
431 Community Education	\$ 777,349	\$ 777,349	\$ -
432 E.C.F.E.	\$ 129,065	\$ 129,065	\$ -
444 School Readiness	\$ 80,953	\$ 80,953	\$ -
447 Adult Basic Education	\$ -	\$ -	\$ -
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Restricted Fund Balance	\$ 1,164	\$ 1,163	\$ 1
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE (CONTINUED)
YEAR ENDED JUNE 30, 2011**

	AUDIT	UFARS	Difference
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 4,684	\$ 4,684	\$ -
Total Expenditures	\$ 885,007	\$ 885,008	\$ (1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>			
407 Capital Projects Levy	\$ -	\$ -	\$ -
409 Alternative Facility Program	\$ -	\$ -	\$ -
413 Project Funded by COP	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Restricted Fund Balance	\$ 1,176,367	\$ 1,176,367	\$ -
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -
07 DEBT SERVICE			
Total Revenue	\$ 14,112,523	\$ 14,112,522	\$ 1
Total Expenditures	\$ 13,953,540	\$ 13,953,540	\$ -
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>			
425 Bond Refundings	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Restricted Fund Balance	\$ 2,069,139	\$ 2,069,138	\$ 1
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -
08 TRUST			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
<i>Net Assets:</i>			
422 Net Assets	\$ -	\$ -	\$ -
20 INTERNAL SERVICE			
Total Revenue	\$ 7,056	\$ 7,057	\$ (1)
Total Expenditures	\$ -	\$ -	\$ -
<i>Net Assets:</i>			
422 Net Assets	\$ 7,056	\$ 7,056	\$ -
25 OPEB REVOCABLE TRUST			
Total Revenue	\$ 963,924	\$ 963,924	\$ -
Total Expenditures	\$ 406,702	\$ 406,702	\$ -
<i>Net Assets:</i>			
422 Net Assets	\$ 1,891,161	\$ 1,891,161	\$ -
45 OPEB IRREVOCABLE TRUST			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
<i>Net Assets:</i>			
422 Net Assets	\$ -	\$ -	\$ -
47 OPEB DEBT SERVICE			
Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted:</i>			
425 Bond Refundings	\$ -	\$ -	\$ -
464 Restricted Fund Balance	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -
FY11 OPERATING CAPITAL TRANSFER			
Per Pupil Amount	\$ -	\$ -	\$ -
AMCPU	\$ -	\$ -	\$ -
Total Transfer	\$ -	\$ -	\$ -
AMCPU	\$ -	\$ -	\$ -
Total Transfer	\$ -	\$ -	\$ -

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This part of the Independent School District No. 719 comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about overall financial health. The following are the categories of the various schedules that are included in this section.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	80
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	88
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	95
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	100
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	102

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 21,150,671	\$ 19,857,153	\$ 16,314,432	\$ 18,008,502
Restricted for:				
General Fund Operating Capital Purposes	-	-	-	-
General Fund State-Mandated Reserves	-	-	-	-
Food Service	-	-	-	-
Community Service	-	-	-	-
Debt Service	(1,627,617)	(1,127,256)	1,002,115	-
Other Purposes	398,296	(19,087)	702,968	812,968
Unrestricted	(804,348)	(1,473,887)	(2,183,936)	(3,421,352)
Total Governmental Activities Net Assets	<u>\$ 19,117,002</u>	<u>\$ 17,236,923</u>	<u>\$ 15,835,579</u>	<u>\$ 15,400,118</u>

Note: The District began to report accrual information when it implemented GASB 34 in fiscal year 2003.

Source: Data is taken from the District's annual financial reports.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 13,913,173	\$ 15,480,727	\$ 17,631,789	\$ 19,217,014	\$ 23,048,414
-	559,576	858,095	891,387	1,591,619
-	-	381,995	256,295	353,998
-	385,964	448,536	390,073	390,919
-	876,649	755,799	774,838	994,221
-	-	-	-	-
730,895	-	-	-	-
<u>(3,212,409)</u>	<u>(5,071,339)</u>	<u>154,579</u>	<u>3,147,277</u>	<u>5,882,449</u>
<u>\$ 11,431,659</u>	<u>\$ 12,231,577</u>	<u>\$ 20,230,793</u>	<u>\$ 24,676,884</u>	<u>\$ 32,261,620</u>

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2003	2004	2005	Fiscal Year 2006
Expenses				
Governmental Activities:				
Administration	\$ 1,398,076	\$ 1,213,052	\$ 1,449,763	\$ 1,673,761
District Support Services	1,050,609	1,236,169	1,327,331	1,423,483
Regular Instruction	17,414,023	20,024,616	22,679,044	24,254,226
Vocational Education Instruction	640,277	800,199	834,584	860,604
Special Education Instruction	6,249,712	7,134,916	8,504,161	9,686,228
Instructional Support Services	3,512,740	4,131,484	4,774,431	4,162,012
Pupil Support Services	5,136,647	5,598,531	6,464,948	7,105,280
Sites and Buildings	4,399,809	7,593,017	6,415,711	6,460,283
Fiscal and Other Fixed Cost Programs	158,014	239,103	482,360	254,622
Food Service	-	-	-	-
Community Service	2,045,760	2,170,024	2,629,523	2,896,880
Unallocated Depreciation	-	-	-	-
Interest and Fiscal Charges on Long-Term Liabilities	5,000,871	4,632,819	5,260,308	7,231,189
Total Governmental Activities Expenses	<u>47,006,538</u>	<u>54,773,930</u>	<u>60,822,164</u>	<u>66,008,568</u>
Program Revenues				
Governmental Activities:				
District Support Services	-	-	-	-
Regular Instruction	478,247	412,818	1,863,559	2,234,951
Vocational Education Instruction	522,698	39,352	29,155	35,926
Special Education Instruction	3,547,811	2,629,524	4,613,879	4,268,579
Instructional Support Services	41,256	37,902	-	4,056
Pupil Support Services	1,804,620	2,094,522	2,479,720	2,566,185
Sites and Buildings	-	-	1,045,070	1,069,764
Food Service	-	-	-	-
Community Service	1,420,583	1,603,194	2,095,325	2,341,470
Total Governmental Activities Program Revenues	<u>7,815,215</u>	<u>6,817,312</u>	<u>12,126,708</u>	<u>12,520,931</u>
Net Governmental Activities (Expense) Revenue	(39,191,323)	(47,956,618)	(48,695,456)	(53,487,637)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes:				
General Purpose	2,273,847	8,099,360	6,822,492	4,544,684
Community Service	348,939	582,686	488,909	269,996
Debt Service	5,599,013	5,921,940	7,006,822	7,550,345
State and Federal Aid Not Restricted to Specific Purposes	29,861,090	31,030,340	31,536,760	37,162,131
Earnings on Investments	2,288,281	139,112	775,954	2,280,052
Miscellaneous	1,788,603	716,585	663,175	1,244,968
Total General Revenues	<u>42,159,773</u>	<u>46,490,023</u>	<u>47,294,112</u>	<u>53,052,176</u>
Change in Net Assets	2,968,450	(1,466,595)	(1,401,344)	(435,461)
Net Assets - Beginning, as Previously Stated	16,148,552	19,117,002	17,236,923	15,835,579
Prior Period Adjustment	-	(413,484)	-	-
Net Assets - Beginning, as Restated	<u>16,148,552</u>	<u>18,703,518</u>	<u>17,236,923</u>	<u>15,835,579</u>
Net Assets - Ending	<u>\$ 19,117,002</u>	<u>\$ 17,236,923</u>	<u>\$ 15,835,579</u>	<u>\$ 15,400,118</u>

Note: The District began to report accrual information when it implemented GASB 34 in fiscal year 2003.

Source: Data is taken from the District's annual financial reports.

	2007	2008	2009	2010	2011
\$	2,185,617	\$ 2,457,868	\$ 2,320,553	\$ 2,450,511	\$ 2,535,757
	1,114,426	1,266,148	1,245,127	1,200,198	1,172,491
	24,381,769	28,912,657	26,098,635	31,604,628	32,697,354
	1,005,493	1,140,242	926,632	1,089,528	649,824
	9,839,641	10,623,461	8,413,282	10,785,336	11,080,549
	4,756,328	4,365,298	5,068,251	4,941,331	4,570,384
	4,966,667	5,267,158	4,903,394	5,359,399	5,113,766
	6,489,189	8,152,016	7,591,794	7,301,329	6,555,220
	329,064	232,046	239,849	213,604	209,054
	2,717,024	3,043,715	3,133,853	3,336,223	3,293,510
	3,525,567	3,720,748	3,874,301	4,246,523	4,381,322
	2,913,601	-	-	-	-
	7,423,865	7,791,564	7,387,847	7,496,377	5,749,186
	<u>71,648,251</u>	<u>76,972,921</u>	<u>71,203,518</u>	<u>80,024,987</u>	<u>78,008,417</u>
	-	6,230	10,141	16,873	25,111
	2,497,427	967,299	1,388,555	1,478,145	2,023,308
	35,103	-	7,265	-	-
	5,326,067	6,466,480	4,377,584	5,808,217	5,642,079
	17,062	750,647	819,411	2,275	128,085
	320,507	320,844	643,462	691,884	642,916
	705,695	558,727	2,002,146	1,602,345	864,040
	2,717,514	2,950,529	3,063,770	3,179,857	3,200,620
	2,917,065	3,230,151	3,289,243	3,650,969	3,925,841
	<u>14,536,440</u>	<u>15,280,907</u>	<u>15,601,577</u>	<u>16,430,565</u>	<u>16,452,000</u>
	(57,111,811)	(61,692,014)	(55,601,941)	(63,594,422)	(61,556,417)
	8,604,732	9,235,075	9,498,108	11,654,648	16,806,696
	534,664	548,520	491,141	502,036	850,798
	10,381,274	11,863,320	12,922,611	13,600,548	13,622,535
	36,957,590	40,352,512	39,060,883	41,260,442	37,512,639
	2,377,260	2,630,960	1,466,805	774,674	67,234
	339,932	375,637	432,809	248,165	281,251
	<u>59,195,452</u>	<u>65,006,024</u>	<u>63,872,357</u>	<u>68,040,513</u>	<u>69,141,153</u>
	2,083,641	3,314,010	8,270,416	4,446,091	7,584,736
	15,400,118	11,431,659	12,231,577	20,230,793	24,676,884
	(6,052,100)	(2,514,092)	(271,200)	-	-
	<u>9,348,018</u>	<u>8,917,567</u>	<u>11,960,377</u>	<u>20,230,793</u>	<u>24,676,884</u>
\$	<u>\$ 11,431,659</u>	<u>\$ 12,231,577</u>	<u>\$ 20,230,793</u>	<u>\$ 24,676,884</u>	<u>\$ 32,261,620</u>

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved:					
Deferred Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
Graduation Standards - Gifted and Talented	-	-	-	-	-
Health and Safety	69,157	(204,141)	(461,008)	(158,985)	(118,463)
Operating Capital	272,471	425,165	211,705	47,022	160,360
Staff Development	-	-	-	-	31,870
Safe Schools	-	-	-	-	-
Learning and Development	-	-	-	-	2,321
Reemployment	8,168	(9,643)	(16,937)	-	-
Disabled Access	51,393	-	-	-	-
Unreserved:					
Designated for Redtail Ridge	-	-	-	-	-
Designated for Site Carryover	-	-	-	-	-
Designated for 50% Federal Special Education Stimulus	-	-	-	-	-
Designated for 2010-2011 Class Size Reduction	-	-	-	-	-
Undesignated	(620,120)	(279,587)	(783,364)	(800,165)	(638,561)
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	(218,931)	(68,206)	(1,049,604)	(912,128)	(562,473)
All Other Governmental Funds					
Reserved Reported in:					
Community Service Fund:					
Community Education Programs	147,456	145,882	174,825	458,196	691,154
Early Childhood and Family Education Programs	113,046	28,872	55,193	35,601	22,573
School Readiness	-	12,161	17,135	23,279	23,153
Bond Refundings	-	-	-	-	-
Building Construction	19,024,089	16,808,963	4,887,382	54,156,783	26,313,546
Debt Service	-	-	-	18,663,226	1,704,415
Unreserved Reported in:					
Debt Service Fund	636,639	870,033	825,320	3,306,054	-
Special Revenue Funds	230,999	298,461	406,593	368,936	394,795
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Total All Other Governmental Funds	20,152,229	18,164,372	6,366,448	77,012,075	29,149,636
Total Fund Balance, as Previously Reported	19,933,298	18,096,166	5,316,844	76,099,947	28,587,163
Prior Period Adjustment	-	(413,484)	-	-	-
Total Fund Balance, as Restated	\$ 19,933,298	\$ 17,682,682	\$ 5,316,844	\$ 76,099,947	\$ 28,587,163

Source: Data is taken from the District's annual financial reports and the MN Dept of Education website.

2007	2008	2009	2010	2011
\$ -	\$ 168,820	\$ 42,079	\$ 56,398	\$ -
-	-	97	39,734	-
(256,244)	(151,151)	30,092	(64,692)	-
212,453	559,576	858,095	891,387	-
128,613	-	200,752	169,836	-
12,045	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	407,380	307,380	-
-	375,909	470,758	660,563	-
-	-	-	701,500	-
-	-	-	350,000	-
(993,850)	158,091	925,789	1,543,568	-
-	-	-	-	234,241
-	-	-	-	1,952,422
-	-	-	-	4,199,715
-	-	-	-	993,868
<u>(896,983)</u>	<u>1,111,245</u>	<u>2,935,042</u>	<u>4,655,674</u>	<u>7,380,246</u>
594,600	795,179	683,725	605,455	-
22,550	39,543	38,226	117,867	-
13,396	8,624	17,666	33,414	-
30,413,865	30,255,634	30,264,105	-	-
20,951,291	7,176,725	3,551,955	2,056,690	-
1,407,836	-	-	-	-
-	1,416,739	1,808,720	1,910,156	-
387,510	419,267	464,718	408,175	-
-	-	-	-	53,908
-	-	-	-	4,576,738
<u>53,791,048</u>	<u>40,111,711</u>	<u>36,829,115</u>	<u>5,131,757</u>	<u>4,630,646</u>
52,894,065	41,222,956	39,764,157	9,787,431	12,010,892
-	(271,200)	-	-	-
<u>\$ 52,894,065</u>	<u>\$ 40,951,756</u>	<u>\$ 39,764,157</u>	<u>\$ 9,787,431</u>	<u>\$ 12,010,892</u>

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Local Sources:					
Property Taxes	\$ 14,787,793	\$ 8,221,799	\$ 14,633,149	\$ 14,313,161	\$ 12,355,226
Earnings on Investments	1,612,594	2,288,281	139,112	675,964	2,280,052
Other	1,686,232	2,087,558	2,147,024	2,626,580	2,925,104
State Sources	26,570,352	35,125,700	33,562,812	38,735,563	44,710,125
Federal Sources	755,950	1,000,752	1,176,872	1,255,636	1,333,319
Sales and Other Conversion of Assets	1,205,077	1,289,708	1,677,527	1,845,859	1,959,390
Total Revenues	<u>46,617,998</u>	<u>50,013,798</u>	<u>53,336,496</u>	<u>59,452,763</u>	<u>65,563,216</u>
Expenditures					
Current:					
Administration	1,393,356	1,496,050	1,202,222	1,359,762	1,599,473
District Support Services	876,949	1,050,609	1,153,588	1,259,406	1,365,902
Regular Instruction	16,740,568	17,132,683	19,947,221	21,058,480	23,020,250
Vocational Education Instruction	646,287	640,277	800,199	759,094	805,365
Special Education Instruction	5,905,591	6,220,201	7,089,004	7,971,170	9,250,921
Instructional Support Services	3,070,959	3,590,469	4,112,760	4,532,280	3,996,796
Pupil Support Services	4,566,103	5,133,777	5,604,560	6,117,928	6,825,351
Sites, Buildings and Equipment	27,045,597	29,979,977	16,952,252	11,111,948	34,470,216
Fiscal and Other Fixed Cost Programs	5,910,629	6,605,645	6,693,398	7,587,565	10,614,067
Food Service	-	-	-	-	-
Community Service	1,696,827	2,045,760	2,147,130	2,487,560	2,782,751
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>67,852,866</u>	<u>73,895,448</u>	<u>65,702,334</u>	<u>64,245,193</u>	<u>94,731,092</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,234,868)	(23,881,650)	(12,365,838)	(4,792,430)	(29,167,876)
Other Financing Sources (Uses)					
Proceeds from Sale of Equipment	-	-	-	-	92
Bond Issuance	12,304,333	22,044,518	-	57,037,275	-
Proceeds of Refunding Bond Issuance	-	4,777,506	-	18,538,258	-
Payment to Refunding Bond Escrow Agent	-	(4,777,506)	-	-	(18,345,000)
Operating Transfer In	-	-	-	-	-
Bond Premium	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>12,304,333</u>	<u>22,044,518</u>	<u>-</u>	<u>75,575,533</u>	<u>(18,344,908)</u>
Prior Period Adjustment	-	-	(413,484)	-	-
Net Change in Fund Balances	<u>\$ (8,930,535)</u>	<u>\$ (1,837,132)</u>	<u>\$ (12,779,322)</u>	<u>\$ 70,783,103</u>	<u>\$ (47,512,784)</u>
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Prior to 2007 capital outlay was included under program areas in current expenditures.

Source: Data is taken from the District's annual financial reports.

	2007	2008	2009	2010	2011
\$	19,485,585	\$ 21,498,107	\$ 22,791,080	\$ 25,512,939	\$ 31,377,154
	2,377,260	2,630,960	1,466,805	774,674	30,957
	4,118,635	6,211,709	6,364,242	6,842,080	7,053,403
	44,698,377	48,100,628	46,922,230	44,576,003	43,891,829
	713,608	1,695,874	1,808,797	6,521,089	3,300,658
	2,288,342	-	-	-	-
	<u>73,681,807</u>	<u>80,137,278</u>	<u>79,353,154</u>	<u>84,226,785</u>	<u>85,654,001</u>
	2,174,882	2,349,193	2,348,936	2,444,355	2,547,644
	1,101,685	1,114,347	1,180,872	1,136,646	1,097,056
	24,638,087	25,541,003	26,186,941	28,168,369	29,325,758
	995,078	1,140,242	1,004,953	1,092,029	640,500
	9,737,527	10,489,553	8,894,180	10,719,741	11,249,103
	4,778,487	4,236,394	4,760,179	4,828,927	4,468,731
	4,915,220	5,259,037	5,019,368	5,363,719	5,115,598
	4,865,829	5,161,002	4,863,356	5,015,473	4,860,360
	461,814	232,046	239,849	213,604	209,054
	2,688,261	2,913,908	2,985,686	3,213,120	3,152,511
	3,487,521	3,701,412	3,971,797	4,158,902	4,339,786
	20,251,739	15,822,375	5,009,285	3,122,352	2,470,899
	4,520,000	5,205,000	5,910,000	7,060,000	7,930,000
	6,853,389	8,643,720	8,165,351	7,926,274	6,023,540
	<u>91,469,519</u>	<u>91,809,232</u>	<u>80,540,753</u>	<u>84,463,511</u>	<u>83,430,540</u>
	(17,787,712)	(11,671,954)	(1,187,599)	(236,726)	2,223,461
	1,309	845	-	-	-
	41,535,000	-	-	-	-
	-	-	-	-	-
	-	-	-	(29,740,000)	-
	-	-	-	-	-
	558,305	-	-	-	-
	<u>42,094,614</u>	<u>845</u>	<u>-</u>	<u>(29,740,000)</u>	<u>-</u>
	-	-	(271,200)	-	-
\$	<u>24,306,902</u>	<u>\$ (11,671,109)</u>	<u>\$ (1,458,799)</u>	<u>\$ (29,976,726)</u>	<u>\$ 2,223,461</u>
	16.0%	18.2%	18.6%	18.4%	17.2%

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
NET TAX CAPACITY AND VALUATION OF ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Year Taxes Collectible	Valuations		Fiscal Disparities	
	Agricultural	Non-Agricultural	Contribution Value	Distribution Value
2002	\$ 586,826	\$ 19,925,086	\$ (465,804)	\$ 1,975,720
2003	646,470	23,165,670	(581,367)	2,195,888
2004	599,848	27,772,368	(698,274)	2,524,555
2005	608,942	32,883,598	(905,414)	2,894,405
2006	640,305	37,495,899	(1,092,172)	3,111,503
2007	694,947	42,683,233	(1,296,936)	3,374,098
2008	760,702	47,195,871	(1,497,124)	3,791,574
2009	830,513	50,172,774	(1,777,782)	4,347,396
2010	537,069	48,471,205	(1,996,593)	4,822,699
2011	511,974	46,542,493	(2,083,840)	4,881,998

Source: School Tax Report from County Auditor's Office

<u>Tax Increment</u> <u>Valuation</u>	<u>Taxable Valuation</u>
\$ (441,934)	\$ 21,579,894
(464,261)	24,962,400
(515,586)	29,682,911
(684,181)	34,797,350
(703,441)	39,452,094
(702,085)	44,753,257
(855,772)	49,395,251
(603,913)	52,968,988
(600,610)	51,233,770
(472,418)	49,380,207

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Tax Year	ISD No. 719 Direct Rate (1)				Overlapping Rates		
	General Fund	Community Service Fund	Debt Service Fund	Total	Scott County	City of Prior Lake	City of Savage
2002	3.58	1.68	26.63	31.89 (2)	39.517	39.892	42.741
2003	2.33	1.66	25.23	29.22 (2)	38.554	38.614	46.527
2004	5.86	1.54	25.25	32.65 (2)	36.635	34.437	51.404
2005	3.19	1.57	22.41	27.17 (2)	35.361	32.469	46.385
2006	4.43	1.41	27.47	33.31 (2)	34.107	31.305	46.489
2007	4.28	1.25	27.12	32.65 (2)	33.140	28.435	50.155
2008	3.98	1.01	26.55	31.54 (2)	32.646	28.064	48.356
2009	3.54	0.97	26.29	30.80 (2)	32.684	27.947	46.013
2010	4.05	1.11	27.54	32.70 (2)	33.237	29.442	47.335
2011	5.83	1.28	26.93	34.04 (2)	35.541	30.710	48.278

Notes:

(1) Tax Capacity Rate Method

(2) Beginning with the levy collectible in 2002 (revenue for fiscal 2002-03), the State of Minnesota provides state aid for all of the general education formula. As part of this change, a total of \$415 of each district's referendum levy was also rolled into the general education formula.

Sources: Overlapping Rate Data provided by the District's financial advisor, Ehlers & Associates and Scott County. School Direct Rate is taken from the District's annual financial reports.

Overlapping Rates						Total Direct and Overlapping Tax Rate
Credit River Township	Sand Creek Township	Spring Lake Township	PL-Spring Lake Watershed District	Scott County CDA	Metropolitan Council	
-	16.318	-	3.795	1.380	1.350	176.883
-	12.853	-	3.645	1.422	1.509	172.344
8.278	12.814	11.748	3.431	1.410	1.195	194.002
8.403	15.455	12.691	2.971	1.409	0.994	183.308
9.660	14.867	11.630	2.809	1.351	0.872	186.400
9.949	14.287	11.368	2.421	1.525	0.862	184.792
-	-	-	1.951	1.642	0.820	145.019
-	-	-	1.784	1.552	0.803	141.584
-	-	-	2.005	1.612	0.795	147.126
-	-	-	2.069	1.701	0.828	153.169

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
PRINCIPAL PROPERTY TAXPAYERS
2011 AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2011			2002		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
Target Corporation	\$ 299,250	1	0.67%	\$ -		- %
Centro Bradley Spe 7 LLC	289,785	2	0.65%	-		-
Shepherd's Path Senior Housing	262,500	3	0.59%	-		-
MN Savage 16 LLC	220,500	4	0.50%	-		-
Centerpoint Energy Resource	178,951	5	0.40%	-		-
Minnesota Valley Electric Coop.	165,286	6	0.37%	151,256	4	0.61%
Bealmake Partners LLC	152,950	7	0.34%	-		-
Keystone Com of PL LLC	150,000	8	0.34%	-		-
Lifetime Fitness	119,250	9	0.27%	-		-
Restan LLC	106,854	10	0.24%	177,569	3	0.71%
Bradley Operating LP	-		-	401,152	1	1.61%
Minnesota Gas Co	-		-	204,304	2	0.82%
Xcel Energy	-		-	123,104	5	0.49%
Individual	-		-	85,832	6	0.34%
Fountain Hills LLC	-		-	82,400	7	0.33%
Individual	-		-	80,036	8	0.32%
Cooperative Power Association	-		-	76,228	9	0.31%
Healthsystem Minnesota	-		-	72,348	10	0.29%
Total	\$ 1,945,326		3.94%	\$ 1,454,229		5.83%

Sources: Data provided by the District's financial advisor, Ehlers & Associates and Scott County.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Tax Year	Taxes Levied for the Fiscal Year				Property Credits/Aids and Adjustments	Adjusted Tax Levy
	General Fund	Community Service Fund	Debt Service Fund	Total Tax Levy (1)		
2002	\$ 2,292,078	\$ 381,789	\$ 6,044,117	\$ 8,717,984	\$ 530,528	\$ 8,187,456
2003	5,832,288	418,128	6,347,734	12,598,150	494,678	12,103,472
2004	6,686,053	452,211	7,428,696	14,566,960	514,930	14,052,030
2005	6,899,482	557,622	7,928,881	15,385,985	458,061	14,927,924
2006	8,399,848	554,329	10,771,178	19,725,355	478,179	19,247,176
2007	9,073,611	564,844	12,248,662	21,887,117	433,938	21,453,179
2008	9,654,981	501,335	13,251,543	23,407,859	397,009	23,010,850
2009	11,537,066	514,872	13,947,474	25,999,412	398,507	25,600,905
2010	11,427,190	565,123	14,033,036	26,025,349	463,065	25,562,284
2011	11,891,723	631,543	13,246,035	25,769,301	463,065	25,306,236

Notes:

(1) Beginning with payable year 2002, state credits are included in the operating levy.

Sources: Data provided by the District's financial advisor, Ehlers & Associates, the District's annual financial reports and Scott County.

Collected within the Fiscal Year of Levy		Collections/Adj in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Adj Levy Outstanding
Current Tax Collection	Percentage of Adjusted Levy		Total Tax Collection	Percentage of Adjusted Tax Levy		
\$ 8,099,790	98.9%	\$ 87,666	\$ 8,187,456	100.0%	\$ -	0.0%
11,958,393	98.8%	145,079	12,103,472	100.0%	-	0.0%
13,900,824	98.9%	151,206	14,052,030	100.0%	-	0.0%
14,762,745	98.9%	165,178	14,927,924	100.0%	-	0.0%
19,018,904	98.8%	223,197	19,242,101	100.0%	5,075	0.0%
21,052,315	98.1%	385,562	21,437,877	99.9%	15,302	0.1%
22,549,096	98.0%	416,711	22,965,807	99.8%	45,043	0.2%
12,494,369	48.8%	12,829,178	25,323,547	98.9%	277,358	1.1%
11,050,980	43.2%	14,302,574	25,353,554	99.2%	208,730	0.8%
12,584,005	49.7%	-	12,584,005	49.7%	-	-

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Capital Leases	Special Assessments Payable	Lease Purchase Payable			
2002	\$ 76,210,000	\$ -	\$ -	\$ 622,949	\$ 76,832,949	\$ -	\$ 1,903
2003	95,990,000	-	-	485,500	96,475,500	-	2,232
2004	94,685,000	-	-	380,000	95,065,000	-	2,104
2005	165,690,000	-	-	255,000	165,945,000	-	3,603
2006	144,250,000	-	-	132,750	144,382,750	-	3,098
2007	181,265,000	-	-	-	181,265,000	-	3,824
2008	176,060,000	-	-	-	176,060,000	-	3,538
2009	170,150,000	-	-	-	170,150,000	-	3,413
2010	133,335,000	-	-	-	133,335,000	-	2,567
2011	125,420,000	-	-	-	125,420,000	-	2,523

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(1) = Personal income information for residents living within the District is not available.

Source: Data is taken from the District's annual financial reports.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
DECEMBER 31, 2010
(UNAUDITED)**

	General Obligation Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping:			
Scott County	\$ 81,260,000	30%	\$ 24,378,000
Cities:			
Prior Lake	25,870,000	84%	21,730,800
Savage	67,480,000	42%	28,341,600
Townships:			
Sand Creek	780,000	34%	265,200
Spring Lake	645,000	1%	6,450
Special Taxing Districts:	3,284,000	64%	2,101,760
Metropolitan Council			
Scott County HRA	1,283,405,536	1%	12,834,055
Prior Lake Spring Lake Watershed	37,010,000	30%	11,103,000
Total Overlapping	1,440,000	89%	<u>1,281,600</u>
			102,042,465
Direct:			
Prior Lake - Savage ISD No. 719	133,350,000	100%	<u>133,350,000</u>
Total Direct and Overlapping Bonded Debt:			<u><u>\$ 235,392,465</u></u>

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Sources: Data provided by Scott County as of December 31, 2010. No more current data is available.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)
(UNAUDITED)**

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt Limit	\$ 295,292,040	\$ 344,607,270	\$ 408,852,000	\$ 478,789,530	\$ 548,991,030
Total Net Debt Applicable to Limit	<u>76,832,949</u>	<u>96,475,500</u>	<u>95,065,000</u>	<u>165,945,000</u>	<u>144,382,750</u>
Legal Debt Margin	<u>\$ 218,459,091</u>	<u>\$ 248,131,770</u>	<u>\$ 313,787,000</u>	<u>\$ 312,844,530</u>	<u>\$ 404,608,280</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	26.02%	28.00%	23.25%	34.66%	26.30%

Sources: Data provided by the District's financial advisor, Ehlers & Associates and Scott County.

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value	\$ 4,381,085,600
Debt Limit (15% of Assessed Value)	657,162,840
Debt Applicable to Limit	<u>125,420,000</u>
Legal Debt Margin	<u><u>\$ 531,742,840</u></u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	621,604,860	\$ 680,930,145	\$ 713,423,190	\$ 671,669,775	\$ 657,162,840
	<u>181,265,000</u>	<u>176,060,000</u>	<u>170,150,000</u>	<u>133,335,000</u>	<u>125,420,000</u>
\$	<u><u>440,339,860</u></u>	<u><u>\$ 504,870,145</u></u>	<u><u>\$ 543,273,190</u></u>	<u><u>\$ 538,334,775</u></u>	<u><u>\$ 531,742,840</u></u>
	29.16%	25.86%	23.85%	19.85%	19.09%

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Outstanding Bonded Debt</u>	<u>Balance on Hand</u>	<u>Net Bonded Debt</u>	<u>Estimated Actual Value of Taxable Property</u>	<u>Percent of Net Debt to Estimated Taxable Property</u>	<u>Estimated Population</u>	<u>Net Debt Per Capita</u>
2002	\$ 76,210,000	\$ 636,639	\$ 75,573,361	\$ 19,686,136,000	0.38%	\$ 40,380	\$ 1,872
2003	95,990,000	870,031	95,119,969	22,973,818,000	0.41%	43,232	2,200
2004	94,685,000	825,320	93,859,680	27,256,800,000	0.34%	45,174	2,078
2005	165,690,000	21,969,280	143,720,720	31,919,302,000	0.45%	46,057	3,120
2006	144,250,000	1,704,415	142,545,585	36,599,402,000	0.39%	46,607	3,058
2007	181,265,000	31,821,701	149,443,299	41,440,324,000	0.36%	47,404	3,153
2008	176,060,000	31,672,372	144,387,628	45,395,343,000	0.32%	49,769	2,901
2009	170,150,000	32,072,824	138,077,176	47,561,546,000	0.29%	49,852	2,770
2010	133,335,000	1,910,156	131,424,844	44,777,995,000	0.29%	51,936	2,531
2011	125,420,000	2,069,139	123,350,861	43,058,493,000	0.29%	49,707	2,482

Source: Independent Auditor's Report and State Demographer.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Prior Lake Population	Savage Population	Personal Income (<i>thousands of dollars</i>) (1)	Per Capita Personal Income (1)	Enrollment	Unemployment Rate (1)
2002	17,160	23,220	-	-	5,118	-
2003	19,662	23,570	-	-	5,332	-
2004	21,156	24,018	-	-	5,733	-
2005	21,395	24,662	-	-	6,048	-
2006	21,542	25,065	-	-	6,338	-
2007	22,111	25,293	-	-	6,620	-
2008	22,917	26,852	-	-	6,824	-
2009	23,000	26,852	-	-	6,877	-
2010	24,250	27,686	-	-	6,975	-
2011	22,796	26,911	-	-	7,021	-

Notes:

(1) = Personal income and unemployment information for residents living within the District is not available.

Source: Metropolitan Council (Data Center Department and Website), Cities of Prior Lake & Savage and the District's annual financial reports.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2011		2002	
	(1)		(2)	
	Employees	Rank	Employees	Rank
Mystic Lake Casino & Hotel	3,500	1	3,966	1
Prior Lake - Savage ISD No. 719	969	2	684	2
Super Target	400	3	-	-
Continental Machines	356	4	235	5
Fabcon, Inc.	275	5	460	3
Life Time Fitness Center	250	6	-	-
Dakotah! Sports & Fitness Center	150	7	160	7
The Wild's	150	8	300	4
Cub Foods	100	9	-	-
City of Prior Lake	85	10	150	9
Playworks Children's Entertainment	-	-	179	6
Silgan Containers Corp	-	-	159	8
Minnesota Horse & Hunt Club	-	-	120	10
	6,235		6,413	
Total				

Note: Total employment for the area served by Prior Lake - Savage ISD No. 719 is not available and, therefore, a percentage of total employment for each of the employers listed above is not included.

Source:

(1) 2011 information provided by the District's financial advisor Ehlers & Associates Bond Refunding documents.

(2) 2002 information for the cities of Prior Lake and Savage provided by the District's financial advisor Ehlers & Associates through a telephone survey (January 2003), the Minnesota Business Directory (2001-2002) and the 2002 Manufacturers Register.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Full-Time-Equivalent Employees as of June 30,				
	2002	2003	2004	2005	2006
<u>Licensed Positions</u>					
Administrative Staff					
Superintendent	1.0	1.0	1.0	1.0	1.0
Principals	7.0	7.0	7.6	7.8	8.0
Administrative Assistants	11.5	12.0	4.0	5.5	5.0
Supervisory Coordinator	1.0	1.0	2.0	1.0	1.0
Total Administrative Staff	<u>20.5</u>	<u>21.0</u>	<u>14.6</u>	<u>15.3</u>	<u>15.0</u>
Support Service Staff					
Other Non-Instructional Staff	4.8	5.6	7.9	10.3	13.1
Counselors	1.5	1.9	5.0	5.7	7.2
Media/Librarian	6.0	6.3	7.2	7.0	7.2
Nurse	2.0	1.5	1.5	1.0	3.0
Social Worker	4.5	5.5	8.0	7.5	8.0
Psychologists	-	2.1	3.4	2.2	2.6
Total Support Service Staff	<u>18.8</u>	<u>22.9</u>	<u>33.0</u>	<u>33.6</u>	<u>41.2</u>
Special Education Teachers					
Speech Language	8.1	8.2	7.5	8.1	7.4
Other Special Education Teacher	22.5	22.8	25.9	30.6	35.0
Total Special Education Teachers	<u>30.6</u>	<u>31.0</u>	<u>33.4</u>	<u>38.7</u>	<u>42.4</u>
Classroom Teachers					
K - 12 Teacher	247.5	248.0	271.7	280.9	302.1
Vocational Education Teacher	6.2	3.8	1.7	1.4	0.6
Pre-K, ECFE, and Other Teacher	11.6	14.0	13.9	14.1	7.2
Total Classroom Teachers	<u>265.3</u>	<u>265.7</u>	<u>287.3</u>	<u>296.4</u>	<u>309.9</u>
Total Licensed Positions	<u><u>335.3</u></u>	<u><u>340.6</u></u>	<u><u>368.2</u></u>	<u><u>384.0</u></u>	<u><u>408.4</u></u>

Source: Minnesota Department of Education STARS data.

Full-Time-Equivalent Employees as of June 30,

2007	2008	2009	2010	2011
1.0	1.0	1.0	1.0	1.0
9.0	8.5	9.0	10.0	10.0
7.0	8.0	6.0	6.0	6.0
1.0	1.0	1.0	1.0	1.0
<u>18.0</u>	<u>18.5</u>	<u>17.0</u>	<u>18.0</u>	<u>18.0</u>
10.6	7.1	8.5	8.0	7.9
8.0	7.8	7.8	7.8	7.8
8.1	7.1	7.1	7.6	6.3
3.0	3.0	3.0	4.0	4.0
8.5	8.5	8.5	10.5	10.5
2.6	3.0	3.0	4.0	4.0
<u>40.8</u>	<u>36.5</u>	<u>37.9</u>	<u>41.9</u>	<u>40.5</u>
9.9	11.6	13.2	13.6	13.6
38.6	51.9	50.1	45.2	45.5
<u>48.5</u>	<u>63.5</u>	<u>63.3</u>	<u>58.8</u>	<u>59.1</u>
310.4	312.6	304.6	297.1	289.1
0.4	-	0.4	0.4	0.4
10.9	12.8	14.1	18.5	18.5
<u>321.7</u>	<u>325.5</u>	<u>319.1</u>	<u>316.0</u>	<u>308.0</u>
<u><u>429.1</u></u>	<u><u>443.9</u></u>	<u><u>437.2</u></u>	<u><u>434.7</u></u>	<u><u>425.6</u></u>

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Enrollment	Total Governmental Funds Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio
2002	5,118	\$ 67,852,866	\$ 13,259	N/A %	295.9	17.3
2003	5,332	73,895,448	13,859	4.53 %	296.7	18.0
2004	5,733	65,702,334	11,461	(17.31)	320.7	17.9
2005	6,048	64,245,193	10,623	(7.31)	335.1	18.0
2006	6,338	94,731,092	14,947	40.70	352.2	18.0
2007	6,620	91,469,519	13,817	(7.56)	370.2	17.9
2008	6,824	91,809,232	13,453	(2.64)	388.9	17.5
2009	6,877	80,540,753	11,712	(12.95)	382.4	18.0
2010	6,975	84,463,511	12,109	3.40	374.9	18.6
2011	7,021	83,430,540	11,883	1.46	367.1	19.1

Source: District records and teaching staff numbers from the Minnesota Department of Education STARS data.

**PRIOR LAKE-SAVAGE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 719
BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

School	Fiscal Year				
	2002	2003	2004	2005	2006
Elementary					
Westwood (1963)					
Square feet	73,126	73,126	73,126	73,126	73,126
Capacity	710	710	710	710	710
Enrollment (1)	616.53	638.23	592.36	600.62	596.15
Five Hawks (1973)					
Square feet	67,940	67,940	67,940	67,940	67,940
Capacity	625	625	625	625	625
Enrollment (1)	585.09	588.50	595.12	648.40	706.19
Grainwood (1952)					
Square feet	67,385	67,385	67,385	67,385	67,385
Capacity	550	550	550	550	550
Enrollment (1)	571.82	571.53	532.11	559.63	562.29
Glendale (1997)					
Square feet	87,424	87,424	87,424	87,424	87,424
Capacity	680	680	680	680	680
Enrollment (1)	632.83	696.51	654.68	700.68	749.64
Jeffers Pond (2006)					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment (1)	-	-	-	-	-
Oakridge (1969) now Twin Oaks Middle					
Square feet	-	-	214,939	214,939	214,939
Capacity	-	-	650	650	650
Enrollment (1)	-	-	603.12	614.64	638.79
Redtail Ridge (2008)					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment (1)	-	-	-	-	-
Middle					
Hidden Oaks (1989)					
Square feet	166,230	166,230	166,230	166,230	166,230
Capacity	963	963	1,023	1,023	1,023
Enrollment (1)	1,092.28	1,167.01	831.13	888.93	944.74
Twin Oaks (1969)					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment (1)	-	-	-	-	-
High					
Prior Lake (2003)					
Square feet	-	-	354,635	354,635	354,635
Capacity	-	-	2,016	2,016	2,016
Enrollment (1)	-	-	1,546.52	1,618.26	1,712.78
Prior Lake (1969) then Oakridge Elem					
Square feet	214,757	214,939	-	-	-
Capacity	1,000	1,000	-	-	-
Enrollment (1)	1,013.00	1,041.97	-	-	-
Other					
Edgewood Kindergarten/ECFE Center (2006)					
Square feet	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment (1)	-	-	-	-	-
Ponds Edge Kindergarten (1994) now DSC					
Square feet	20,606	20,606	20,606	20,606	20,606
Capacity	250	250	320	320	320
Enrollment (1)	447.13	446.75	206.12	231.36	230.51
Administration District Service Center (1994)					
Square feet	-	-	-	-	-
Total					
Square feet	697,468	697,650	1,052,285	1,052,285	1,052,285
Capacity	4,778	4,778	6,574	6,574	6,574
Enrollment	4,958.68	5,150.50	5,561.16	5,862.52	6,141.09
Athletics					
Football fields	4	6	6	7	7
Soccer fields	4	8	8	8	8
Running tracks	1	1	1	2	2
Baseball/softball	10	14	14	15	14
Swimming pools	1	1	1	1	1
Playgrounds	8	9	9	9	9

Notes: Enrollment reflects average daily membership served by site. Resident students served under tuition agreements are excluded from this enrollment data.

Source: Square footage obtained from the MN Department of Education website. The capacity was obtained from Wold Architects. Enrollment was obtained from a combination of District records and "School Average Daily Membership" reports available on the Minnesota Department of Education web. The athletic statistics are derived from District records.

Fiscal Year				
2007	2008	2009	2010	2011
82,426	82,426	82,426	82,426	82,426
630	630	630	630	630
583.81	596.78	576.58	435.49	450.34
67,940	67,940	67,940	67,940	67,940
635	635	635	635	635
566.57	558.30	580.96	445.33	444.56
72,835	72,835	72,835	72,835	72,835
585	585	585	585	585
445.57	500.26	491.30	384.90	383.28
90,624	90,624	90,624	90,624	90,624
680	680	680	680	680
637.62	648.37	632.81	603.32	585.09
90,011	90,011	90,011	90,011	90,011
635	635	635	635	635
590.91	647.65	651.22	563.03	539.45
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	90,011	90,011	90,011	90,011
-	660	660	660	660
-	-	-	527.14	524.82
166,230	184,310	184,310	184,310	184,310
1,008	1,008	1,008	1,008	1,008
865.46	902.37	876.71	907.82	908.87
214,939	214,939	214,939	214,939	214,939
784	784	784	784	784
604.91	676.69	740.57	734.51	737.42
354,635	354,635	354,635	354,635	354,635
2,000	2,000	2,000	2,000	2,000
1,837.06	1,927.36	1,964.07	2,051.30	2,135.84
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
50,575	50,575	50,575	50,575	50,575
360	360	360	360	360
315.00	269.92	265.64	216.68	193.31
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
20,606	20,606	20,606	20,606	20,606
1,210,821	1,318,912	1,318,912	1,318,912	1,318,912
7,317	7,977	7,977	7,977	7,977
6,446.91	6,727.70	6,779.86	6,869.52	6,902.98
7	7	7	7	7
8	8	8	10	10
2	2	2	2	2
14	14	14	16	16
2	2	2	2	2
9	9	9	10	10