

**INDEPENDENT SCHOOL DISTRICT NO. 192  
Farmington, Minnesota**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Year Ended June 30, 2015**

**Submitted by: Business Department  
Jane Houska, Director of Finance  
Jay Haugen, Superintendent**

# INDEPENDENT SCHOOL DISTRICT NO. 192

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**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**BOARD OF EDUCATION AND ADMINISTRATION**  
**For the Year Ended June 30, 2015**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Julie Singewald	Chair	January 1, 2017
Tera Lee	Vice Chair	January 1, 2019
Jake Cordes	Clerk	January 1, 2017
Laura Beem	Treasurer	January 1, 2017
Melissa Sauser	Trustee	January 1, 2019
Steve Corrado	Trustee	January 1, 2019
<u>Administration</u>		
Jay Haugen	Superintendent	
Jane Houska	Director of Finance	
Heather Aune	Controller	

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# Independent School District 192 Farmington, Minnesota

Jane Houska, Director of Finance  
District Service Center  
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Fax: (651) 463-5071  
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December 7, 2015

To the School Board and citizens of Independent School District No. 192:

## **INTRODUCTION**

We are submitting the comprehensive annual financial report (CAFR) of Farmington Area Public Schools, Independent School District No. 192 (the District) for the fiscal year ended June 30, 2015. This report fairly presents the District's financial position and results of operations and cash flows in accordance with national and state standards. The District is responsible for its contents and has made every effort to ensure the accuracy and completeness of this presentation. An independent firm of certified public accountants audits this report.

## **REPORT FORMAT**

This CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this letter of transmittal, an organizational chart and a list of School Board members and administrative personnel. The financial section includes the independent auditor's report, Management's Discussion & Analysis (MD&A), basic financial statements and the combining and individual fund statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

## **FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT**

The District is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act amendments of 1996 and the U.S. Office of Management and Budget's *Circular A-133, Audits of States, Local Governments and Nonprofit Organizations*. The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statutes 6.65. Independent auditor reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document. This report contains no significant findings or questioned costs.

## **REPORTING ENTITY AND ITS SERVICES**

The legal name of the District is Independent School District No. 192 and is often referred to as Farmington Area Public Schools. The financial reporting entity includes all the funds of the primary government (the District). Component units are legally separate entities for which the District (primary government) is financially accountable. There are no organizations considered to be component units of the District.

## **REPORTING ENTITY AND ITS SERVICES**

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education for exceptional children and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes early childhood and extended day programs, along with a variety of classes for lifelong learning experiences for children.

The District serves all or parts of the communities of Farmington and Lakeville and the townships of Empire, Castles Rock and Eureka in Dakota County. The District enrolled 7,087 students in 2014-2015 from a population of 35,320 citizens residing within the District.

The District is organized as a political subdivision of the State of Minnesota and is governed by an elected six member School Board. The School Board has the power and duty to set budgets, certify tax levies, issue debt and perform other tasks necessary to the operations of the District. The District is subject to the general oversight of the Minnesota Department of Education. This oversight generally includes an approval process that reviews compliance to standards enacted by legislative mandate. During 2014-2015, the District operated one high school, two middle schools, five elementary schools, one 3-8 innovative school, an Instruction Services Center and the District Service Center. The instructional program is organized on the basis of K-5, 6-8, and grades 9-12.

## **LOCAL ECONOMIC CONDITION AND OUTLOOK**

The District is dependent on the state of Minnesota for its revenue authority with exceptions for the voter approved operating and bond referenda. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. The State General Education Basic revenue formula provides approximately 56% of General Fund revenue. Since 2004-2005 the Basic per pupil revenue formula has increased by an average of only 1.6% per year.

As the economy starts to turn around, the enrollment growth in the District continues to be grow each year.

## **STRATEGIC PLANNING AND MISSION STATEMENT**

In December 2006, the District conducted a comprehensive strategic planning process. The plan is revisited on an annual basis by a group of administrators, teachers, staff, parents and community members to measure progress and refine action steps and continue the implementation process. The District's refined belief statements, mission statement and strategies are summarized as follows:

### **District Belief statements**

We believe that:

- Each person has the capacity and desire to learn.
- Each person has inherent, immeasurable worth.
- All people develop best in a nurturing environment.
- All people deserve to be treated with respect.
- The well-being of future generations depends on our stewardship of the environment.
- Communities thrive when all members are informed and involved.
- Each person is responsible to serve his or her community.
- Mutual communication is fundamental to effective relationships.
- Each person is responsible to do his or her best.
- Innovation and risk ignites learning.
- Diversity enriches both the individual and community.
- Integrity is critical for trusting relationships.

## **STRATEGIC PLANNING AND MISSION STATEMENT**

### **Mission Statement**

The mission of Farmington Area Public Schools, the center of inspiration and the cultivation of ideas, is to ensure each student reaches his or her highest aspirations while embracing responsibility to community through a system distinguished by:

- Supporting individuality while understanding our interdependence
- Developing wisdom and integrity of each individual
- Nurturing the will to succeed in each student
- Customized learning environments
- Deep community collaboration

### **Strategies**

**Strategy 1.** We will create a culture of innovation in which students and staff are encouraged to take risks in order to ignite learning.

**Strategy 2.** We will create organizational systems whose only purpose is to serve the needs and highest aspirations of each student.

**Strategy 3.** We will ensure students identify and achieve their inner genius.

**Strategy 4.** We will create a culture by which staff are free to act by using their talents, passions and creativity for the worthy purpose of nourishing each student's spark.

**Strategy 5.** We will provide for each student customized learning experiences based on student strengths and aspirations.

**Strategy 6.** We will develop relationships and culture of interdependence throughout all communities for mutual benefit.

**Strategy 7.** We will develop leaders throughout the school community.

**Strategy 8.** We will ensure all students and staff effectively navigate in a global context.

## **STUDENT ASSESSMENT AND TESTING**

Student academic growth and achievement in Farmington Area Public Schools is measured by various assessments, including the federally mandate state assessments, the NWEA-MAP tests, the Explore/Plan/ACT college readiness series and numerous classroom assessments. Results from these assessments are used to monitor individual student progress as well as building and district curriculum.

### **State Standardized Tests – The MCAs and NCLB**

All students in Minnesota public schools are required to take the Minnesota Comprehensive Assessments in Reading (grades 3-8 & 10), Math (grades 3-8 & 11) and Science (grades 3, 5 & high school). The MCAs are criterion referenced tests that measure student achievement with respect to the state standards in each grade for that subject.

Staff in each school have high expectations in the classroom, which are reflected in the annual school goals. Schools examine and analyze many forms of student achievement data and write goals specifically based for student progress.



## Trends:

Farmington's Reading results have consistently been at least 3 percent above the State averages for the past 6 years with 2015 results 5.8% above the state. (Farmington-65.3%, State-59.5%)

Farmington's Math results have been above state average, and continues to increase at a faster pace than the rest of the state for the past 8 years. In 2015 Farmington's overall proficiency was 68.0%, 7.8 percentage points above the State average.

Farmington students continue to demonstrate an upward trend in overall Science results. The 201 results of 57.2% is 3.8 percentage points above the State average.

## MANAGEMENT SYSTEMS AND CONTROLS

The District is committed to developing, maintaining and improving effective management systems and controls. The District makes conscientious efforts to employ highly qualified employees through active recruitment and interview processes. Continuing professional education opportunities are provided to employees and supervisors are encouraged to provide imbedded professional development activities as a means to ensure that an environment of continuous improvement is fostered. Operations are annually evaluated to assure they function effectively and provide appropriate levels of supervision and segregation of duties. The District has documented its processing, recording and reconciling activities as it relates to financial activities with an internal control questionnaire. The documentation denotes responsibility levels, reporting requirements and timeliness of reconciliation activities.

### Budget and Financial Management

The District's budget and financial management practices include the following:

Budget Timeline – Provides a timeline for the major processes related to the preparation, approval, execution and review of the District's fiscal year financial budget. The budget process includes the following activities:

Budget Planning – The District utilizes a five year financial planning model. The model includes an enrollment projection component. Funding and expenditure assumptions are built into the model which provides a detailed analysis of revenue and expenditure trends and fund equity. The model is updated and or revised as projections become actual audited numbers and assumptions become known facts.

Budget Preparation – The budget preparation cycle occurs during the 12 months prior to the District's upcoming fiscal year, which begins on the following July 1. Major processes during the budget preparation cycle include enrollment projections and the development of revenue and expenditure assumptions. Enrollment and other data are submitted to the State to generate both the local property tax levy as well as state and federal aid entitlement amounts for the upcoming year. Allocations of district resources to the various expenditure categories are based upon budget parameters and district priorities as included in the District's Strategic Plan. Recommendations and actions taken by the administration and the School Board during the budget cycle are included in the completed budget document. A preliminary financial and operation budget document is then submitted to the School Board for review and subsequent approval prior to July 1.

Budget Approval – The School Board is required by Minnesota Statutes to adopt a preliminary budget prior to July 1. During the 12 month period that the budget is in place, the administration is directed to update the budget to reflect changes that have taken place after the original approval of the budget occurred. The adopted budget is typically revised to reflect enrollment changes, grant awards, employee contract settlements and changes in estimates and projections that may have occurred since the budget was originally approved. The School Board receives periodic budget updates during the fiscal year.

## **MANAGEMENT SYSTEMS AND CONTROLS**

### **Budget and Financial Management**

Budget Review – During the fiscal year and at year-end, the actual financial results are compared to the budgeted amounts. Significant variations are investigated to determine if subsequent financial projections should be adjusted. In addition, as several state aid formulas are not finalized until state-wide data is available, the District's administration is constantly reviewing historical and current data and trends to further refine its projection model for future budget cycles.

Finance Committee – The District has established a finance committee that consists of administration, School Board, staff, parents and community members. This committee reviews district financial data and provides input for budget considerations to the administration.

## **FINANCIAL REPORTING**

This is the seventh year the District has prepared a CAFR. The District was awarded a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for their 2014 CAFR.

The District did implement GASB Statement No. 68. GASB Statement No. 68 is an all-encompassing and sweeping change to financial reporting requirements for governments. Public school districts are required to report liabilities for future pensions that are provided through pension plans administered as trusts or equivalent arrangements.

## **ACCOMPLISHMENTS**

Farmington Area Public Schools continue to have strong assessment results and are exceeding State standards. In fact, two of our elementary schools classified as Title I schools have been recognized as Reward and Celebration Eligible Schools for three consecutive years.

## **ACKNOWLEDGEMENTS**

The preparation of this report could not have been accomplished without the efforts of the District's Finance Office staff in providing complete and accurate data for this report. We would also like to express our appreciation to the School Board for their interest and support in planning and conducting the financial operation of the District in a responsible manner.

Respectfully submitted,



Jane A. Houska  
Director of Finance

INDEPENDENT SCHOOL DISTRICT NO. 192

ASBO CERTIFICATE OF EXCELLENCE  
For the Year Ended June 30, 2015

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

**Farmington Public School District**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards

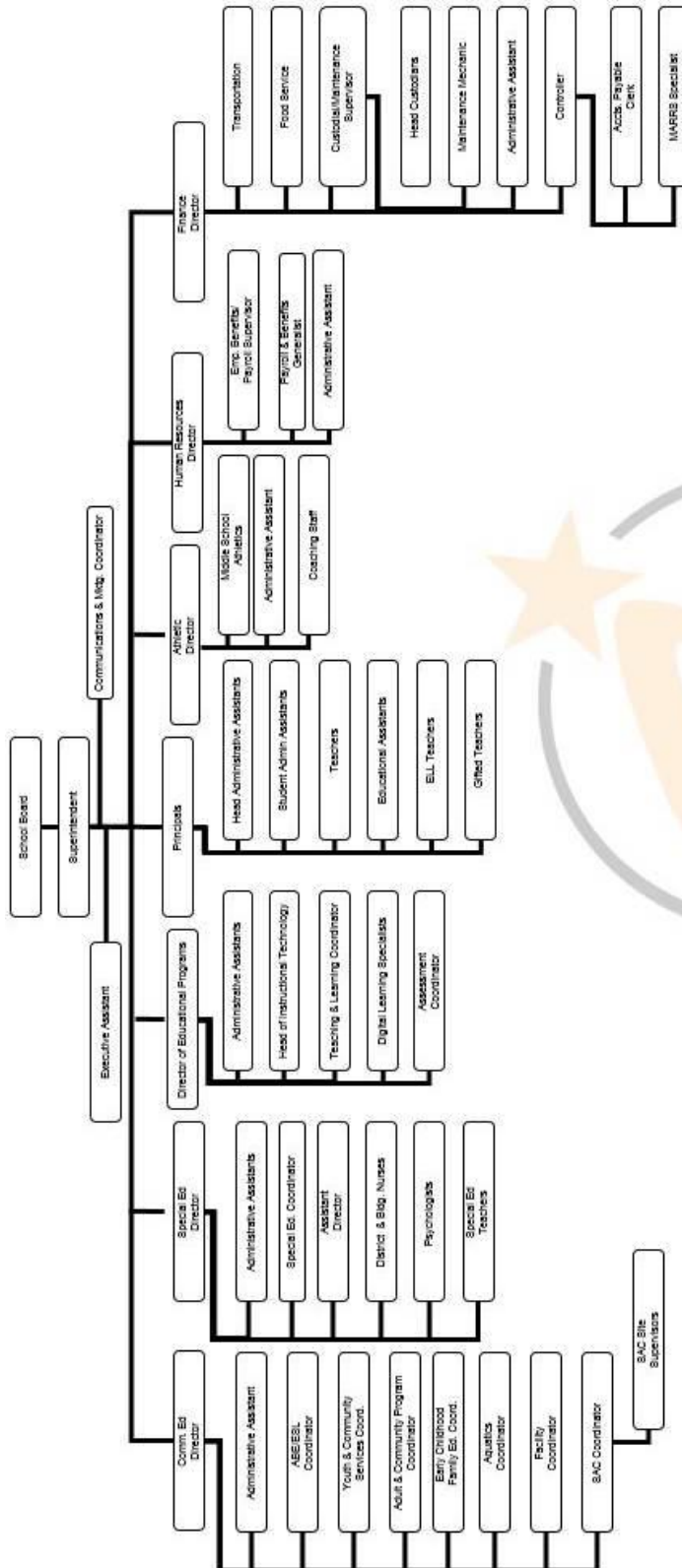


Mark C. Pepera, MBA, RSBO, SFO  
President

John D. Musso, CAE, RSBA  
Executive Director

# INDEPENDENT SCHOOL DISTRICT NO. 192

## ORGANIZATIONAL CHART For the Year Ended June 30, 2015



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## INDEPENDENT AUDITOR'S REPORT

BerganKDV, Ltd.

To the School Board  
Independent School District No. 192  
Farmington, Minnesota

**Cedar Falls**  
602 Main Street  
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### Report on the Financial Statements

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. 192, Farmington, Minnesota, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

**Cedar Rapids**  
2720 1st Avenue NE  
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Cedar Rapids, IA  
52402-0200  
T 319.294.8000  
F 319.294.9003

### Management's Responsibility for the Financial Statements

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

**Coralville**  
2530 Corridor Way  
Suite 301  
P.O. Box 5267  
Coralville, IA  
52241-0267  
T 319.248.0367  
F 319.248.0582

### Auditor's Responsibility

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

**Des Moines**  
9207 Northpark Drive  
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to 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. 192, Farmington, Minnesota, as of June 30, 2015, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Implementation of GASB 68 and GASB 71

As discussed in Note 12 to the financial statements, the District has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, the Schedule of Funding Progress – Other Post Employment Benefits on page 80, Schedule of Employer Contributions – Other Post Employment Benefits on page 80, Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability GERS Retirement Funds on page 81, Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability TRA Retirement Funds on page 81, Schedule of District Contributions of GERS Retirement Funds on page 82 and Schedule of District Contributions of TRA Retirement Funds on page 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Supplementary Information identified in the Table of Contents and the Statistical Section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information identified in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the Supplementary Information identified in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads 'BerganKDV Ltd.' followed by a period.

BerganKDV, Ltd.  
Minneapolis, Minnesota  
December 7, 2015



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**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

This section of the District's annual financial report presents a discussion and analysis of the District's financial performance during fiscal year ended June 30, 2015. Please read it in conjunction with the financial statements that immediately follow this section.

The MD&A is an element of required supplementary information specified in the GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased \$ 3.5 million from current year activity ending the year at \$ (72.6 million).
- The School Board approved the sale of \$ 6 million of General Obligation (G.O). Taxable Other Post Employment Benefits (OPEB) Bonds in March of 2009, which was half of the amount needed to fund the \$ 12 million liability at the time. As of June 30, 2015 the District currently has an OPEB liability of \$ 5,713,211.
- The General Fund net change in fund balance increased by approximately \$ 1,055,301, with an end of year balance of \$ 3.5 million.
- The Special Revenue Funds, which include Food Service and Community Service Funds, ended the year with positive fund balances of \$ 438,471 and \$ 524,836, respectively.
- The Capital Projects Fund reflects the spend down of the 2013A Alternative Facilities Bonds and related expenditures for building remodeling projects of \$ 984,000 and revenue of approximately \$ 20,500 resulting from investment interest.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts: Independent Auditor's Report, required supplementary information, including the MD&A, the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

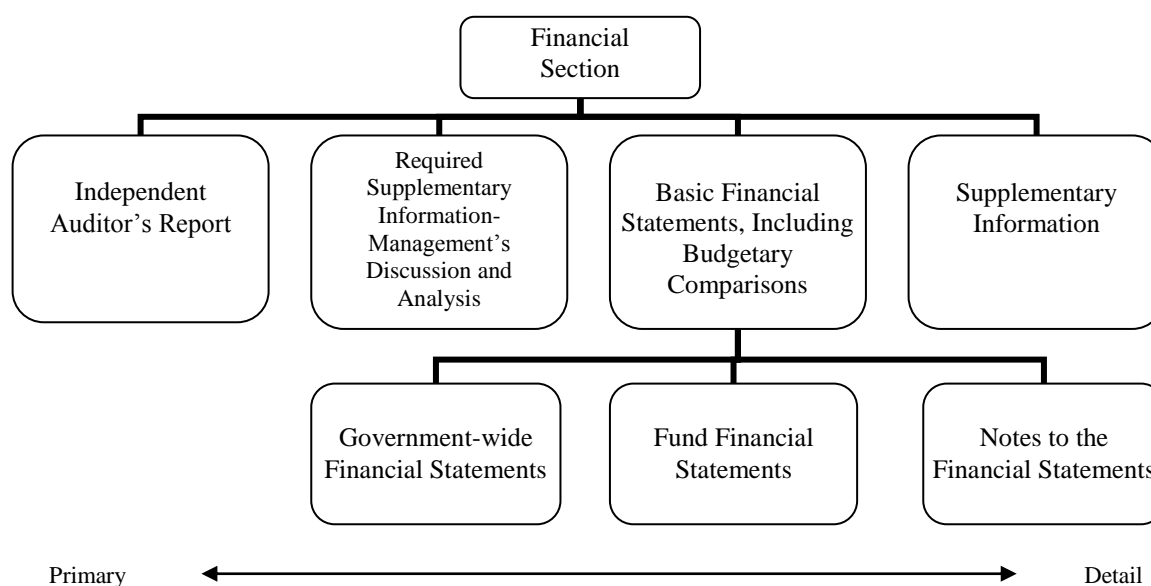
- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations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

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**  
**Organization of the District's**  
**Annual Financial Report**



**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Major Features of the Government-wide and Fund Financial Statements**

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

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements			
	District Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when good or services have been received and the related liability is due and payable	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can

**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 Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Government-wide Statements (Continued)**

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or declining, respectively.
- To assess the District's overall health, one needs 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 divided into two categories:

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- **Business-Type Activities:** The District charges fees to help it cover the costs of certain services it provides. For fiscal year 2014-2015, none of the District's financial activities were included in this category.

**FUND FINANCIAL STATEMENTS**

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as 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 be readily 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 you 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, reconciliations are provided between the governmental funds and the government-wide statements, which do present a long-term focus.

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**FUND FINANCIAL STATEMENTS**

- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others such as the Agency Fund. The District established an agency fund in fiscal year 2004 and recorded fundraising activity in this Fund. In fiscal year 2009, the District established the Post Employment Benefits Irrevocable Trust Fund. This Fund was funded by the bond proceeds issued to fund the District's OPEB obligation. Payments due to employees will be paid out of the General Fund and are reimbursed by this Trust Fund. The District is responsible for ensuring the assets reported in the Agency Fund are used only for their intended purposes and by those to whom the assets belong. The District cannot use these funds to finance operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

The District's total net position as of June 30, 2015 was \$ (72,651,838) which is summarized in Figure A-3 below. During current fiscal year, the district implemented GASB Statement #68. This statement is an all-encompassing and sweeping change to financial reporting requirements for governments. Public school districts are required to report liabilities for future pensions that are provided through pension plans administered as trusts or equivalent arrangements.

**Figure A-3**

**Net Position – Governmental Activities**

	2014-2015	2013-2014	Percentage Change
Current and Other Assets	\$ 63,390,158	\$ 120,427,020	-47.36%
Capital Assets	164,307,295	169,565,177	-3.10%
Total Assets	<u>\$ 227,697,453</u>	<u>\$ 289,992,197</u>	-21.48%
Deferred Outflows Related to Pensions	\$ 7,161,283	\$ -	0.00%
Long-Term Liabilities	\$ 225,741,712	\$ 198,514,345	13.72%
Other Liabilities	50,037,043	105,549,341	-52.59%
Total Liabilities	<u>\$ 275,778,755</u>	<u>\$ 304,063,686</u>	-9.30%
Property Taxes Levied for Subsequent Year's Expenditures	\$ 18,499,269	\$ 17,621,258	4.98%
Other Deferred Inflows	13,232,550	-	0.00%
Total Deferred Inflows of Resources	<u>\$ 31,731,819</u>	<u>\$ 17,621,258</u>	80.08%
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ (17,838,292)	\$ (20,728,015)	13.94%
Restricted	5,854,618	695,172	742.18%
Unrestricted	<u>(60,668,164)</u>	<u>(11,659,904)</u>	-420.31%
Total Net Position	<u>\$ (72,651,838)</u>	<u>\$ (31,692,747)</u>	-129.24%

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position (Continued)**

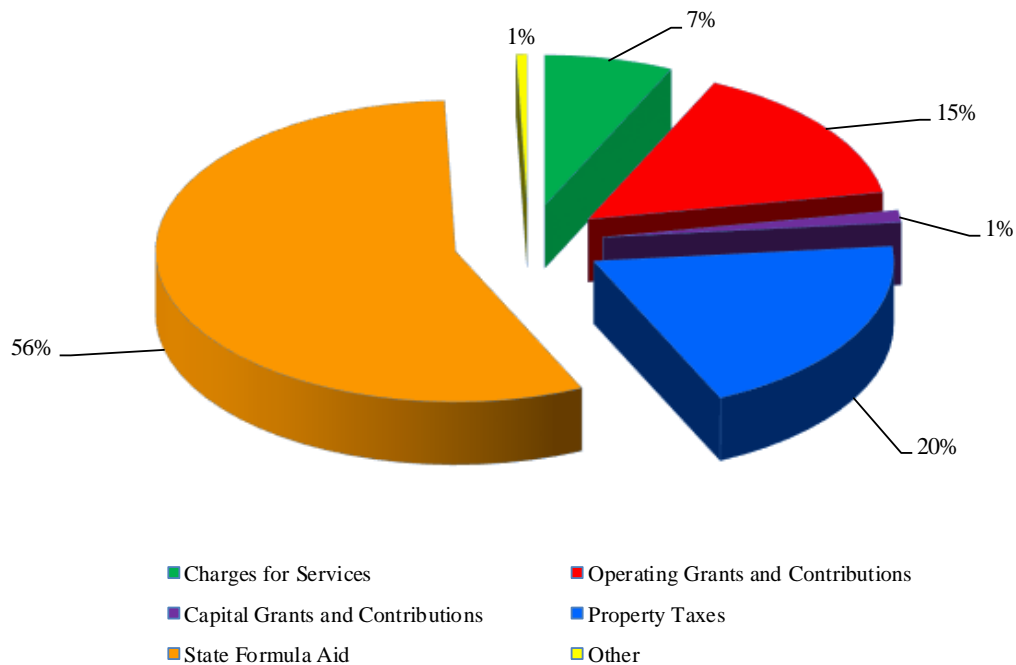
The change in net position for 2014-2015 was \$ 3,482,419. The change is based on total revenues of \$ 93,961,450 and total expenses of \$ 90,479,031. Figure A-4 below shows the breakdown into the various revenue and expense categories. Comparisons are made to the prior year in an effort to quantify and explain changes that took place in the current fiscal year.

**Figure A-4**

<b>Change in Net Position</b>			
<b>REVENUES</b>	<u>2014-2015</u>	<u>2013-2014</u>	<u>Percentage Change</u>
Program Revenues:			
Charges for Services	\$ 6,516,941	\$ 6,751,068	-3.47%
Operating Grants and Contributions	14,271,128	13,079,334	9.11%
Capital Grants and Contributions	1,224,893	988,310	23.94%
Genral Revenues:			
Property Taxes	18,468,001	16,884,844	9.38%
State Formula Aid	52,931,208	50,270,485	5.29%
Other	549,279	227,871	141.05%
Total Revenues	<u>93,961,450</u>	<u>88,201,912</u>	6.53%
 <b>EXPENSES</b>			
District and School Administration	\$ 2,945,067	3,020,958	-2.51%
District Support Services	3,814,841	3,236,185	17.88%
Regular Instruction	32,092,433	29,608,354	8.39%
Vocational Instruction	552,403	526,164	4.99%
Special Education Instruction	12,081,345	11,412,057	5.86%
Instructional Support Services	3,396,174	3,498,036	-2.91%
Pupil Support Services	6,051,082	5,793,138	4.45%
Sites, Buildings, and Equipment	6,334,689	6,278,475	0.90%
Fiscal and Other Fixed Cost Programs	239,595	269,291	-11.03%
Food Service	3,115,176	3,005,615	3.65%
Community Education and Services	4,526,854	4,652,640	-2.70%
Unallocated Depreciation	5,478,238	5,038,359	8.73%
Interest and Fiscal Charges on Long-Term Debt	9,851,134	9,115,861	8.07%
Total Expenses	<u>90,479,031</u>	<u>85,455,133</u>	5.88%
 Excess of Revenues Over Expenses	3,482,419	2,746,779	-26.78%
 Change in Accounting Principle - GASB 68	(44,441,510)	-	
Net Position - Beginning	<u>(31,692,747)</u>	<u>(34,439,526)</u>	7.98%
 Net Position - Ending	<u>\$ (72,651,838)</u>	<u>\$ (31,692,747)</u>	-129.24%

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

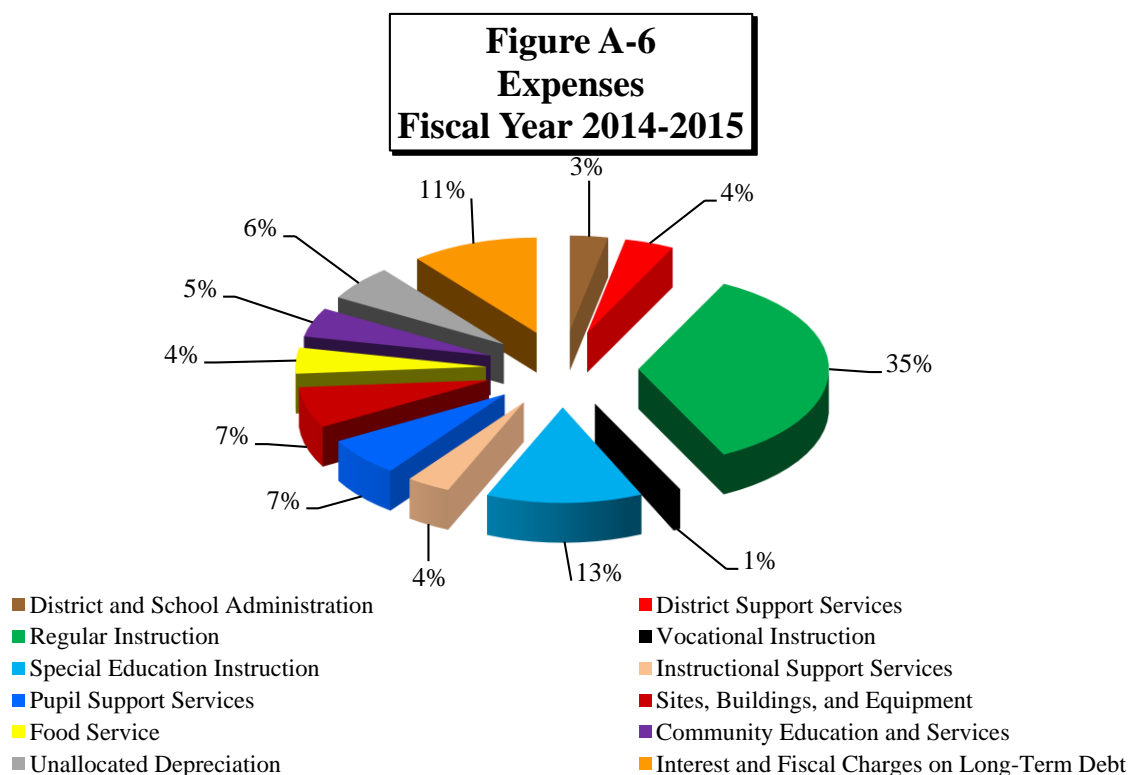
**Figure A-5**  
**Sources of Revenue**  
**Fiscal Year 2014-2015**



As you can see in Figure A-5, state aid, operating grants and contributions and property taxes accounted for most of the District's revenue, with state aid representing 56%, operating grants and contributions 15% and property taxes 20%. The remainder comes from fees charged for services and other sources.



**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**



The major category of District's expenses is related to instructing students. Figure A-6 indicates the breakdown of the total expenses on a percentage basis. The direct instruction categories of expense, which include regular instruction, vocational instruction and special education instruction, represent approximately 49% of the total expenses. The expenses for sites, buildings and equipment amount to 7% and interest and fiscal charges on long-term debt amount to 11% which reflect costs for a building program designed to meet increasing enrollment each year. The indirect categories of instructional and pupil support (which includes student transportation) amount to about 11% and administration and District support services combined represented 7% of the total expenses for the year. Other major categories of expense included food service, community service and unallocated depreciation.

### **GOVERNMENTAL ACTIVITIES**

The District continues to invest in instructional improvements, while making reductions in those areas that do not directly affect the instructional setting.

The negative net position balance of the District is the result of debt service scheduled payments that will become positive as years progress and larger principal payments are made. The payments for the principal will come from future tax levies.

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**GOVERNMENTAL ACTIVITIES**

Figure A-7 represents the total cost of the District's functions and programs. The table also shows each function and program's net cost which represents the total cost less fees and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the state and local taxpayers by each of these functions and programs.

**Figure A-7**

**Net Cost of Governmental Activities**

	Total Cost of Services 2014-2015	Net Cost of Services 2014-2015	Total Cost of Services 2013-2014	Net Cost of Services 2013-2014
Administration	\$ 2,945,067	\$ 2,945,067	\$ 3,020,958	\$ 3,020,958
District Support Services	3,814,841	3,689,707	3,236,185	3,122,570
Elementary and Secondary Regular Instruction	32,092,433	26,052,508	29,608,354	23,967,590
Vocational Education Instruction	552,403	294,792	526,164	364,086
Special Education Instruction	12,081,345	5,305,264	11,412,057	5,013,737
Instructional Support Services	3,396,174	3,395,471	3,498,036	3,497,036
Pupil Support Services	6,051,082	6,009,173	5,793,138	5,749,790
Sites and Buildings	6,334,689	5,004,343	6,278,475	5,181,725
Fiscal and Other Fixed Cost Programs	239,595	239,595	269,291	269,291
Food Service	3,115,176	(167,448)	3,005,615	86,000
Community Education and Services	4,526,854	368,225	4,652,640	209,418
Interest and Fiscal Charges on Long-Term Debt/Depreciation	15,329,372	15,329,372	14,154,220	14,154,220
<b>Total</b>	<b>\$ 90,479,031</b>	<b>\$ 68,466,069</b>	<b>\$ 85,455,133</b>	<b>\$ 64,636,421</b>

The cost of all governmental activities this year was \$ 90,479,031.

- The users of the District's programs through fees and other charges financed \$ 6,516,941, or 7%, of the cost.
- The federal and state governments subsidized specific programs with grants and contributions totaling \$ 15,496,021, or 16%, of the cost.
- State and local taxpayers, however, financed the majority of the costs. State aid and local property taxes as determined by the State Legislature through the state-wide funding formulas, amounted to \$ 52,931,208 and \$ 18,468,001, respectively, for a total of \$ 71,399,209, or 76%, of the District's total costs.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$ 33,785,638.

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The General Fund operations of the District showed an unassigned fund balance increase of \$ 411,869. The increase in the District's financial position is largely attributable to increase in revenue related to the District's enrollment coming in above the projections. The District's operating capital showed an increase of \$ 92,157.

The Debt Service Fund operations showed a fund balance decrease of \$ 51,175,750, mostly attributable to the crossover advance refunding of our 2005B General Obligation bonds which was sitting in escrow during the previous fiscal year until the call date in the 2014-15 school year.

The Capital Project Fund showed a decrease in fund balance of \$ 963,511 resulting from the completion of ongoing projects in the district including the Alternative Facility Bonds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenue – Actual General Fund revenue was \$ 1,813,744 more than the projected budget. Of this total, without factoring the property tax shift, revenue from state sources was more than projected due to enrollment growth.

Expenditures – Actual General Fund expenditures were \$ 792,755 greater than projected. Special education instruction expenditures were larger than budgeted as a result of unforeseen staffing adjustments based on needs of the students.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2015, the District had invested \$ 244,021,684 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices (See Figure A-8 on the following page). Depreciation expense for the year was \$ 6,057,355 with total accumulated depreciation amounting to \$ 79,714,389 (more detailed information for capital assets can be found in Note 4 to the financial statements).

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets (Continued)**

**Figure A-8**

**Capital Assets**

	Governmental Activities		Percentage
	2014-2015	2013-2014	Change
Land	\$ 14,109,141	\$ 14,109,141	0.00%
Construction in Progress	81,060	6,898,759	-98.83%
Buildings	199,962,970	200,240,174	-0.14%
Improvements Other Than Buildings	17,953,388	10,070,540	78.28%
Equipment and Furnishing	11,915,125	11,903,597	0.10%
Less Accumulated Depreciation	(79,714,389)	(73,657,034)	8.22%
Total	<u>\$ 164,307,295</u>	<u>\$ 169,565,177</u>	<u>-3.10%</u>

**LONG-TERM DEBT**

At year-end, the District had \$ 222,881,573 in G.O. bonds and other long-term liabilities outstanding, a decrease of 21% from last year, as shown in Figure A-9 (more detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.)

**Figure A-9**

**Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2014-2015	2013-2014	Change
G.O. Bonds	\$ 216,014,017	\$ 277,935,874	-22.28%
Compensated Absences	1,156,345	1,400,304	-17.42%
Net Other Post Employment Benefits (OPEB) Obligation	5,713,211	4,286,334	33.29%
Amount Due Within One Year	(36,007,564)	(85,108,167)	-57.69%
Total	<u>\$ 186,876,009</u>	<u>\$ 198,514,345</u>	<u>-5.86%</u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District would like to note existing circumstances that could affect its financial health in the future:

- The District sold \$ 6 million of G.O. Taxable OPEB bonds in March 2009. This amount was half of the amount required to fully fund the actuarial liability.
- The District sold \$ 28.6 million of G.O. Refunding bonds in November 2015 to refund 2006A G.O Bonds for a savings of \$5.4 million.
- The District was successful in passing a both an Operating Levy and a Bond Referendum in November 2015. The Operating Levy will generate an additional \$ 3.9 million in revenue starting in the 2016-17 school year. The District plans to issue the bonds in the first quarter of 2016, to funds deferred maintenance, safety and security improvements, and classroom additions to several schools.

**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 Director of Finance (phone number 651-463-5043) at the District Service Center for Farmington Area Public Schools located at 20655 Flagstaff Ave, Farmington, Minnesota 55024.

## **BASIC FINANCIAL STATEMENTS**

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**STATEMENT OF NET POSITION  
June 30, 2015**

	Governmental Activities
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>Assets</b>	
Cash and Investments	\$ 15,198,950
Cash with Fiscal Agent	24,057,923
Current Property Taxes Receivable	10,904,592
Delinquent Property Taxes Receivable	410,181
Accounts Receivable	90,692
Due from Department of Education	10,332,365
Due from Federal Government through Department of Education	1,019,663
Due from Other Governmental Units	693,497
Inventory	89,675
Prepaid Items	592,620
Capital Assets, Not Being Depreciated:	
Land	14,109,141
Construction in Progress	81,060
Capital Assets, Net of Accumulated Depreciation:	
Buildings	135,828,647
Improvements Other than Buildings	12,210,409
Machinery and Equipment	2,078,038
Total Assets	<u>227,697,453</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows of Resources Related to Pensions	<u>7,161,283</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 234,858,736</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
<b>Liabilities</b>	
Accounts Payable	\$ 904,751
Salaries and Benefits Payable	4,460,216
Interest Payable	4,231,668
Due to Other Minnesota School Districts	89,344
Due to Other Governmental Units	76,534
Unearned Revenue	266,966
Certificate of Indebtedness	4,000,000
Bond Principal Net of Premium:	
Payable Within One Year	35,429,624
Payable After One Year	180,584,393
Compensated Absences Payable:	
Payable Within One Year	577,940
Payable After One Year	578,405
Net Other Post Employment Benefits (OPEB) Obligation	
Payable After One Year	5,713,211
Net Pension Liability	38,865,703
Total Liabilities	<u>275,778,755</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for Subsequent Year's Expenditures	18,499,269
Deferred Inflows of Resources Related to Pensions	11,882,280
Deferral on Refunding	1,350,270
Total Deferred Inflows of Resources	<u>31,731,819</u>
<b>Net Position</b>	
Net Investment in Capital Assets	(17,838,292)
Restricted for:	
Debt Service	4,644,549
Other Purposes	1,210,069
Unrestricted	(60,668,164)
Total Net Position	<u>(72,651,838)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 234,858,736</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Administration	\$ 2,945,067	\$ -	\$ -	\$ -	\$ (2,945,067)
District Support Services	3,814,841	125,134	-	-	(3,689,707)
Elementary and Secondary Regular Instruction	32,092,433	711,626	5,328,299	-	(26,052,508)
Vocational Education Instruction	552,403	-	257,611	-	(294,792)
Special Education Instruction	12,081,345	37,412	6,738,669	-	(5,305,264)
Instructional Support Services	3,396,174	-	703	-	(3,395,471)
Pupil Support Services	6,051,082	-	41,909	-	(6,009,173)
Sites and Buildings	6,334,689	105,453	-	1,224,893	(5,004,343)
Fiscal and Other Fixed Cost Programs	239,595	-	-	-	(239,595)
Food Service	3,115,176	2,096,665	1,185,959	-	167,448
Community Education and Services	4,526,854	3,440,651	717,978	-	(368,225)
Unallocated Depreciation (Excludes Direct Depreciation Expense of Various Programs)	5,478,238	-	-	-	(5,478,238)
Interest and Fiscal Charges on Long-Term Debt	9,851,134	-	-	-	(9,851,134)
<b>Total Governmental Activities</b>	<b>\$ 90,479,031</b>	<b>\$ 6,516,941</b>	<b>\$ 14,271,128</b>	<b>\$ 1,224,893</b>	<b>(68,466,069)</b>
<b>General Revenues</b>					
Taxes:					
Property Taxes, Levied for General Purposes					5,034,575
Property Taxes, Levied for Community Service					521,005
Property Taxes, Levied for Debt Service					12,912,421
State Aid-Formula Grants					52,931,208
Other General Revenues					510,934
Gain on Sale of Assets					3,555
Investment Income					34,790
Total General Revenues					71,948,488
<b>Change in Net Position</b>					3,482,419
<b>Net Position - Beginning, as Previously Stated</b>					(31,692,747)
<b>Change in Accounting Principle (See Note 12)</b>					(44,441,510)
<b>Net Position - Beginning</b>					(76,134,257)
<b>Net Position - Ending</b>					<b>\$ (72,651,838)</b>

⌘ The Notes to the Financial Statements are an integral part of this statement.



**INDEPENDENT SCHOOL DISTRICT NO. 192**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2015**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 1,808,355	\$ 9,873,311	\$ 245,618	\$ 1,879,986	\$ 13,807,270
Cash with Fiscal Agent	-	24,057,923	-	-	24,057,923
Current Property Taxes Receivable	3,289,299	7,088,174	-	527,119	10,904,592
Delinquent Property Taxes Receivable	121,260	268,617	-	20,304	410,181
Accounts Receivable	89,178	-	-	1,514	90,692
Due from Department of Education	9,661,596	574,822	-	95,947	10,332,365
Due from Federal Government through Department of Education	1,009,964	-	-	9,699	1,019,663
Due from Other Governmental Units	693,497	-	-	-	693,497
Inventory	39,397	-	-	50,278	89,675
Prepaid Items	568,627	-	-	23,993	592,620
	<u>\$ 17,281,173</u>	<u>\$ 41,862,847</u>	<u>\$ 245,618</u>	<u>\$ 2,608,840</u>	<u>\$ 61,998,478</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 283,038	\$ -	\$ 129	\$ 118,636	\$ 401,803
Salaries and Benefits Payable	4,247,556	-	39	212,621	4,460,216
Interest Payable	9,072	-	-	-	9,072
Due to Other Minnesota School Districts	89,344	-	-	-	89,344
Due to Other Governmental Units	76,534	-	-	-	76,534
Unearned Revenue	41,640	-	-	225,326	266,966
Certificate of Indebtedness	4,000,000	-	-	-	4,000,000
Total Liabilities	<u>8,747,184</u>	<u>-</u>	<u>168</u>	<u>556,583</u>	<u>9,303,935</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for Subsequent Year's Expenditures	4,901,854	12,656,222	-	941,193	18,499,269
Unavailable Revenue - Delinquent Property Taxes	121,366	268,036	-	20,234	409,636
Total Deferred Inflows of Resources	<u>5,023,220</u>	<u>12,924,258</u>	<u>-</u>	<u>961,427</u>	<u>18,908,905</u>
<b>Fund Balances</b>					
Nonspendable	608,024	-	-	74,271	682,295
Restricted	236,924	28,938,589	245,450	1,016,559	30,437,522
Assigned	86,124	-	-	-	86,124
Unassigned	2,579,697	-	-	-	2,579,697
Total Fund Balances	<u>3,510,769</u>	<u>28,938,589</u>	<u>245,450</u>	<u>1,090,830</u>	<u>33,785,638</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,281,173</u>	<u>\$ 41,862,847</u>	<u>\$ 245,618</u>	<u>\$ 2,608,840</u>	<u>\$ 61,998,478</u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION**

**June 30, 2015**

Total Fund Balances - Governmental Funds	\$ 33,785,638
--	---------------

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of Capital Assets	244,021,684
Less Accumulated Depreciation	(79,714,389)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bond Principal Payable	(205,905,000)
Unamortized Bond Premium, Discount and Issuance Costs	(10,109,017)
Deferred Charge on Refunding	(1,350,270)
Compensated Absences Payable	(1,156,345)
Net OPEB Obligation	(5,713,211)
Net Pension Liability	(38,865,703)

Deferred Outflows of Resources and Deferred Inflows of Resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred Outflows of Resources related to Pensions	7,161,283
Deferred Inflows of Resources related to Pensions	(11,882,280)

Delinquent property taxes receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

409,636

The Self Insured Medical and Dental Internal Service Funds are used by management to charge the costs of the self-insured plans. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position and interfund activity is removed.

888,732

Governmental funds do not report a liability for accrued interest on bonds and capital loans until due and payable.

(4,222,596)

Total Net Position - Governmental Activities	<u><u>\$ (72,651,838)</u></u>
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**INDEPENDENT SCHOOL DISTRICT NO. 192**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2015**

	General	Debt Service	Capital Projects	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Local Property Taxes	\$ 5,038,654	\$ 12,425,040	\$ -	\$ 971,308	\$ 18,435,002
Other Local and County Revenues	1,451,117	18,938	20,527	3,478,325	4,968,907
Revenue from State Sources	59,271,749	5,742,566	-	934,874	65,949,189
Revenue from Federal Sources	1,499,040	-	-	965,478	2,464,518
Sales and Other Conversion of Assets	7,389	-	-	2,103,446	2,110,835
Total Revenues	<u>67,267,949</u>	<u>18,186,544</u>	<u>20,527</u>	<u>8,453,431</u>	<u>93,928,451</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
Administration	2,927,621	-	-	-	2,927,621
District Support Services	2,617,365	-	-	-	2,617,365
Elementary and Secondary Regular Instruction	31,487,224	-	-	-	31,487,224
Vocational Education Instruction	559,061	-	-	-	559,061
Special Education Instruction	11,882,109	-	-	-	11,882,109
Instructional Support Services	3,404,650	-	-	-	3,404,650
Pupil Support Services	6,031,581	-	-	-	6,031,581
Sites and Buildings	5,285,123	-	81,584	-	5,366,707
Fiscal and Other Fixed Cost Programs	239,589	-	-	-	239,589
Food Service	-	-	-	3,048,119	3,048,119
Community Education and Services	-	-	-	4,535,037	4,535,037
<b>Capital Outlay</b>					
Administration	3,153	-	-	-	3,153
District Support Services	1,216,207	-	-	-	1,216,207
Elementary and Secondary Regular Instruction	200,446	-	-	-	200,446
Special Education Instruction	8,858	-	-	-	8,858
Instructional Support Services	6,358	-	-	-	6,358
Sites and Buildings	343,303	-	902,454	-	1,245,757
Food Service	-	-	-	520	520
Community Education and Services	-	-	-	50,832	50,832
<b>Debt Service</b>					
Principal	-	83,560,000	-	300,000	83,860,000
Interest and Fiscal Charges	-	10,030,331	-	161,520	10,191,851
Total Expenditures	<u>66,212,648</u>	<u>93,590,331</u>	<u>984,038</u>	<u>8,096,028</u>	<u>168,883,045</u>
Excess of Revenues Over (Under) Expenditures	1,055,301	(75,403,787)	(963,511)	357,403	(74,954,594)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Issuance - Refunding	-	20,475,000	-	-	20,475,000
Bond Premium	-	3,753,037	-	-	3,753,037
Total Other Financing Sources (Uses)	<u>-</u>	<u>24,228,037</u>	<u>-</u>	<u>-</u>	<u>24,228,037</u>
Net Change in Fund Balances	1,055,301	(51,175,750)	(963,511)	357,403	(50,726,557)
<b>FUND BALANCES</b>					
<b>Beginning of Year</b>	2,897,164	80,114,339	1,208,961	733,427	84,953,891
<b>Change in Accounting Principle</b>	<u>(441,696)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(441,696)</u>
<b>Beginning of Year, as Restated</b>	<u>2,455,468</u>	<u>80,114,339</u>	<u>1,208,961</u>	<u>733,427</u>	<u>84,512,195</u>
<b>End of Year</b>	<u>\$ 3,510,769</u>	<u>\$ 28,938,589</u>	<u>\$ 245,450</u>	<u>\$ 1,090,830</u>	<u>\$ 33,785,638</u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2015**

Net Change in Fund Balances - Total Governmental Funds	\$ (50,726,557)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital Outlays	799,473
Depreciation Expense	(6,057,355)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	243,959
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Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	83,860,000
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Net post employment benefit obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(1,426,877)
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(598,907)
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Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Net premium on new debt issuance and related amortization	(2,813,413)

The issuance of long-term debt provides current financial resources to governmental funds and has no effect on net position. These amounts are reported in the governmental funds as a source of financing. These amounts are not shown as revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.	
Bond Issuance	(20,475,000)

The Self-Insured Medical and Dental Internal Service Funds are used by management to charge the costs of the self insured plans. The increase in net position is reported within the governmental activities in the Statement of Activities.	(210,713)
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Governmental Funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	
Pension Expense	854,810

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	32,999
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Change in Net Position - Governmental Activities	<u>\$ 3,482,419</u>
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**INDEPENDENT SCHOOL DISTRICT NO. 192**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2015**

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local Property Taxes	\$ 6,306,296	\$ 6,306,296	\$ 5,038,654	\$ (1,267,642)
Other Local and County Revenues	933,000	933,000	1,451,117	518,117
Revenue from State Sources	56,252,026	56,738,247	59,271,749	2,533,502
Revenue from Federal Sources	1,476,662	1,476,662	1,499,040	22,378
Sales and Other Conversion of Assets	-	-	7,389	7,389
Total Revenues	<u>64,967,984</u>	<u>65,454,205</u>	<u>67,267,949</u>	<u>1,813,744</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Administration	3,004,383	2,864,883	2,927,621	62,738
District Support Services	2,683,977	2,745,977	2,617,365	(128,612)
Elementary and Secondary Regular Instruction	31,400,372	32,021,266	31,487,224	(534,042)
Vocational Education Instruction	525,782	525,782	559,061	33,279
Special Education Instruction	10,882,186	10,882,186	11,882,109	999,923
Instructional Support Services	2,828,625	2,838,765	3,404,650	565,885
Pupil Support Services	6,060,806	6,060,806	6,031,581	(29,225)
Sites and Buildings	5,504,703	5,517,903	5,285,123	(232,780)
Fiscal and Other Fixed Cost Programs	208,276	208,276	239,589	31,313
<b>Capital Outlay</b>				
Administration	(9,131)	(9,131)	3,153	12,284
District Support Services	1,220,872	1,248,603	1,216,207	(32,396)
Elementary and Secondary Regular Instruction	165,631	401,981	200,446	(201,535)
Special Education Instruction	73,493	73,493	8,858	(64,635)
Instructional Support Services	1,561	1,561	6,358	4,797
Sites and Buildings	9,242	37,542	343,303	305,761
Total Expenditures	<u>64,560,778</u>	<u>65,419,893</u>	<u>66,212,648</u>	<u>792,755</u>
 Net Change in Fund Balance	 <u>\$ 407,206</u>	 <u>\$ 34,312</u>	 1,055,301	 <u>\$ 1,020,989</u>
<b>FUND BALANCE</b>				
Beginning of Year, as Previously Stated			2,897,164	
Change in Accounting Principle			(441,696)	
Beginning of Year, as Restated			<u>2,455,468</u>	
 End of Year			 <u>\$ 3,510,769</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**June 30, 2015**

	Governmental Activities - Internal Service Funds
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 1,391,680
<b>LIABILITIES AND NET POSITION</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 502,948
<b>Net Position</b>	
Unrestricted	888,732
Total Liabilities and Net Position	\$ 1,391,680

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS**

**For the Year Ended June 30, 2015**

	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUE</b>	
District Contribution	\$ 7,274,067
<b>OPERATING EXPENSES</b>	
Employee Claims Paid	<u>7,486,517</u>
Operating Income	(212,450)
<b>NONOPERATING REVENUE</b>	
Interest Revenue	<u>1,737</u>
Change in Net Position	(210,713)
<b>NET POSITION</b>	
Beginning of Year, as Previously Stated	657,749
Change in Accounting Principle	<u>441,696</u>
Beginning of Year, as Restated	<u>1,099,445</u>
End of Year	<u><u>\$ 888,732</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**For the Year Ended June 30, 2015**

	Governmental Activities - Internal Service Funds
<b>CASH FLOWS - OPERATING ACTIVITIES</b>	
Receipts from District Contributions	\$ 7,715,763
Employee Claims Paid	(7,426,785)
Net Cash Flows - Operating Activities	<u>288,978</u>
<b>CASH FLOWS - INVESTMENT ACTIVITIES</b>	
Interest Received	<u>1,737</u>
<b>Net Change in Cash and Cash Equivalents</b>	290,715
<b>CASH AND CASH EQUIVALENTS</b>	
<b>Beginning of Year</b>	<u>1,100,965</u>
<b>End of Year</b>	<u><u>\$ 1,391,680</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS - OPERATING ACTIVITIES</b>	
Operating Income	\$ (212,450)
Increase in Accounts Payable	59,732
Change in Accounting Principle	<u>441,696</u>
Net Cash Flows - Operating Activities	<u><u>\$ 288,978</u></u>



**INDEPENDENT SCHOOL DISTRICT NO. 192**

**STATEMENT OF FIDUCIARY NET POSITION**

**June 30, 2015**

	Post Employment Benefits Irrevocable Trust Fund	Agency Fund
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ -	\$ 453,625
Brokered Money Market Accounts	801,839	-
Brokered Certificates of Deposit	2,461,337	-
Government Bonds	295,372	-
Total Assets	<u>\$ 3,558,548</u>	<u>\$ 453,625</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ -	\$ 453,625
Due To Other Governments	693,497	-
Total Liabilities	<u>\$ 693,497</u>	<u>\$ 453,625</u>
<b>NET POSITION</b>		
Held in Trust for OPEB	<u>\$ 2,865,051</u>	

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**For the Year Ended June 30, 2015**

	Post Employment Benefits Irrevocable Trust Fund
<b>ADDITIONS</b>	
Interest Revenue	\$ 31,004
Less Investment Management Fees	(250)
Total Additions	<u>30,754</u>
<b>DEDUCTIONS</b>	
Employee Benefits	<u>683,497</u>
Change in Net Position	(652,743)
<b>NET POSITION</b>	
<b>Beginning of Year</b>	<u>3,517,794</u>
<b>End of Year</b>	<u>\$ 2,865,051</u>

The Notes to the Financial Statements are an integral part of this statement.

## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

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

The District operates under a school board form of government for the purpose of providing educational services to individuals within the District areas. The governing body consists of a six member board elected by the voters of the District to serve four-year staggered terms.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

##### **A. Reporting Entity**

The financial statements present the District and its component units. The District includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the District are financially accountable and are included within the financial statements of the District because of the significance of their operational or financial relationships with the District.

The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District.

As a result of applying the component unit definition criteria above, it has been determined the District has no component units.

The student activity accounts of the District are not under the School Board's control; therefore, separate audited financial statements have been issued.

##### **B. Basic Financial Statement Information**

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments 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.

## INDEPENDENT SCHOOL DISTRICT NO. 192

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

##### **B. Basic Financial Statement Information (Continued)**

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Depreciation expense relating to assets that serve multiple functions is presented as unallocated depreciation in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these Statements.

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Agency and Trust Funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these Funds are not incorporated into the government-wide statements.

##### **C. 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 is the Post Employment Benefits Irrevocable Trust Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Agency Fund is reported using the accrual basis of accounting. 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 accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

##### **2. Recording of Expenditures**

Expenditures are generally recorded when a liability is incurred. The exceptions to this general rule are that interest and principal expenditures in the Debt Service Fund, compensated absences and claims and judgments are recognized when payment is due.

## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS June 30, 2015**

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

##### **C. Measurement Focus and Basis of Accounting (Continued)**

###### **2. Recording of Expenditures (Continued)**

The District applies restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available. Further, the District applies unrestricted funds in this order if various levels of fund balances exist: committed, assigned and unassigned.

##### **Description of Funds:**

###### **Major Funds:**

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

Debt Service Fund – This Fund is used to account for the accumulation of resources for, and payment of, general obligation (G.O.) bond and state loan principal, interest and related costs.

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

###### **Nonmajor Funds:**

Food Service Special Revenue Fund – This Fund is used to account for food service revenues and expenditures.

Community Service Special Revenue Fund – This Fund is used to account for services provided to residents in the areas of community education, school readiness, early childhood and family education or other similar services.

Post Employment Benefits Debt Service Fund – This Fund is used to record levy proceeds and the payment of the OPEB bond's principal and interest related costs.

###### **Fiduciary Funds:**

OPEB Trust Fund – This Fund is used to account for the financial resources held by the District in a trustee capacity to be used by the District to pay OPEB benefits to employees.

Agency Fund – This Fund is custodial in nature and does not represent results of operations or have a measurement focus. This Fund accounts for assets held by the District in a custodial capacity as a result of fundraising activities of external groups.

###### **Proprietary Funds:**

Self Insured Medical Internal Service Fund – This Fund is used to account for self-insured employee medical costs and related stop loss insurance.

Self Insured Dental Internal Service Fund – This Fund is used to account for self-insured employee dental costs and related stop loss insurance.

## INDEPENDENT SCHOOL DISTRICT NO. 192

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

##### D. Deposits and Investments

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described below.

##### 1. District Funds Other than OPEB Trust Fund

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

*Minnesota Statutes* requires all deposits be protected by federal depository insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. State statutes authorize the government and the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

Short-term, highly liquid debt instruments (including banker's acceptances and U.S. Treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

Cash and investments at June 30, 2015 were comprised of deposits, brokered money markets, brokered certificates of deposit, government securities, Term Series Notes and shares in the Minnesota School District Liquid Asset Fund (MSDLAF). The MSDLAF is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

The District had a formal deposit and investment policy in place as of June 30, 2015 to address the following risks:

**Custodial Credit Risk – Deposits:** This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a formal policy in place as of June 30, 2015 to address custodial credit risk for deposits. *Minnesota Statutes* requires all deposits be protected by federal depository insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by FDIC insurance or corporate surety bonds.

**Interest Rate Risk:** The District's investment policy states the District shall manage investments in a manner to attain a market rate of return through various economic and budgetary cycles, while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

## INDEPENDENT SCHOOL DISTRICT NO. 192

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

##### D. Deposits and Investments (Continued)

###### 1. District Funds Other than OPEB Trust Fund (Continued)

**Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy refers to *Minnesota Statutes* 118A.04 and 118A.05. Statutes limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations.

**Concentration of Credit Risk:** The District's investment policy states the District will attempt to diversify their investments according to type and maturity. The policy states investment maturities shall be scheduled to coincide with projected District cash flow needs. Portfolio maturities shall be staggered to avoid undue concentration of assets and a specific maturity sector. The policy does not state the maximum percentage of the District's investment portfolio that may be invested in a single type of investment instrument.

**Custodial Credit Risk – Investments:** For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or securities that are in the possession of an outside party. The District's investment policy states all investments shall be held in third party safekeeping by an institution designated as custodial agent.

###### 2. OPEB Trust Fund

These funds represent investments administered by the District's OPEB Trust Fund investment managers. As of June 30, 2015, they were comprised of brokered money markets, certificates of deposit and government bonds.

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

The District is currently investing the OPEB investments in compliance with the District Governmental Funds Investment Policy.

##### E. Property Tax Receivable

Current property taxes receivable are recorded for taxes certified the previous December and collectible in the current calendar year, which have not been received by the District. Delinquent property taxes receivable represents uncollected taxes for the past six years and is deferred and included in the deferred inflows of resources section of the fund financial statements because they are not available to finance the operations of the District in the current year.

## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

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

##### **F. Property Taxes Levied for Subsequent Year's Expenditures**

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2014, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2015. The remaining portion of the levy will be recognized when measurable and available.

##### **G. Inventories**

Inventories of commodities donated directly by the U.S. Department of Agriculture are recorded at market value. Other inventories are stated at cost as determined on a first-in, first-out (FIFO) basis. Inventories are recorded as expenditures when consumed rather than when purchased.

##### **H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

##### **I. Property Taxes**

The District is located in Dakota County.

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The County generally remits taxes to the District at periodic intervals as they are collected.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

##### **J. Capital Assets**

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements.

Capital assets are defined by the District as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of five years. Such 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 costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

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

##### **J. Capital Assets (Continued)**

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for equipment.

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

##### **K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. A deferred outflow related to pension activity, reported in the government-wide statement of net position. A deferred outflow relating to pension activity results from the net effect of the change in proportionate share, differences between expected and actual economic experience, changes in actual assumptions and employer contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items which qualify for reporting in this category. The first item, property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The second item is deferred inflows related to pension activity is a result of the net difference between projected and actual earnings on plan investments. The third, a deferred charge on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

##### **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 Statement of Net Position. Bond premiums and discounts, as well as issuance costs, 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 are reported as deferred charges and amortized over the term of the related debt.



## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS June 30, 2015**

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

##### **L. Long-Term Obligations (Continued)**

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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### **M. Compensated Absences**

###### **1. Vacation and Sick Pay**

Eligible District employees earn vacation based upon years of service according to the various contracts. Vacation must be used by August 31 of the following year in which it was earned. An employee who is unable to use their vacation may, with the agreement of their immediate supervisor and human resources, negotiate an extension of the time for unused vacation.

Substantially all District employees are entitled to sick leave at various rates. Employees are not compensated for unused sick leave upon termination of employment, unless taken in conjunction with severance pay as described in Note 1.M. Sick leave pay taken, including related benefits, is shown as an expenditure in the year paid.

##### **N. Post Employment Severance Benefits**

Post employment severance benefits consist of lump sum early retirement incentive payments.

###### **1. Convertible Sick Leave**

Certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination, subject to certain conditions. The amount of the retirement payment is calculated by converting a portion of accrued sick leave. An accrual is made in the governmental fund incurring the liability at the time of termination. The amount of yearly retirement incentive payment that is based on convertible sick leave is recorded as a liability in the Statement of Net Position as it is earned and when it becomes probable that it will vest at some point in the future.

## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

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

##### **O. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. Additional information can be found in TRA Note 8 F.

##### **P. Fund Equity**

In the fund financial statements, governmental funds report various levels of spending constraints.

- **Nonspendable Fund Balances** – These are amounts that cannot be spent because they are either not in spendable form as they are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
- **Restricted Fund Balances** – These amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balances** – These amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the School Board and that remain binding unless removed by the School Board by subsequent formal action. The formal action to commit a fund balance must occur prior to year-end; however, the specific amounts actually committed can be determined in the subsequent year.
- **Assigned Fund Balances** – These amounts are comprised of unrestricted funds constrained by the District's intent that they will be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the General Fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the District's intended use of those resources. The action to assign fund balance may be taken after the end of the year. The School board, by majority vote, may assign balances to be used for specific purposes. The board also delegated the power to assign fund balances to the Superintendent or designee.

## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

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

##### **P. Fund Equity (Continued)**

- Unassigned Fund Balances – Residual amount in the General Fund not reported in any other classification, available for expenditure of any purpose. Also negative unassigned fund balance may be reported in other governmental funds if expenditures exceeded the restricted, committed or assigned amounts available to those purposes.
- Minimum Fund Balance – The District will strive to maintain a minimum unassigned General Fund balance of 6% of the annual budget.

##### **Q. Net Position**

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows in the government-wide financial statements. Net investments in capital assets 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 Position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

##### **R. Use of Estimates**

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

#### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

##### **A. Budgetary Information**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the School Superintendent submits to the School Board, a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
3. Formal budgetary integration is employed as a management control device during the year for all governmental funds.
4. Budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

# INDEPENDENT SCHOOL DISTRICT NO. 192

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### B. Excess of Expenditures Over Appropriations

Budgetary control for governmental funds is established by each fund's total appropriations. Expenditures exceeded appropriations in the following Funds for the year ended June 30, 2015.

	<u>Appropriations</u>	<u>Expenditures</u>
Major Funds:		
General Fund	\$ 65,419,893	\$ 66,212,648
Debt Service	17,177,456	93,590,331
Capital Projects	-	984,038
Nonmajor Funds:		
Food Service	3,046,097	3,048,639
Community Service	4,336,101	4,585,869

### NOTE 3 – DEPOSITS AND INVESTMENTS

#### A. Deposits

##### 1. District Funds Other than OPEB Trust Fund

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

Custodial Credit Risk: As of June 30, 2015, the District's bank balance of \$ 6,092,261 was not exposed to custodial credit risk as it was secured by FDIC insurance and collateral pledged by the depository.

Checking Accounts	\$ 1,227,434
Certificates of Deposits	17,413
Savings Deposit Accounts	3,130,031
Petty Cash	<u>1,677</u>
Total Deposits	<u><u>\$ 4,376,555</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**B. Investments**

**1. District Funds Other than OPEB Trust Fund**

As of June 30, 2015, the District's governmental funds had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>
Brokered Money Market Accounts	\$ 9,241,556	N/A	N/A
Term Series	1,500,000	0.58	AAAm
MSDLAF + Liquid Class	534,207	N/A	AAAm
MSDLAF + Max Class	2	N/A	AAAm
US Treasury	<u>24,057,923</u>	0.58	N/A
Total Investments	<u><u>\$ 35,333,688</u></u>		

Credit Risk: The District's investments are rated as in the table above, also as indicated in the table, there are certain investments that are not subject to credit risk and therefore not rated.

**2. OPEB Trust Fund**

As of June 30, 2015, the District's OPEB Trust Fund had the following investments:

<u>Investment Type</u>	<u>Cost</u>	<u>Weighted Average Maturity (Years)</u>	<u>Rating</u>
Brokered Money Markets	\$ 801,839	N/A	N/A
Fixed Income:			
Certificates of Deposit	2,461,337	1.14	N/A
Government Bonds	<u>295,373</u>	0.64	AA+
Total Investments	<u><u>\$ 3,558,549</u></u>		

Credit Risk: The District's OPEB Trust Fund investments are rated as indicated in the table above; there are certain investments that are not subject to credit risk and therefore not rated.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**C. Deposits and Investments**

The following is a summary of total deposits and investments as of June 30, 2015:

District Funds:	
Deposits	\$ 4,376,555
Investments	35,333,688
OPEB Trust Fund:	
Investments	<u>3,558,549</u>
Total	<u><u>\$ 43,268,792</u></u>

Deposits and investments are presented in the June 30, 2015 basic financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 15,198,695
Cash with Fiscal Agent	24,057,923
Statement of Fiduciary Net Position:	
Post Employment Benefits Trust Fund:	
Cash and Investments	3,558,549
Agency Fund:	
Cash and Investments	<u>453,625</u>
Total Deposits and Investments	<u><u>\$ 43,268,792</u></u>

# INDEPENDENT SCHOOL DISTRICT NO. 192

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Reclassified Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 14,109,141	\$ -	\$ -	\$ 14,109,141
Construction in Progress	6,898,759	787,945	7,605,644	81,060
Total Capital Assets not being Depreciated	21,007,900	787,945	7,605,644	14,190,201
Capital Assets being Depreciated:				
Buildings	199,962,970	-	-	199,962,970
Improvements Other than Buildings	10,347,744	7,605,644	-	17,953,388
Machinery and Equipment	11,903,597	11,528	-	11,915,125
Total Capital Assets being Depreciated	222,214,311	7,617,172	-	229,831,483
Less Accumulated Depreciation for:				
Buildings	59,242,234	4,892,089	-	64,134,323
Improvements Other than Buildings	5,156,888	586,091	-	5,742,979
Machinery and Equipment	9,257,912	579,175	-	9,837,087
Total Accumulated Depreciation	73,657,034	6,057,355	-	79,714,389
Total Capital Assets being Depreciated, Net	148,557,277	1,559,817	-	150,117,094
Governmental Activities, Capital Assets Net	\$ 169,565,177	\$ 2,347,762	\$ 7,605,644	\$ 164,307,295

# INDEPENDENT SCHOOL DISTRICT NO. 192

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### NOTE 4 – CAPITAL ASSETS

Depreciation expense of \$ 6,057,355 for the year ended June 30, 2015 was charged to the following governmental functions:

Administration	\$ 331
District Support Services	2,060
Elementary and Secondary Regular Instruction	18,751
Special Education Instruction	284
Instructional Support Services	2,014
Pupil Support Services	4,057
Sites and Buildings	484,497
Food Service	67,044
Community Service	79
Unallocated	<u>5,478,238</u>
Total Depreciation Expense	<u><u>\$ 6,057,355</u></u>

### NOTE 5 – SHORT-TERM DEBT

#### A. Aid Anticipation Certificates

On September 26, 2013 and February 17, 2015, the District received proceeds from G.O. Aid Anticipation Certificates of Indebtedness to assist with cash flow of the District. The details are as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Short- Term Liabilities:							
G.O. Aid Anticipation Certificate							
of Indebtedness:							
Series 2013B	9/26/2013	9/26/2014	1.00%	\$ 11,300,000	\$ -	\$ 11,300,000	\$ -
Series 2015B	2/17/2015	9/28/2015	1.00%	<u>-</u>	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>
Total Short-Term Liabilities				<u>\$ 11,300,000</u>	<u>\$ 4,000,000</u>	<u>\$ 11,300,000</u>	<u>\$ 4,000,000</u>



# INDEPENDENT SCHOOL DISTRICT NO. 192

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2015

### NOTE 6 – LONG-TERM DEBT

#### A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Maturity Date	Principal Outstanding	Due Within One Year
Long-Term Liabilities:						
G.O. Bonds, Including						
Refunding Bonds:						
2006A Refunding Bonds	03/21/06	4.00%-4.50%	\$ 37,455,000	02/01/24	\$ 34,900,000	\$ 780,000
2006B School Building Bonds	05/17/06	3.70%-5.00%	26,800,000	02/01/27	24,175,000	24,175,000
2007A Refunding Bonds	02/15/07	4.00%-5.00%	18,425,000	02/01/21	15,235,000	1,570,000
2011B Refunding Building Bonds	12/19/11	2.00%-4.00%	19,210,000	02/01/23	15,255,000	1,645,000
2012D Refunding Bonds	11/27/12	4.00%	14,945,000	06/01/20	16,985,000	3,110,000
2013A Alternative Facilities Bonds	03/06/13	2.00%-2.75%	2,260,000	02/01/28	2,120,000	145,000
2013C OPEB Refunding	12/05/13	0.65%-3.40%	5,840,000	02/01/23	5,540,000	335,000
2014A Refunding Bonds	06/04/14	3.00%-4.00%	71,220,000	02/01/27	71,220,000	2,730,000
2015A Crossover Refunding Bonds	02/05/15	4.00%-5.00%	20,475,000	02/01/27	20,475,000	-
Plus Unamortized Premium					10,109,017	939,624
Total G.O. Bonds					216,014,017	35,429,624
Compensated Absences					1,156,345	577,940
Total all Long-Term Liabilities					\$ 217,170,362	\$ 36,007,564

The long-term liabilities listed above were issued to finance acquisition and construction of capital facilities provide funding for the District's post employment benefits or to refinance (refund) previous bond issues.

During 2015, \$ 20,475,000 Crossover Refunding Bonds, Series 2015A, were issued to refund the Series 2006B bonds. Proceeds from the 2015A series were placed in escrow and will be used to pay debt service on the 2015A issue until the crossover date of February 1, 2016 when the escrow balance will be utilized to redeem the 2006B series. The refunding resulted in \$ 3,525,609 of cash flow savings to the District and a present value economic benefit of \$ 3,048,757.

#### B. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance
Long-Term Liabilities:				
G.O. Bonds (including premiums)	\$ 269,290,000	\$ 20,475,000	\$ 83,860,000	\$ 205,905,000
Bond Premiums	8,645,874	3,753,037	2,289,894	10,109,017
Compensated Absences	1,400,304	390,592	634,551	1,156,345
Total Long-Term Liabilities	\$ 279,336,178	\$ 24,618,629	\$ 86,784,445	\$ 217,170,362

Compensated absences have typically been liquidated from the General Fund. The G.O. bonds are liquidated from the Debt Service Fund and the Post Employment Benefits Debt Service Fund.

# INDEPENDENT SCHOOL DISTRICT NO. 192

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### NOTE 6 – LONG-TERM DEBT

#### C. Minimum Debt Payments for Bonds and Loans

Minimum annual principal and interest payments required to retire bond liabilities:

Year Ending June 30,	Bonds	
	Principal	Interest
2016	\$ 34,490,000	\$ 6,723,663
2017	12,055,000	6,441,684
2018	13,040,000	6,094,984
2019	14,095,000	5,640,899
2020	14,910,000	5,159,084
2021-2025	84,120,000	16,326,736
2026-2028	33,195,000	1,802,626
Total	205,905,000	48,189,676
Plus Net Bond Premium	10,109,017	-
Total	\$ 216,014,017	\$ 48,189,676

#### D. Operating Leases

The District is committed under various non-cancelable operating leases with Apple, Inc., primarily for the use of technology equipment. Future minimum operating lease commitments are as follows:

Year Ending June 30,	
2016	\$ 55,204
2017	55,204
Total	\$ 110,408

Total amount paid for the year ended June 30, 2015 totaled \$ 707,096.

# INDEPENDENT SCHOOL DISTRICT NO. 192

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2015

### NOTE 7 – FUND BALANCES/NET POSITION

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.

#### Fund Equity

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

#### A. Restricted Fund Balance

	General Fund	Debt Service	Capital Projects	Other Nonmajor Funds	Total
Nonspendable for:					
Inventory	\$ 39,397	\$ -	\$ -	\$ 50,278	\$ 89,675
Prepaid Items	568,627	-	-	23,993	592,620
	<u>608,024</u>	<u>-</u>	<u>-</u>	<u>74,271</u>	<u>682,295</u>
Restricted for:					
Safe School Crime -					
Crime Levy	26,883	-	-	-	26,883
Staff Development	113,623	-	-	-	113,623
Operating Capital	96,418	-	-	-	96,418
Community Education	-	-	-	378,901	378,901
Early Childhood and Family					
Education	-	-	-	53,993	53,993
School Readiness	-	-	-	38,822	38,822
Adult Basic Education	-	-	-	6,821	6,821
Food Service	-	-	-	386,683	386,683
Community Service	-	-	-	23,816	23,816
Debt Service	-	28,938,589	-	127,523	29,066,112
Capital Projects	-	-	245,450	-	245,450
	<u>236,924</u>	<u>28,938,589</u>	<u>245,450</u>	<u>1,016,559</u>	<u>30,437,522</u>
Assigned for Donations	86,124	-	-	-	86,124
Unassigned	<u>2,579,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,579,697</u>
Total Fund Balance	<u>\$ 3,510,769</u>	<u>\$ 28,938,589</u>	<u>\$ 245,450</u>	<u>\$ 1,090,830</u>	<u>\$ 33,785,638</u>

Nonspendable for Inventory – This balance represents the portion of fund balance that is not available as amounts have already been spent on inventory.

Nonspendable for Prepaid Items – This balance represents the portion of fund balance that is not available as the amounts have already been spent by the District on items for the next year.

Restricted for Safe Schools – Crime Levy – The unspent resources available from the levy must be reserved in this account for future use.

## INDEPENDENT SCHOOL DISTRICT NO. 192

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

#### NOTE 7 – FUND BALANCES/NET POSITION

##### Fund Equity (Continued)

##### A. Restricted Fund Balance (Continued)

Restricted for Staff Development – This balance represents unspent staff development revenues set aside from general education revenue that were restricted for staff development related to Finance Code 316. Expenditures for staff development must equal at least 2% of the basic general education revenue, unless stipulations are met (*Minnesota Statutes* 122A.61, subdivision 1).

Restricted for Operating Capital – This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, early childhood and family education and extended day programs.

Restricted for Early Childhood and Family Education – This balance represents the resources available to provide for services for early childhood and family education programming. While the state mandates tracking this restriction regardless of whether it has a negative balance accounting principles generally accepted in the United States of America do not permit a negative restricted presentation.

Restricted for School Readiness – This balance represents the resources available to provide for services for school readiness programs. Related to Finance Code 344, School Readiness *Minnesota Statutes* 124D.16.

Restricted for Adult Basic Education – This account will represent the balance of carryover monies for all activity involving adult basic education.

Restricted for Food Service – This balance represents the accumulation of the activity to provide the food service program.

Restricted for Community Service – This balance represents the positive fund balance of the Community Service Fund.

Restricted for Debt Service – This balance represents the resources available for the payment of G.O. bond principal, interest and related costs.

Restricted for Capital Projects – This balance represents accumulated resources for capital projects.

##### B. Net Position

Net Investment in Capital Assets – This amount represents the net book value of the District's capital assets less the balance of outstanding debt used to acquire them.

Restricted for Debt Service – This amount represents resources restricted for future debt service in accordance with bond covenants and other agreements.

Restricted for Other Purpose – This amount represents total positive General Fund restricted fund balances, plus the fund balances in the Community Service and Food Service Funds.

## INDEPENDENT SCHOOL DISTRICT NO. 192

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

#### NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

##### Teachers' Retirement Association

###### A. Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

Teachers employed in Minnesota's public elementary and secondary school, charter schools and certain educational institutions maintained by the state (except those teachers employed by the cities of Duluth and St. Paul, and by the University of Minnesota system) are required to be TRA members. State university, community college and technical college teachers first employed by the Minnesota State College and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

###### B. Benefits Provided

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.

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

###### *Tier I Benefits*

<u>Tier 1</u>	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006 or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006 or after	1.9% per year

## INDEPENDENT SCHOOL DISTRICT NO. 192

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

#### NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

##### Teachers' Retirement Association (Continued)

##### B. Benefits Provided (Continued)

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- 3% per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

##### *Tier II Benefits*

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**Teachers' Retirement Association (Continued)**

**C. Contribution Rate**

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year were:

	<u>Ending June 30, 2014</u>		<u>Ending June 30, 2015</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
Basic	10.5%	11.0%	11.0%	11.5%
Coordinated	7.0%	7.0%	7.5%	7.5%

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 299,299,837
Deduct Employer contributions not related to future contribution efforts	(398,798)
Deduct TRA's contributions not included in allocation	<u>(370,701)</u>
Employer contributions reported in schedule of employer and non-employer pension allocations	<u>\$ 298,530,338</u>

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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**Key Methods and Assumptions Used in Valuation of Total Pension Liability**

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**Actuarial Information**

Measurement Date	June 30, 2014
Valuation Date	July 1, 2014
Experience Study	October 30, 2009
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	8.25%
Wage Inflation	3.00%
Projected Salary Increase	3.5-12%, based on years of service
Cost of Living Adjustment	2.0% until year 2034, 2.5% thereafter

**Mortality Assumption**

Pre-retirement	RP 2000 non-annuitant generational mortality, white collar adjustment, male rates set back five years and female rates set back seven years
Post-retirement	RP 2000 annuitant generational mortality, white collar adjustment, male rates set back two years and female rates set back three years
Post-disability	RP 2000 disabled retiree mortality, without adjustment

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB 67 valuation.



**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long -Term Expected Real Rate of Return</u>
Domestic Stocks	45 %	5.50 %
International Stocks	15	6.00
Bonds	18	1.45
Alternative Assets	20	6.40
Unallocated Cash	2	0.50
Total	<u>100 %</u>	

**E. Discount Rate**

The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate was assumed that employee contributions will be made at the fiscal 2015 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability**

On June 30, 2015, the District reported a liability of \$ 31,246,360 for its proportionate share of the net pension liability. The net pension liability was measure as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was 0.6781% at the end of the measurement period and 0.6693% for the beginning of the year.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the district as its proportionate share of the net pension liability, the direct aid and total portion of the net pension liability that was associated with the district were as follows:

District's proportionate share of net pension liability	\$ 31,246,360
State's proportionate share of the net pension liability associated with the district	2,198,129

A change in benefit provisions that affected the measurement of the total pension liability since the prior measurement date was an increase of the contribution rates for both the member and employer. Section C contains the rate information.

There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date. Post-retirement benefit adjustments are now assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria are met. This is estimated to occur July 1, 2034.

For the year ended June 30, 2015, the district recognized pension expense of \$ 1,757,624. It also recognized \$ 95,889 as an increase to pension expense for the support provided by direct aid.

On June 30, 2015, the District had deferred resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,666,160	\$ -
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	9,823,540
Changes in Proportion	417,634	-
District's Contributions to TRA Subsequent to the Measurement Date	<u>2,500,578</u>	<u>-</u>
Total	<u><u>\$ 5,584,372</u></u>	<u><u>\$ 9,823,540</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability (Continued)**

\$ 2,500,578 reported as deferred outflows of resources related to pensions resulting from school contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

2016	\$ (1,812,087)
2017	(1,812,087)
2018	(1,812,087)
2019	(1,812,087)
2020	508,602

**G. Pension Liability Sensitivity**

The following presents the district's proportionate share of the net pension liability calculated using the discount rate of 8.25% as well as the liability measured using 1% lower and 1% higher.

District proportionate share of NPL		
1% decrease (7.25%)	Current (8.25%)	1% increase (9.25%)
\$ 51,639,532	\$ 31,246,360	\$ 14,245,504

The Employer's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis and Minneapolis School District.

**H. Pension Plan Fiduciary Net Position**

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That can be obtained at [www.MinnesotaTRA.org](http://www.MinnesotaTRA.org), or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000, or by calling (651) 296-2409 or (800) 657-3669.

## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

#### **NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

##### **Public Employees' Retirement Association**

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

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

###### **General Employees Retirement Fund (GERF)**

PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353, and 356.

All full-time and certain part-time employees of the District other than teachers are covered by the GERF. 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

###### **B. Benefits Provided**

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. PERA benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

###### **GERF Benefits**

Benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

#### **NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

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

##### **C. Contributions**

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

##### **GERF Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in calendar year 2014. Coordinated Plan members contributed 6.5% of pay in 2015. In calendar year 2014, the District was required to contribute 11.78% of pay for Basic Plan members and 7.25% for Coordinated Plan members. In 2015, employer rates increased to 7.5% in the Coordinated Plan. The District's contributions to the GERF for the plan's fiscal year ended June 30, 2015, were \$ 674,729. The District's contributions were equal to the required contributions for each year as set by state statute.

##### **D. Pension Costs**

##### **GERF Pension Costs**

At June 30, 2015, the District reported a liability of \$ 7,619,343 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2014, the District's proportion was 0.1622%.

For the year ended June 30, 2015, the District recognized pension expense of \$ 565,624 for its proportionate share of GERF's pension expense.

At June 30, 2015, the District reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the sources on the following page.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 116,933	\$ -
Changes in Actuarial Assumptions	785,249	-
Difference Between Projected and Actual Investments Earnings	-	2,058,740
District's Contributions to GERP Subsequent to the Measurement Date	<u>674,729</u>	<u>-</u>
	<u><u>\$ 1,576,911</u></u>	<u><u>\$ 2,058,740</u></u>

\$ 674,729 reported as deferred outflows of resources related to pensions resulting from District contributions to GERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2016	\$ (213,957)
2017	(213,957)
2018	(213,959)
2019	(514,685)

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**Public Employees' Retirement Association (Continued)**

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

**GERF**

<u>Assumptions</u>	<u>GERF</u>
Inflation	2.75 % Per Year
Active Member Payroll Growth	3.50 Per Year
Investment Rate of Return	7.90

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments.

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

The following changes in actuarial assumptions for GERF occurred in 2014: As of July 1, 2013, the postretirement benefit increase rate was assumed to increase from 1.0% to 2.5% on January 1, 2046. As of July 1, 2014, the postretirement benefit increase rate was assumed to increase from 1.0% to 2.5% on January 1, 2031.

The long-term expected rate of return on pension plan investments is 7.9% for GERF. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**Public Employees' Retirement Association (Continued)**

**E. Actuarial Assumptions (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	45%	5.50 %
International Stocks	15%	6.00
Bonds	18%	1.45
Alternative Assets	20%	6.40
Cash	2%	0.50
Total	100%	

**F. Discount Rates**

The discount rate used to measure the total pension liability was 7.9% for GERF. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following table presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF Discount Rate	6.9%	7.9%	8.9%
District's Proportionate Share of the GERF Net Pension Liability	\$ 12,282,689	\$ 7,619,343	\$ 3,782,507



# INDEPENDENT SCHOOL DISTRICT NO. 192

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

#### Public Employees' Retirement Association (Continued)

#### H. Pension Plan Fiduciary Net Position

Detailed information about GERP's fiduciary net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

### NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2015.

All funds of the District participate in the Dental Self-Insurance program. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The District self-insures for dental coverage up to certain limits. A stop-loss policy was purchased that limits the District's loss to \$ 1,000 per incident. The total claims liability reported in the fund at June 30, 2015 was \$ 32,953 and included amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability a loss has occurred and the amount of the loss can be reasonably estimated.

Changes in the fund's claims liability amounts for the past three years are as listed:

Year	Beginning Balance	Claims Expense and Estimates	Claims Payments	Ending Balance
2013	\$ 35,184	\$ 408,110	\$ 403,737	\$ 39,557
2014	33,645	437,431	434,839	36,237
2015	36,237	392,157	395,441	32,953

Beginning in 2014, the District has provided a health care self-insurance program. Under this program, the fund provides up to a maximum of \$ 125,000 for each health claim. All funds of the District participate in this program and make payments to the Health Insurance Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A stop-loss policy was purchased that limits the District's loss to 125% of premiums. The total claims liability reported in the fund at June 30, 2015 was \$ 502,948 which is comprised of the liability for known claims as well as an estimate for claims incurred but not yet reported.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 9 – RISK MANAGEMENT**

Changes in the fund's claims liability amounts since inception of the fund are as follows:

<u>Year</u>	<u>Beginning Balance</u>	<u>Claims Expense and Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2013-2014	\$ -	\$ 7,098,090	\$ 6,654,874	\$ 443,216
2014-2015	443,216	7,086,867	7,027,135	502,948

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

The District provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage is administered by BlueCross BlueShield. It is the District's policy to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees.

Under the terms of collectively bargained employment contracts, the District is required to pay the health and dental insurance premiums for retired employees until they reach the age 65 up to a maximum of ten years. For employees meeting a certain length of service experience requirements, the amounts to be paid is equal to the same insurance premium benefit as a full-time employee in the retiring employee's respective bargaining unit.

**B. Funding Policy**

Retirees and their spouses contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with BlueCross BlueShield. The required contributions are based on projected pay-as-you-go financing requirements. For 2015, the District did not contribute to the plan.

As of July 1, 2014, there were approximately 57 retirees and dependents receiving health benefits from the District's health plan. The plan has a total of 771 possible participants and dependents. Of that total, 714 are active participants in the plan.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN**

**C. Annual Other Post Employment Benefits Cost and Net Other Post Employment Benefits Obligation**

The District's annual other post employment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The District prospectively implemented this Statement during 2010. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB costs of the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan.

ARC	\$ 1,497,147
Interest on Net OPEB Obligation	150,022
Adjustment to ARC	<u>(220,292)</u>
Annual OPEB Cost (Expense)	1,426,877
Contributions Made	<u>-</u>
Increase in net OPEB Obligation	1,426,877
Net OPEB Obligation - Beginning of Year	<u>4,286,334</u>
Net OPEB Obligation - End of Year	<u><u>\$ 5,713,211</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligations were as follows:

Year Ended,	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/13	\$ 1,902,290	\$ -	0%	\$ 2,310,612
06/30/14	1,975,722	-	0%	4,286,334
06/30/15	1,426,877	-	0%	5,713,211

**D. Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the District had plan assets at fair value of \$ 3,517,794 deposited to fund the plan. The actuarial accrued liability for benefits was \$ 15,612,827 and the actuarial value of assets was \$ 3,517,794, resulting in a \$ 12,095,033 unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the plan) was \$ 36,500,015, and the ratio of the UAAL to the covered payroll was 33.1%. In April 2010, the District issued G.O. Taxable OPEB Bonds, established an irrevocable trust and contributed \$ 5,970,675 of bond proceeds into the trust to fund the plan. As of June 30, 2015, the ending market value of these assets was \$ 3,558,549.

## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

#### **NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN**

##### **D. Funded Status and Funding Progress (Continued)**

Actuarial valuations 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 the health care cost trend. 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 – Other Post Employment Benefits, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Schedule of Employer Contributions – Other Post Employment Benefits, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about employer contributions in relation to annual OPEB costs.

##### **E. Actuarial Methods and Assumptions**

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

At the July 1, 2014 actuarial valuation date, the entry age normal cost method was used. The actuarial assumptions included a 3.5% discount rate, which is based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio. At the actuarial valuation date, the annual health care cost trend rate was calculated to be 7.5% initially, reduced incrementally to an ultimate rate of 5% over ten years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2014 was 30 years.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN**

**F. Condensed Financial Statements**

The financial statements for the OPEB Plan are reported below because the OPEB Plan does not issue a separate report.

**OPEB PLAN**  
**STATEMENT OF PLAN NET POSITION**  
June 30, 2015

**ASSETS**

Current:

Brokered Money Market Accounts	\$ 801,839
Brokered Certificates of Deposit	2,461,336
Government Bonds	<u>295,373</u>

Total Assets	<u><u>\$ 3,558,548</u></u>
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**LIABILITIES**

Due To Other Governments	<u>\$ 693,497</u>
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**NET POSITION**

Held in Trust for OPEB	<u><u>\$ 2,865,051</u></u>
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**STATEMENT OF CHANGES IN PLAN NET POSITION**

For the Year ended June 30, 2015

**ADDITIONS**

Interest Revenue	\$ 31,004
Less: Investment Management Fees	<u>(250)</u>
Total Additions	30,754

**DEDUCTIONS**

Employee Benefits	<u>683,497</u>
-------------------	----------------

Change in Net Position	(652,743)
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**NET POSITION**

Beginning of Year	<u>3,517,794</u>
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End of Year	<u><u>\$ 2,865,051</u></u>
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**INDEPENDENT SCHOOL DISTRICT NO. 192**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 10 – POST EMPLOYMENT HEALTH CARE PLAN**

**F. Condensed Financial Statements (Continued)**

**1. Notes to the Condensed Financial Statements**

**a. Plan Provisions**

The Plan is described in detail on the previous pages, including Plan provisions and the authority for Plan changes.

**2. Summary of Significant Accounting Policies**

**a. Basis of Accounting**

The financial statements shown above and on the previous page are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which the employee services are performed. Benefits are recognized when due and payable.

**b. Investments**

The details of the investments and the investment policy are described in Note 1.D. of the District's financial statements.

**c. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 11 – COMMITMENTS**

As of June 30, 2015, the District had commitments with a contractor as shown below.

<u>Project</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Expensed to Date</u>	<u>Commitment</u>
Akin Road Parking Lot Project	Prairie Electric Company	<u>\$ 33,713</u>	<u>\$ -</u>	<u>\$ 33,713</u>

## **INDEPENDENT SCHOOL DISTRICT NO. 192**

### **NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2015**

#### **NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$ 44,441,510 to add the beginning net pension liability.

#### **NOTE 13 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

Accounting Standards Board (GASB) has issued GASB statement 75 relating to accounting and financial reporting for postemployment benefits other than pensions. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about OPEB liabilities

#### **NOTE 14 – SUBSEQUENT EVENTS**

On May 26, 2015, the School Board approved entering into a four year lease agreement with Apple Inc. for the acquisition of technology equipment on July 10, 2015.

On September 28, 2015, the School Board approved the sale of \$ 33,465,000 G.O. School Refunding Bond, Series 2015C to provide for the refunding of G.O. School Building Refunding Bonds, Series 2006A. The refunding will save approximately \$ 3,790,000 in debt service payments.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**INDEPENDENT SCHOOL DISTRICT NO. 192**

**SCHEDULE OF FUNDING PROGRESS –  
OTHER POST EMPLOYMENT BENEFITS  
June 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/10	\$ 5,673,717	\$ 17,011,556	\$ 11,337,839	33.4%	\$ 33,857,754	33.5%
07/01/12	4,849,293	18,937,335	14,088,042	25.6%	34,465,873	40.9%
07/01/14	3,517,794	15,612,827	12,095,033	22.5%	36,500,015	33.1%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS –  
OTHER POST EMPLOYMENT BENEFITS  
June 30, 2015**

Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Contributed	Net OPEB Obligation (Asset)
06/30/13	\$ 1,902,290	\$ -	0%	\$ 2,310,612
06/30/14	1,975,722	-	0%	4,286,334
06/30/15	1,426,877	-	0%	5,713,211

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**SCHEDULE OF DISTRICT'S AND NON-EMPLOYER PROPORTIONATE SHARE  
OF NET PENSION LIABILITY  
LAST TEN YEARS GERF RETIREMENT FUNDS**

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1622%	\$ 7,619,343	\$ 8,515,752	89.5%	78.75%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**SCHEDULE OF DISTRICT'S AND NON-EMPLOYER PROPORTIONATE SHARE  
OF NET PENSION LIABILITY  
LAST TEN YEARS TRA RETIREMENT FUNDS**

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.6781%	\$ 31,246,360	\$ 2,198,129	\$ 33,444,489	\$ 30,951,565	101.0%	81.5%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
GERF RETIREMENT FUNDS  
LAST TEN YEARS**

<u>Fiscal Year Ending June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2014	\$ 617,392	\$ 617,392	\$ -	\$ 8,515,752	7.25%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
TRA RETIREMENT FUNDS  
LAST TEN YEARS**

<u>Fiscal Year Ending June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2014	\$ 2,166,610	\$ 2,166,610	\$ -	\$ 30,951,565	7.0%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2015**

	Special Revenue			Debt Service	Total Nonmajor Funds
	Food Service	Community Service	Total	Post Employment Benefits Debt Service	
<b>ASSETS</b>					
Cash and Investments	\$ 472,778	\$ 1,087,890	\$ 1,560,668	\$ 319,318	\$ 1,879,986
Current Property Taxes Receivable	-	282,698	282,698	244,421	527,119
Delinquent Property Taxes Receivable	-	10,059	10,059	10,245	20,304
Accounts Receivable	-	1,514	1,514	-	1,514
Due from Department of Education	29,210	66,452	95,662	285	95,947
Due from Federal Government through Department of Education	9,699	-	9,699	-	9,699
Inventory	50,278	-	50,278	-	50,278
Prepaid Items	1,510	22,483	23,993	-	23,993
Total Assets	<u>\$ 563,475</u>	<u>\$ 1,471,096</u>	<u>\$ 2,034,571</u>	<u>\$ 574,269</u>	<u>\$ 2,608,840</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 39,394	\$ 79,242	\$ 118,636	\$ -	\$ 118,636
Salaries and Benefits Payable	5,816	206,805	212,621	-	212,621
Unearned Revenue	79,794	145,532	225,326	-	225,326
Total Liabilities	<u>125,004</u>	<u>431,579</u>	<u>556,583</u>	<u>-</u>	<u>556,583</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for Subsequent Year's Expenditures	-	504,768	504,768	436,425	941,193
Unavailable Revenue - Delinquent Property Taxes	-	9,913	9,913	10,321	20,234
Total Deferred Inflows of Resources	<u>-</u>	<u>514,681</u>	<u>514,681</u>	<u>446,746</u>	<u>961,427</u>
<b>Fund Balances</b>					
Nonspendable	51,788	22,483	74,271	-	74,271
Restricted	386,683	502,353	889,036	127,523	1,016,559
Total Fund Balances	<u>438,471</u>	<u>524,836</u>	<u>963,307</u>	<u>127,523</u>	<u>1,090,830</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 563,475</u>	<u>\$ 1,471,096</u>	<u>\$ 2,034,571</u>	<u>\$ 574,269</u>	<u>\$ 2,608,840</u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2015**

	Special Revenue Funds			Debt Service	Total Nonmajor Funds
	Food Service	Community Service	Total	Post Employment Benefits Debt Service	
<b>REVENUES</b>					
Local Property Taxes	\$ -	\$ 519,167	\$ 519,167	\$ 452,141	\$ 971,308
Other Local and County Revenues	5,746	3,472,579	3,478,325	-	3,478,325
Revenue from State Sources	227,228	705,003	932,231	2,643	934,874
Revenue from Federal Sources	958,838	6,640	965,478	-	965,478
Sales and Other Conversion of Assets	2,096,665	6,781	2,103,446	-	2,103,446
Total Revenues	<u>3,288,477</u>	<u>4,710,170</u>	<u>7,998,647</u>	<u>454,784</u>	<u>8,453,431</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
Food Service	3,048,119	-	3,048,119	-	3,048,119
Community Education and Services	-	4,535,037	4,535,037	-	4,535,037
<b>Capital Outlay</b>					
Food Service	520	-	520	-	520
Community Education and Services	-	50,832	50,832	-	50,832
<b>Debt Service</b>					
Principal	-	-	-	300,000	300,000
Interest and Fiscal Charges	-	-	-	161,520	161,520
Total Expenditures	<u>3,048,639</u>	<u>4,585,869</u>	<u>7,634,508</u>	<u>461,520</u>	<u>8,096,028</u>
Excess of Revenues Over (Under) Expenditures	239,838	124,301	364,139	(6,736)	357,403
<b>FUND BALANCES</b>					
<b>Beginning of Year</b>	<u>198,633</u>	<u>400,535</u>	<u>599,168</u>	<u>134,259</u>	<u>733,427</u>
<b>End of Year</b>	<u>\$ 438,471</u>	<u>\$ 524,836</u>	<u>\$ 963,307</u>	<u>\$ 127,523</u>	<u>\$ 1,090,830</u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - FOOD SERVICE FUND  
For the Year Ended June 30, 2015**

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>	Variance with Final Budget - Over (Under) <u></u>
<b>REVENUES</b>			
Other Local and County Revenues	\$ -	\$ 5,746	\$ 5,746
Revenue from State Sources	142,417	227,228	84,811
Revenue from Federal Sources	981,837	958,838	(22,999)
Sales and Other Conversion of Assets	2,117,478	2,096,665	(20,813)
Total Revenues	<u>3,241,732</u>	<u>3,288,477</u>	<u>46,745</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Food Service	3,046,097	3,048,119	2,022
<b>Capital Outlay</b>			
Food Service	-	520	520
Total Expenditures	<u>3,046,097</u>	<u>3,048,639</u>	<u>2,542</u>
Net Change in Fund Balance	<u>\$ 195,635</u>	239,838	<u>\$ 44,203</u>
<b>FUND BALANCE</b>			
<b>Beginning of Year</b>		<u>198,633</u>	
<b>End of Year</b>		<u>\$ 438,471</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - COMMUNITY SERVICE FUND  
For the Year Ended June 30, 2015**

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Local Property Taxes	\$ 475,872	\$ 475,872	\$ 519,167	\$ 43,295
Other Local and County Revenues	3,069,165	3,069,165	3,472,579	403,414
Revenue from State Sources	619,864	619,864	705,003	85,139
Revenue from Federal Sources	5,000	5,000	6,640	1,640
Sales and Other Conversion of Assets	-	-	6,781	6,781
Total Revenues	<u>4,169,901</u>	<u>4,169,901</u>	<u>4,710,170</u>	<u>540,269</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Community Education and Services	4,121,286	4,224,786	4,535,037	310,251
<b>Capital Outlay</b>				
Community Education and Services	48,615	111,315	50,832	(60,483)
Total Expenditures	<u>4,169,901</u>	<u>4,336,101</u>	<u>4,585,869</u>	<u>249,768</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (166,200)</u>	124,301	<u>\$ 290,501</u>
<b>FUND BALANCE</b>				
<b>Beginning of Year</b>			<u>400,535</u>	
<b>End of Year</b>			<u>\$ 524,836</u>	



**INDEPENDENT SCHOOL DISTRICT NO. 192**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
For the Year Ended June 30, 2015**

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Over (Under)
<b>REVENUES</b>			
Local Property Taxes	\$ 12,581,637	\$ 12,425,040	\$ (156,597)
Other Local and County Revenues	-	18,938	18,938
Revenue from State Sources	<u>5,657,922</u>	<u>5,742,566</u>	<u>84,644</u>
Total Revenues	<u>18,239,559</u>	<u>18,186,544</u>	<u>(53,015)</u>
<b>EXPENDITURES</b>			
<b>Debt Service</b>			
Principal	9,055,000	83,560,000	74,505,000
Interest and Fiscal Charges	<u>8,122,456</u>	<u>10,030,331</u>	<u>1,907,875</u>
Total Expenditures	<u>17,177,456</u>	<u>93,590,331</u>	<u>76,412,875</u>
Excess of Revenues Over (Under) Expenditures	1,062,103	(75,403,787)	(76,465,890)
<b>OTHER FINANCING SOURCES</b>			
Bond Issuance	-	20,475,000	20,475,000
Bond Premium	<u>-</u>	<u>3,753,037</u>	<u>3,753,037</u>
Total Other Financing Sources	<u>-</u>	<u>24,228,037</u>	<u>24,228,037</u>
Net Change in Fund Balance	<u>\$ 1,062,103</u>	<u>(51,175,750)</u>	<u>\$ (52,237,853)</u>
<b>FUND BALANCE</b>			
<b>Beginning of Year</b>		<u>80,114,339</u>	
<b>End of Year</b>		<u>\$ 28,938,589</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - POST EMPLOYMENT  
BENEFITS DEBT SERVICE FUND  
For the Year Ended June 30, 2015**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over
<b>REVENUES</b>			
Local Property Taxes	\$ 461,600	\$ 452,141	\$ (9,459)
Revenue from State Sources	-	2,643	2,643
Total Revenues	<u>461,600</u>	<u>454,784</u>	<u>(6,816)</u>
<b>EXPENDITURES</b>			
<b>Debt Service</b>			
Principal	-	300,000	300,000
Interest and Fiscal Charges	<u>461,521</u>	<u>161,520</u>	<u>(300,001)</u>
Total Expenditures	<u>461,521</u>	<u>461,520</u>	<u>(1)</u>
Net Change in Fund Balance	<u>\$ 79</u>	<u>(6,736)</u>	<u>\$ (6,815)</u>
<b>FUND BALANCE</b>			
<b>Beginning of Year</b>		<u>134,259</u>	
<b>End of Year</b>		<u>\$ 127,523</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
Other Local and County Revenues	\$ -	\$ 20,527	\$ 20,527
<b>EXPENDITURES</b>			
<b>Current</b>			
Sites and Buildings	-	81,584	81,584
<b>Capital Outlay</b>			
Sites and Buildings	<u>-</u>	<u>902,454</u>	<u>902,454</u>
Total Expenditures	<u>-</u>	<u>984,038</u>	<u>984,038</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>(963,511)</u>	 <u>\$ (963,511)</u>
<b>FUND BALANCE</b>			
<b>Beginning of Year</b>		<u>1,208,961</u>	
<b>End of Year</b>		<u>\$ 245,450</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**COMBINING STATEMENT OF  
NET POSITION - INTERNAL SERVICE FUNDS  
June 30, 2015**

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 913,163	\$ 478,517	\$ 1,391,680
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
Accounts Payable	502,948	-	502,948
<b>Net Position</b>			
Unrestricted	410,215	478,517	888,732
Total Liabilities and Net Position	\$ 913,163	\$ 478,517	\$ 1,391,680

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - INTERNAL SERVICE FUNDS**

**For the Year Ended June 30, 2015**

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
<b>OPERATING REVENUES</b>			
Contribution	\$ 6,837,596	\$ 436,471	\$ 7,274,067
<b>OPERATING EXPENSES</b>			
Employee Claims Paid	7,086,867	399,650	7,486,517
Operating Income (Loss)	(249,271)	36,821	(212,450)
<b>NONOPERATING REVENUES</b>			
Interest Revenue	1,737	-	1,737
Change in Net Position	(247,534)	36,821	(210,713)
<b>NET POSITION</b>			
Beginning of Year, as Previously Stated	657,749	-	657,749
Change in Accounting Principle	-	441,696	441,696
Beginning of Year, as Restated	657,749	441,696	1,099,445
End of Year	\$ 410,215	\$ 478,517	\$ 888,732

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**COMBINING STATEMENT OF CASH FLOWS -  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2015**

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
<b>CASH FLOWS - OPERATING ACTIVITIES</b>			
Receipts from District Contributions	\$ 6,837,596	\$ 878,167	\$ 7,715,763
Employee Claims Paid	(7,027,135)	(399,650)	(7,426,785)
Net Cash Flows - Operating Activities	(189,539)	478,517	288,978
<b>CASH FLOWS - INVESTMENT ACTIVITIES</b>			
Interest Received	1,737	-	1,737
<b>Net Change in Cash and Cash Equivalents</b>	(187,802)	478,517	290,715
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning of Year	1,100,965	-	1,100,965
End of Year	\$ 913,163	\$ 478,517	\$ 1,391,680
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	\$ (249,271)	\$ 36,821	\$ (212,450)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities:			
Accounts Payable	59,732	-	59,732
Change in Accounting Principle	-	441,696	441,696
Net Adjustments	59,732	441,696	501,428
Net Cash Flows - Operating Activities	\$ (189,539)	\$ 478,517	\$ 288,978

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**STATEMENT OF CHANGES IN AGENCY FUND**

**ASSETS AND LIABILITIES**

**For the Year Ended June 30, 2015**

	June 30, 2014	Additions	Deletions	June 30, 2015
<b>ASSETS</b>				
Cash and Investments	\$ 449,267	\$ 995,744	\$ 991,386	\$ 453,625
Other Receivables	2,052	-	2,052	-
Total Assets	<u>\$ 451,319</u>	<u>\$ 995,744</u>	<u>\$ 993,438</u>	<u>\$ 453,625</u>
<b>LIABILITIES</b>				
Accounts Payable	<u>\$ 451,319</u>	<u>\$ 992,767</u>	<u>\$ 990,461</u>	<u>\$ 453,625</u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**  
**UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS**  
**COMPLIANCE TABLE**  
**For the Year Ended June 30, 2015**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION FUND</b>			
Total Revenue	\$ 67,267,949	\$ 67,267,948	\$ 1	Total Revenue	\$ 20,527	\$ 20,527	\$ -
Total Expenditures	66,212,648	66,212,648	-	Total Expenditures	984,038	984,038	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	608,024	608,024	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
403 Staff Development	113,623	113,623	-	407 Capital Projects Levy	-	-	-
405 Deferred Maintenance	-	-	-	409 Alternative Facility Program	-	-	-
406 Health and Safety	(157,404)	(157,404)	-	413 Building Projects Funded by COP/LP	-	-	-
407 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
408 Cooperative Programs	-	-	-	464 Restricted Fund Balance	245,450	245,451	(1)
409 Alternative Facility Program	-	-	-	<i>Unassigned:</i>			
414 Operating Debt	-	-	-	463 Unassigned Fund Balance	-	-	-
416 Levy Reduction	-	-	-				
417 Taconite Building Maintenance	-	-	-	<b>07 DEBT SERVICE FUND</b>			
424 Operating Capital	96,418	96,418	-	Total Revenue	\$ 18,186,544	\$ 18,186,546	\$ (2)
426 \$ 25 Taconite	-	-	-	Total Expenditures	93,590,331	93,590,333	(2)
427 Disabled Accessibility	-	-	-	<i>Nonspendable:</i>			
428 Learning and Development	-	-	-	460 Nonspendable Fund Balance	-	-	-
434 Area Learning Center	-	-	-	<i>Restricted/Reserved:</i>			
435 Contracted Alternative Programs	-	-	-	425 Bond Refundings	24,057,923	24,057,923	-
436 State Approved Alternative Program	-	-	-	451 QZAB and QSCB Payments	-	-	-
438 Gifted and Talented	-	-	-	<i>Restricted:</i>			
440 Teacher Development and Evaluation	-	-	-	464 Restricted Fund Balance	4,880,666	4,880,666	-
441 Basic Skills Programs	-	-	-	<i>Unassigned:</i>			
445 Career Technical Programs	-	-	-	463 Unassigned Fund Balance	-	-	-
448 Achievement of Integration Revenue	-	-	-				
449 Safe School Crime	26,883	26,883	-	<b>08 TRUST FUND</b>			
450 Transition for Pre-Kindergarten	-	-	-	Total Revenue	\$ -	\$ -	\$ -
451 QZAB and QSCB Payments	-	-	-	Total Expenditures	-	-	-
452 OPEB Liabilities not Held in Trust	-	-	-	<i>Unassigned:</i>			
453 Unfunded Severance and Retirement Levy	-	-	-	422 Unassigned Fund Balance (Net Position)	-	-	-
<i>Restricted:</i>							
464 Restricted Fund Balance	-	-	-	<b>20 INTERNAL SERVICE FUND</b>			
<i>Committed:</i>				Total Revenue	\$ 7,275,804	\$ 7,275,804	\$ -
418 Committed for Separation	-	-	-	Total Expenditures	\$ 7,486,517	7,486,517	-
461 Committed	-	-	-	<i>Unassigned:</i>			
<i>Assigned:</i>				422 Unassigned Fund Balance (Net Position)	888,732	888,732	-
462 Assigned Fund Balance	86,124	86,124	-				
<i>Unassigned:</i>				<b>25 OPEB REVOCABLE TRUST</b>			
422 Unassigned Fund Balance (Net Position)	2,737,101	2,737,098	3	Total Revenue	\$ -	\$ -	\$ -
				Total Expenditures	-	-	-
<b>02 FOOD SERVICES FUND</b>				<i>Unassigned:</i>			
Total Revenue	\$ 3,288,477	\$ 3,288,476	\$ 1	422 Unassigned Fund Balance (Net Position)	-	-	-
Total Expenditures	3,048,639	3,048,638	1				
<i>Nonspendable:</i>				<b>45 OPEB IRREVOCABLE TRUST</b>			
460 Nonspendable Fund Balance	51,788	51,788	-	Total Revenue	\$ 31,004	\$ 31,005	\$ (1)
<i>Restricted/Reserved:</i>				Total Expenditures	683,747	683,747	-
452 OPEB Liabilities not Held in Trust	-	-	-	<i>Unassigned:</i>			
<i>Restricted:</i>				422 Unassigned Fund Balance (Net Position)	2,865,051	2,865,052	(1)
464 Restricted Fund Balance	386,683	386,683	-				
<i>Unassigned:</i>				<b>47 OPEB DEBT SERVICE</b>			
463 Unassigned Fund Balance	-	-	-	Total Revenue	\$ 454,784	\$ 454,785	\$ (1)
				Total Expenditures	461,520	461,521	(1)
<b>04 COMMUNITY SERVICE FUND</b>				<i>Nonspendable:</i>			
Total Revenue	\$ 4,710,170	\$ 4,710,170	\$ -	460 Nonspendable Fund Balance	-	-	-
Total Expenditures	4,585,869	4,585,868	1	<i>Restricted:</i>			
<i>Nonspendable:</i>				425 Bond Refundings	-	-	-
460 Nonspendable Fund Balance	22,483	22,483	-	464 Restricted Fund Balance	127,523	127,523	-
<i>Restricted/Reserved:</i>				<i>Unassigned:</i>			
426 \$ 25 Taconite	-	-	-	463 Unassigned Fund Balance	-	-	-
431 Community Education	378,901	378,901	-				
432 ECFE	53,993	53,993	-				
444 School Readiness	38,822	38,822	-				
447 Adult Basic Education	6,821	6,821	-				
452 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	23,816	23,818	(2)				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				



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## **STATISTICAL SECTION**

## INDEPENDENT SCHOOL DISTRICT NO. 192

### STATISTICAL SECTION (UNAUDITED)

June 30, 2015

#### III. Statistical Section (Unaudited)

This part of the Independent School District No. 192's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	97
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	101
<b>Debt Capacity</b> 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.	107
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	112
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	115

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

INDEPENDENT SCHOOL DISTRICT NO. 192

Net Position by Component  
Last Ten Years  
(Accrual Basis of Accounting)  
(Unaudited)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>GOVERNMENTAL ACTIVITIES</b>										
Invested in Capital Assets, Net of Related Debt	\$ (16,591,095)	\$ (11,289,435)	\$ (11,577,957)	\$ (13,208,908)	\$ (21,935,043)	\$ (19,410,971)	\$ (19,484,672)	\$ (18,029,060)	\$ (20,728,015)	\$ (17,838,292)
Restricted	1,713,439	1,781,530	1,733,913	1,643,480	1,726,121	1,044,706	599,394	378,099	695,172	5,854,618
Unrestricted	(18,711,137)	(20,268,890)	(19,383,179)	(19,739,507)	(23,849,059)	(26,893,302)	(15,382,070)	(16,788,565)	(11,659,904)	(60,668,164)
Total Governmental Activities Net Assets	<u>\$ (33,588,793)</u>	<u>\$ (29,776,795)</u>	<u>\$ (29,227,223)</u>	<u>\$ (31,304,935)</u>	<u>\$ (44,057,981)</u>	<u>\$ (45,259,567)</u>	<u>\$ (34,267,348)</u>	<u>\$ (34,439,526)</u>	<u>\$ (31,692,747)</u>	<u>\$ (72,651,838)</u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Changes in Net Position  
Last Ten Years  
(Accrual Basis of Accounting)  
(Unaudited)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>EXPENSES</b>										
<b>Governmental Activities</b>										
Administration	\$ 2,199,444	\$ 2,045,598	\$ 2,281,553	\$ 2,493,136	\$ 2,793,108	\$ 2,972,746	\$ 3,039,382	\$ 2,861,239	\$ 3,020,958	\$ 2,945,067
District Support Services	1,474,859	1,386,428	1,976,340	2,524,801	2,232,400	2,269,164	2,410,921	2,979,027	3,236,185	3,814,841
Elementary and Secondary Regular Instruction	21,084,864	22,880,685	23,156,343	25,750,887	27,335,092	28,479,726	29,617,751	30,149,009	29,608,354	32,092,433
Vocational Education Instruction	389,280	314,300	302,777	326,669	631,690	578,780	592,817	591,705	526,164	552,403
Special Education Instruction	8,355,791	9,050,031	10,139,144	9,427,975	10,216,472	10,151,500	10,885,818	10,979,602	11,412,057	12,081,345
Instructional Support Services	2,373,744	2,865,364	3,113,444	3,757,421	3,289,443	3,784,372	3,644,676	3,022,306	3,498,036	3,396,174
Pupil Support Services	4,206,293	4,386,666	4,640,911	4,936,253	5,457,701	5,737,995	5,812,966	5,753,865	5,793,138	6,051,082
Sites and Buildings	8,687,424	7,245,002	9,451,157	12,592,569	14,623,090	9,089,024	8,437,907	6,086,373	6,278,475	6,334,689
Fiscal and Other Fixed Cost Programs	320,307	297,844	221,342	114,430	134,620	200,678	235,465	311,549	269,291	239,595
Food Service	2,098,449	2,194,665	2,419,329	2,538,910	2,711,058	2,955,163	2,939,948	3,096,756	3,005,615	3,115,176
Community Education and Services	2,386,326	2,842,337	3,142,501	3,313,200	3,592,038	3,930,389	4,038,348	4,621,956	4,652,640	4,526,854
Depreciation not Included in Other Functions	-	-	-	1,240,579	5,257,054	5,254,198	5,310,623	5,324,013	5,038,359	5,478,238
Interest and Fiscal Charges on Long-Term Debt	11,118,369	13,277,703	14,112,327	13,998,006	14,128,567	13,027,014	10,010,468	9,491,794	9,115,861	9,851,134
Total Governmental Activities Expenses	64,695,150	68,786,623	74,957,168	83,014,836	92,402,333	88,430,749	86,977,090	85,269,194	85,455,133	90,479,031
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities</b>										
Charges for Services:										
Administration	-	-	-	-	-	-	-	-	-	-
District Support Services	-	-	-	-	-	-	-	369	113,615	125,134
Elementary and Secondary Regular Instruction	505,948	517,491	553,860	590,295	604,896	666,609	694,908	633,563	670,614	711,626
Vocational Education Instruction	-	-	-	-	-	-	-	-	-	-
Special Education Instruction	113,804	116,070	73,309	71,105	27,122	95,087	180,078	147,138	92,262	37,412
Instructional Support Services	-	-	-	-	-	-	-	1,402	1,000	-
Pupil Support Services	-	-	-	-	-	-	-	-	-	-
Sites and Buildings	61,809	134,799	96,031	82,769	106,271	99,476	106,463	110,149	108,440	105,453
Fiscal and Other Fixed Cost Programs	-	-	-	-	-	-	-	-	-	-
Food Service	1,556,484	1,673,475	1,745,636	1,807,013	1,955,817	2,016,380	2,039,120	2,013,403	1,932,980	2,096,665
Community Education and Services	1,600,415	1,731,933	2,131,144	2,279,554	2,551,956	2,914,478	3,031,376	3,484,233	3,832,157	3,440,651
Depreciation not Included in Other Functions	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	8,940,906	10,652,686	11,728,792	10,375,129	11,047,034	12,519,519	12,650,254	11,322,874	13,079,334	14,271,128
Capital Grants and Contributions	1,083,807	866,873	1,129,915	1,177,888	786,149	787,713	895,304	947,931	988,310	1,224,893
Total Governmental Activities Program Revenues	13,863,173	15,693,327	17,458,687	16,383,753	17,079,245	19,099,262	19,597,503	18,661,062	20,818,712	22,012,962
Net Expense	(50,831,977)	(53,093,296)	(57,498,481)	(66,631,083)	(75,323,088)	(69,331,487)	(67,379,587)	(66,608,132)	(64,636,421)	(68,466,069)
<b>GENERAL REVENUES</b>										
<b>Governmental Activities</b>										
Taxes:										
Property Taxes, Levied for General Purposes	1,495,101	3,020,744	3,519,886	6,085,529	6,813,122	9,093,054	5,619,114	6,169,145	3,960,769	5,034,575
Property Taxes, Levied for Community Service	202,907	317,638	358,543	367,776	371,894	593,380	399,820	476,237	281,363	521,005
Property Taxes, Levied for Debt Service	6,353,857	8,630,602	10,386,732	11,863,282	12,898,003	13,367,159	12,411,603	12,552,765	12,642,712	12,912,421
General Grants and Aids	32,738,450	36,413,278	38,756,876	40,317,867	37,329,268	39,579,320	45,746,433	47,033,816	50,270,485	52,931,208
Gain on Sale of Capital Assets	405	-	3,337	-	22,860	1,525	-	-	-	3,555
Other General Revenues	347,079	273,657	143,906	2,075,524	4,002,777	4,563,378	317,307	351,280	208,794	510,934
Investment Earnings	3,370,923	8,249,375	8,154,098	3,843,393	1,132,118	932,085	541,878	36,416	19,077	34,790
Special Item	-	-	-	-	-	-	13,335,651	-	-	-
Total Governmental Activities	44,508,722	56,905,294	61,323,378	64,553,371	62,570,042	68,129,901	78,371,806	66,619,659	67,383,200	71,948,488
Change in Net Position	\$ (6,323,255)	\$ 3,811,998	\$ 3,824,897	\$ (2,077,712)	\$ (12,753,046)	\$ (1,201,586)	\$ 10,992,219	\$ 11,527	\$ 2,746,779	\$ 3,482,419

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Fund Balances of Governmental Funds  
Last Ten Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>GENERAL FUND</b>										
Reserved	\$ 964,795	\$ 1,326,611	\$ 1,020,686	\$ 967,426	\$ 1,132,802	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	394,976	713,894	1,560,721	3,215,451	2,859,312	-	-	-	-	-
Nonspendable	-	-	-	-	-	742,158	647,965	633,768	641,407	608,024
Restricted	-	-	-	-	-	711,150	268,338	62,952	87,929	236,924
Committed	-	-	-	-	-	345,968	12,370	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	86,124
Unassigned	-	-	-	-	-	1,815,379	1,601,105	1,248,451	2,167,828	2,579,697
Total General Fund	<u>\$ 1,359,771</u>	<u>\$ 2,040,505</u>	<u>\$ 2,581,407</u>	<u>\$ 4,182,877</u>	<u>\$ 3,992,114</u>	<u>\$ 3,614,655</u>	<u>\$ 2,529,778</u>	<u>\$ 1,945,171</u>	<u>\$ 2,897,164</u>	<u>\$ 3,510,769</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 709,288	\$ 118,061	\$ 140,088	\$ 105,175	\$ 74,271
Restricted	-	-	-	-	-	39,284,106	10,404,021	11,503,067	81,951,552	30,200,598
Reserved	748,644	454,919	58,678,017	59,017,377	43,748,872	-	-	-	-	-
Unassigned/ Unreserved, Reported in:										
Special Revenue Funds	80,978	232,323	338,533	385,059	537,111	(2,387)	(6,573)	(11,146)	-	-
Capital Projects Fund	120,263,858	104,290,945	57,164,392	25,061,705	17,271,309	-	-	-	-	-
Debt Service Fund	<u>38,701,403</u>	<u>57,851,703</u>	<u>1,202,510</u>	<u>1,119,835</u>	<u>1,621,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 159,794,883</u>	<u>\$ 162,829,890</u>	<u>\$ 117,383,452</u>	<u>\$ 85,583,976</u>	<u>\$ 63,179,113</u>	<u>\$ 39,991,007</u>	<u>\$ 10,515,509</u>	<u>\$ 11,632,009</u>	<u>\$ 82,056,727</u>	<u>\$ 30,274,869</u>
Unreserved - Operating Account as a Percentage of Total Expenditures	<u>2.7%</u>	<u>3.6%</u>	<u>2.5%</u>	<u>2.2%</u>	<u>2.4%</u>	<u>3.5%</u>	<u>2.7%</u>	<u>2.1%</u>	<u>3.5%</u>	<u>3.9%</u>

Note: GASB Statement No. 54 was implemented in year 2011.

Only year 2011 through 2015 are reported in compliance with GASB Statement No. 54. years 2006-2010 are reported as previously stated.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Changes in Fund Balances of Governmental Funds  
Last Ten Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
<b>Local Sources</b>										
Taxes	\$ 8,038,073	\$ 11,909,249	\$ 14,183,388	\$ 18,061,922	\$ 20,048,440	\$ 22,707,049	\$ 18,604,245	\$ 19,447,043	\$ 17,011,473	\$ 18,435,002
Investment Earnings	3,370,924	8,249,375	8,154,098	3,858,924	1,132,118	932,085	541,878	36,416	19,077	41,404
Other	4,186,570	4,459,994	4,743,635	6,900,847	5,688,939	10,361,597	6,381,291	6,762,590	6,977,896	7,038,338
<b>State Sources</b>	40,790,209	45,918,659	49,304,316	49,627,894	46,265,828	49,473,885	56,222,625	56,960,408	61,867,230	65,949,189
<b>Federal Sources</b>	1,971,922	2,001,609	2,311,518	2,232,872	6,456,523	3,405,891	3,057,327	2,323,160	2,452,865	2,464,518
Total Revenues	<u>58,357,698</u>	<u>72,538,886</u>	<u>78,696,955</u>	<u>80,682,459</u>	<u>79,591,848</u>	<u>86,880,507</u>	<u>84,807,366</u>	<u>85,529,617</u>	<u>88,328,541</u>	<u>93,928,451</u>
<b>EXPENDITURES</b>										
<b>Current</b>										
Administration	2,104,540	2,151,256	2,273,727	2,784,195	2,701,290	2,838,452	2,936,329	2,757,084	2,863,077	2,927,621
District Support Services	1,457,496	1,380,536	1,806,741	2,269,851	2,127,420	2,183,386	2,133,558	1,902,112	2,055,614	2,617,365
Elementary and Secondary Regular Instruction	20,856,695	22,739,055	23,324,926	28,655,607	26,545,687	27,336,472	28,583,029	29,071,218	28,671,604	31,487,224
Vocational Education Instruction	386,815	311,276	326,879	326,669	631,690	578,780	592,817	591,705	532,579	559,061
Special Education Instruction	8,358,750	9,026,320	10,113,624	10,434,612	9,641,660	9,794,887	10,469,268	10,558,288	11,141,882	11,882,109
Instructional Support Services	2,382,125	2,832,525	3,080,033	4,016,157	3,189,990	3,650,148	3,543,324	2,887,935	3,352,488	3,404,650
Pupil Support Services	4,243,475	4,383,841	4,637,504	5,068,579	5,410,832	5,682,397	5,755,556	5,725,205	5,783,144	6,031,581
Sites and Buildings	4,702,311	4,014,851	4,700,944	5,320,474	5,835,080	6,032,603	5,579,524	5,397,762	5,530,645	5,366,707
Fiscal and Other Fixed Cost Programs	320,307	303,601	221,342	114,430	134,620	200,678	235,465	311,549	269,291	239,589
Food Service	2,072,261	2,195,526	2,396,154	2,549,785	2,632,808	2,859,571	2,833,874	3,019,151	2,932,891	3,048,119
Community Service	2,365,876	2,834,191	3,147,091	3,284,913	3,532,809	3,894,751	3,971,963	4,595,830	4,638,784	4,535,037
<b>Capital Outlay</b>	6,110,543	21,398,422	52,074,262	36,361,678	8,925,900	3,173,230	4,031,726	3,558,018	8,210,974	2,732,131
<b>Debt Service</b>										
Principal	2,588,926	2,270,000	3,002,000	2,980,000	4,318,458	5,248,853	16,432,160	14,030,000	13,905,000	83,860,000
Interest and Fiscal Charges	8,670,211	12,376,451	12,992,601	13,683,867	13,409,540	12,853,976	10,225,384	9,935,729	9,451,173	10,191,851
Total Expenditures	<u>66,620,331</u>	<u>88,217,851</u>	<u>124,097,828</u>	<u>117,850,817</u>	<u>89,037,784</u>	<u>86,328,184</u>	<u>97,323,977</u>	<u>94,341,586</u>	<u>99,339,146</u>	<u>168,883,045</u>
Excess of Revenues Under Expenditures	(8,262,633)	(15,678,965)	(45,400,873)	(37,168,358)	(9,445,936)	552,323	(12,516,611)	(8,811,969)	(11,010,605)	(74,954,594)
<b>OTHER FINANCING SOURCES (USES)</b>										
Bonds Issued	68,685,000	18,425,000	492,000	6,000,000	-	-	19,210,000	25,765,000	77,060,000	20,475,000
Premium on Bonds Issued	459,825	(42,852)	-	-	-	-	1,315,357	853,862	5,326,810	3,753,037
Debt Service Loans Proceeds	-	-	-	-	-	-	-	-	-	-
Capital Loan Proceeds	-	1,012,558	-	-	-	-	-	-	-	-
Capital Lease/Certificates of Participation	-	-	-	1,077,926	-	-	-	-	-	-
Proceeds from Sale of Assets	405	-	3,337	4,876	22,860	2,112	-	-	506	-
Debt Retirement from Escrow Account	(4,470,000)	-	-	-	(13,285,000)	(24,120,000)	(38,569,121)	(17,275,000)	-	-
Total Other Financing Sources (Uses)	<u>64,675,230</u>	<u>19,394,706</u>	<u>495,337</u>	<u>7,082,802</u>	<u>(13,262,140)</u>	<u>(24,117,888)</u>	<u>(18,043,764)</u>	<u>9,343,862</u>	<u>82,387,316</u>	<u>24,228,037</u>
Net Change in Fund Balances	<u>\$ 56,412,597</u>	<u>\$ 3,715,741</u>	<u>\$ (44,905,536)</u>	<u>\$ (30,085,556)</u>	<u>\$ (22,708,076)</u>	<u>\$ (23,565,565)</u>	<u>\$ (30,560,375)</u>	<u>\$ 531,893</u>	<u>\$ 71,376,711</u>	<u>\$ (50,726,557)</u>
Debt Services as a Percentage of Noncapital Expenditures	<u>18.22%</u>	<u>21.78%</u>	<u>21.55%</u>	<u>19.09%</u>	<u>20.02%</u>	<u>21.15%</u>	<u>27.83%</u>	<u>26.07%</u>	<u>25.28%</u>	<u>55.96%</u>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**General Governmental Tax Revenues by Source and Levy Type  
Last Ten Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

Year Ended June 30,	Property Tax			Total
	General Purposes	Other Nonmajor	Debt Service	
2006	1,496,886	202,030	6,339,157	\$ 8,038,073
2007	3,026,003	312,595	8,570,651	11,909,249
2008	3,448,868	352,735	10,381,785	14,183,388
2009	5,985,319	366,432	11,710,171	18,061,922
2010	6,780,389	738,390	12,529,661	20,048,440
2011	9,044,587	929,522	12,732,940	22,707,049
2012	5,659,094	771,368	12,173,783	18,604,245
2013	6,255,571	771,368	12,305,153	19,332,092
2014	3,997,913	886,268	12,127,292	17,011,473
2015	5,038,654	971,308	12,425,040	18,435,002



**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Governmental Activities Tax Revenues by Source and Levy Type  
Last Ten Years  
(Accrual Basis of Accounting)  
(Unaudited)**

Year Ended June 30	Property Tax				Total
	General Purposes	Community Service	Debt Service		
2006	\$ 1,495,101	\$ 202,907	\$ 6,353,857	\$	8,051,865
2007	3,020,744	317,638	8,630,602		11,968,984
2008	3,519,886	358,543	10,386,732		14,265,161
2009	6,085,529	367,776	11,863,282		18,316,587
2010	6,813,122	371,894	12,898,003		20,083,019
2011	9,093,054	593,380	13,367,159		23,053,593
2012	5,619,114	399,820	12,411,603		18,430,537
2013	6,169,145	476,237	12,552,765		19,198,147
2014	3,960,769	281,363	12,642,712		16,884,844
2015	5,034,575	521,005	12,912,421		18,468,001

**INDEPENDENT SCHOOL DISTRICT NO.192**

**Principal Property Tax Payers  
Current Year and Ten years ago**

Taxpayer	2015			2005		
	Net Tax Capacity	Rank	Percentage Total City Tax Valuation	Net Tax Capacity	Rank	Percentage Total City Tax Valuation
Northern Natural Gas	\$ 707,546	1	2.76%	\$ 227,689	1	1.19%
Northern States Power co	383,322	2	1.49%	93,053	7	0.49%
Minnesota Pipeline Co	295,268	3	1.15%			
MN Energy Resources Corp	154,520	4	0.60%			
Dakota Electric	153,168	5	0.60%	142,255	2	0.75%
Fulford Group LLC	143,510	6	0.56%	106,230	4	0.56%
Country View Lmted Partnership	134,133	7	0.52%			
Great river Energy	91,759	8	0.36%			
Uniprop Manufactured Housing	87,374	9	0.34%	104,912	5	0.55%
Dakota Storage LLC	81,608	10	0.32%	75,068	9	0.39%
Farmington Land LLC			0.00%			
Farmington City Center			0.00%	77,272	8	0.41%
Countryview Lmted Partnership				115,869	3	0.61%
St. Francis Health Services				94,014	6	0.49%
Utilicory United				72,297	10	0.38%
Total for Ten Largest Principal Taxpayers	<u>\$ 2,232,208</u>			<u>\$ 1,108,659</u>		

Source: Current property valuations and net tax capacity values have been furnished by Dakota County.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Direct and Overlapping  
Tax Capacity Rates  
Last Ten Fiscal Years  
(Unaudited)**

	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-15</u>	<u>Proposed 2015-16</u>
<b>GOVERNMENTAL UNIT</b>										
<b>ISD No. 192 ( Farmington)</b>	44.190%	45.831%	49.226%	53.452%	52.157%	55.308%	57.226%	56.326%	53.474%	54.185%
<b>Overlapping Governments:</b>										
Dakota County	25.119%	25.177%	25.814%	27.269%	29.149%	31.417%	33.421%	31.827%	29.633%	28.589%
City of Farmington	41.883%	43.821%	44.186%	49.274%	55.733%	63.093%	66.821%	65.876%	61.455%	59.202%
City of Lakeville	31.583%	34.195%	33.973%	36.624%	38.250%	39.051%	41.234%	40.696%	38.948%	39.067%
ISD No. 192 Market Value Referendum Rate	0.057%	0.138%	0.137%	0.152%	0.146%	0.140%	0.151%	0.111%	0.115%	0.119%

Source: Dakota County

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Property Tax Levies and Collections  
Last Ten Years  
(Unaudited)**

For Taxes Collectible	Total Tax Levy for Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 11,968,984	\$ 5,096,402	42.58%	\$ 6,859,923	\$ 11,979,938	100.09%
2007	14,265,161	5,806,817	40.71%	8,423,575	14,243,659	99.85%
2008	18,316,587	7,693,756	42.00%	10,500,275	18,252,791	99.65%
2009	19,904,838	8,442,262	42.41%	11,118,017	19,687,373	98.91%
2010	20,183,380	8,738,000	43.29%	11,132,876	19,870,876	98.45%
2011	19,637,823	8,016,000	40.82%	11,155,089	19,171,089	97.62%
2012	19,015,675	8,036,000	42.26%	10,998,231	19,034,231	100.10%
2013	18,916,187	7,946,000	42.01%	10,580,870	18,526,870	97.94%
2014	18,487,778	7,920,000	42.84%	10,283,683	18,203,693	98.46%
2015	19,469,129	8,566,000	44.00%		8,566,000	44.00%

Note 1: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the the write-off of delinquent taxes receivable.

Note 2: A portion of the total tax levy is paid through various property tax credits which are paid through state aids.

Note 3: Property taxes are remitted to the District based on a calendar year, the amount stated represents collections through the District's year end of June 30.

Source: State of Minnesota School Tax Report and Dakota County Certification report.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Tax Capacities and Estimated Actual Value of Taxable Property  
Last Ten Years  
(Unaudited)**

For Taxes Collectible	Residential Property	Commercial Industrial Property	Other Property	Less: Tax Increment Property	Less: Net Fiscal Disparities	Net Taxable Tax Capacity	Total Direct Tax Rate	Estimated Taxable Market Value	Taxable Tax Capacity as a Percentage of Estimated Market Value
2006	\$ 20,464,362	\$ 3,734,856	\$ 343,153	\$ 1,454,504	\$ 483,136	\$ 22,604,731	0.43708	\$ 2,359,935,700	0.96%
2007	23,239,293	4,370,247	363,047	495,460	531,093	26,946,034	0.44190	2,676,268,200	1.01%
2008	24,902,097	4,980,968	436,245	272,854	685,007	29,361,449	0.45831	2,887,245,700	1.02%
2009	24,933,539	5,320,233	681,897	276,401	878,772	29,780,496	0.49238	2,921,240,700	1.02%
2010	22,695,350	5,652,667	672,488	227,914	1,031,901	27,760,690	0.53452	2,731,917,100	1.02%
2011	20,771,306	5,348,988	963,216	143,056	1,084,353	25,856,101	0.52157	2,362,129,131	1.09%
2012	18,382,040	5,254,585	976,312	137,147	1,050,763	23,425,027	0.55308	2,296,409,991	1.02%
2013	17,128,253	5,384,965	1,029,198	130,805	1,012,882	22,398,729	0.57226	2,177,482,525	1.03%
2014	17,712,961	5,735,422	1,088,025	119,175	1,011,274	23,405,959	0.56326	2,234,391,750	1.05%
2015	20,184,962	5,813,109	1,271,132	117,407	1,002,736	26,149,060	0.53474	2,651,956,278	0.99%

Source: Dakota County

**INDEPENDENT SCHOOL DISTRICT NO.192**

**Ratios of Outstanding Debt by Type  
Last Ten Years  
Last Ten Fiscal Years**

Year	G.O. Bonds	Capital Loans	Debt Service Loans	Energy Loans	Capital Leases	Total Primary Government	Estimated Population	Net Bonded Debt per Capita	Percentage of Outstanding Debt to Personal Income
2006	\$ 269,554,828	\$ 17,703,117	\$ 68,599	\$ -	\$ 5,757	\$ 287,332,301	26,678	\$ 10,770	26.92%
2007	286,026,812	18,563,732	70,539	-	-	304,661,083	27,454	11,097	26.57%
2008	283,640,218	19,418,868	70,550	-	-	303,129,636	28,048	10,808	25.11%
2009	284,303,393	19,821,192	70,539	-	791,987	304,987,111	28,848	10,572	25.65%
2010	266,816,650	20,959,034	74,702	-	538,529	288,388,915	32,886	8,769	20.47%
2011	237,301,662	22,162,364	79,111	-	274,676	259,817,813	33,215	7,822	17.55%
2012	214,773,235	-	-	-	-	214,773,235	33,547	6,402	13.85%
2013	209,856,465	-	-	-	-	209,856,465	33,883	6,194	12.94%
2014	277,935,874	-	-	-	-	277,935,874	33,308	8,344	17.13%
2015	216,014,017	-	-	-	-	216,014,017	35,320	6,116	N/A

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Ratios of General Bonded Debt Outstanding  
Last Ten Years  
Last Ten Fiscal Years**

<u>Year</u>	<u>G.O. Bonds</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Tax Capacity</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Estimated Population</u>	<u>Net Bonded Debt per Capita</u>
2006	\$ 269,554,828	\$ 38,701,403	\$ 230,853,425	\$ 27,972,587	825.28%	26,678	\$ 8,653
2007	286,026,812	57,851,703	228,175,109	30,319,310	752.57%	27,454	8,311
2008	283,640,218	59,581,855	224,058,363	30,935,669	724.27%	28,048	7,988
2009	284,303,393	59,545,710	224,757,683	29,040,400	773.95%	28,848	7,791
2010	266,816,650	45,312,048	221,504,602	27,084,254	817.84%	32,886	6,736
2011	237,301,662	20,728,215	216,573,447	31,446,107	688.71%	33,215	6,520
2012	214,773,235	2,235,198	212,538,037	27,685,523	767.69%	33,547	6,336
2013	209,856,465	3,322,271	206,534,194	26,387,033	782.71%	33,883	6,096
2014	277,935,874	80,248,597	197,687,277	24,031,493	822.62%	33,308	5,935
2015	216,014,017	29,066,112	186,947,905	29,961,347	623.96%	35,320	5,293

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 192****Ratio of Annual Debt Service Expenditures for  
General Bonded Debt  
to Total General Fund Expenditures  
Last Ten Years  
(Unaudited)**

<u>Year</u>	<u>Total Principal</u>	<u>Interest and Other Charges</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
2006	\$ 2,588,926	\$ 8,670,211	\$ 11,259,137	\$ 44,824,243	25.1%
2007	2,270,000	12,376,451	14,646,451	47,143,261	31.1%
2008	3,002,000	12,992,601	15,994,601	51,163,099	31.3%
2009	2,980,000	13,683,867	16,663,867	59,393,302	28.1%
2010	4,065,000	13,377,057	17,442,057	56,933,841	30.6%
2011	4,985,000	12,831,889	17,816,889	58,990,656	30.2%
2012	16,157,484	10,214,118	26,371,602	60,838,578	43.3%
2013	14,030,000	9,935,729	23,965,729	60,629,052	39.5%
2014	13,905,000	9,451,173	23,356,173	61,596,274	37.9%
2015	83,860,000	10,191,854	94,051,854	66,212,648	142.0%

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.



# INDEPENDENT SCHOOL DISTRICT NO. 192

## Direct and Overlapping Governmental Activities Debt As of June 30, 2015 Last Ten Fiscal Years

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt Repaid with Property Taxes</b>			
Dakota County	\$ 38,910,000	6.64%	\$ 2,585,375
City of Farmington	30,346,533	99.96%	30,335,548
City of Lakeville	75,860,000	8.64%	6,556,959
Town of Empire	670,000	81.68%	547,280
Metropolitan Council	206,140,000	0.88%	1,812,795
Subtotal, Overlapping Debt	351,926,533		41,837,957
<b>Independent School District No. 192 - Direct Debt</b>	216,014,017	100.00%	216,014,017
Total Direct and Overlapping Debt			<u>\$ 257,851,974</u>

Note: 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 government's ability of 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. Debt outstanding for Dakota County, Metropolitan Council, Town of Empire and the cities of Farmington and Lakeville is as of August 2015.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Legal Debt Margin Information  
Last Ten Years  
Last Ten Fiscal Years**

	Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 401,440,230	\$ 433,086,855	\$ 438,186,105	\$ 409,903,605	\$ 380,394,990	\$ 353,897,014	\$ 344,461,499	\$ 326,622,379	\$ 386,941,701	\$ 386,203,545
Total Net Debt Applicable to Limit	<u>269,554,828</u>	<u>286,026,812</u>	<u>283,640,218</u>	<u>284,303,393</u>	<u>266,816,652</u>	<u>237,301,662</u>	<u>211,675,000</u>	<u>206,135,000</u>	<u>269,290,000</u>	<u>205,905,000</u>
Legal Debt Margin	<u>\$ 131,885,402</u>	<u>\$ 147,060,043</u>	<u>\$ 154,545,887</u>	<u>\$ 125,600,212</u>	<u>\$ 113,578,338</u>	<u>\$ 116,595,352</u>	<u>\$ 132,786,499</u>	<u>\$ 120,487,379</u>	<u>\$ 117,651,701</u>	<u>\$ 180,298,545</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	67.15%	66.04%	64.73%	69.36%	70.14%	67.05%	61.45%	63.11%	69.59%	53.32%

Legal Debt Margin Calculation for Year 2014:

Market Value	\$ 2,574,690,299
Debt Limit (15% of Market Value)	386,203,545
Debt Applicable to Limit:	
G.O. Bonds	<u>205,905,000</u>
Total Net Debt Applicable to Limit	<u>205,905,000</u>
Legal Debt Margin	<u>\$ 180,298,545</u>

Note: Under state finance law, the District's outstanding G.O. debt should not exceed 15% of total market property value.  
By law, the G.O. debt subject to the limitation may be offset by amounts set aside for repaying G.O. bonds.

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Demographic and Economic Statistics - Employment  
Last Ten Fiscal Years  
(Unaudited)**

<u>Year</u>	<u>Average Employment Dakota County</u>	<u>Average Unemployment Dakota County</u>	<u>Average Unemployment State of Minnesota</u>
2006	221,130	3.60%	4.10%
2007	220,658	4.10%	4.60%
2008	220,010	4.90%	5.40%
2009	214,926	6.90%	7.20%
2010	234,344	6.70%	6.70%
2011	215,880	6.60%	6.90%
2012	221,488	5.00%	5.20%
2013	234,367	4.00%	4.80%
2014	225,408	3.90%	4.60%
2015	228,279	3.30%	3.80%

Sources: U.S. Census and Minnesota Department of Employment and Economic  
Development

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Principal Employers-City of Farmington  
Current Year and Seven Years Ago**

Employer	2015			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Farmington Public Schools	900	1	35.64%	825	1	33.70%
Federal Aviation Administration	501	2	19.84%	472	2	19.28%
Dakota Electric	200	3	7.92%	216	3	8.82%
Marschall Line Inc	180	4	7.13%	200	4	8.17%
River Valley Home Care	159	5	6.30%	130	7	5.31%
Trinity Care Center and Trinity Terrace	140	6	5.54%	125	8	5.11%
Kemps LLC	131	7	5.19%	125	9	5.11%
R & L Carriers	124	8	4.91%			
Valmont Industries	110	9	4.36%	131	6	5.35%
City of Farmington	80	10	3.17%	144	5	5.88%
Bachmans Nursey				80	10	3.27%
Total	2,525			2,448		

Source: City of Farmington Community Development Department. The department was not able to go back further than 2008.  
Minnesota Department of Employment and Economic Development

## INDEPENDENT SCHOOL DISTRICT NO. 192

### Demographic and Economic Statistics - Income

#### Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income
2006	26,678	\$ 1,067,520,170	40,015
2007	27,454	\$ 1,146,588,856	41,764
2008	28,048	\$ 1,207,101,776	43,037
2009	28,848	\$ 1,189,201,104	41,223
2010	32,886	\$ 1,409,066,442	42,847
2011	33,215	\$ 1,480,060,400	44,560
2012	33,547	\$ 1,550,777,169	46,227
2013	33,883	\$ 1,621,504,848	47,856
2014	33,308	\$ 1,622,465,988	48,711
2015	35,320	N/A	N/A

N/A : Data not available

Data Sources: Minnesota Department of Employment and Economic Development  
Minnesota Department of Education

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Food Service Information  
as of June 30, 2015**

<u>Meals</u>	<u>Number of Meals Served</u>
Elementary Full Paid Lunch	267,641
Secondary Full Paid Lunch	283,179
Reduced Price Lunch	50,033
Free Lunch	120,451
Adult Lunch	<u>16,885</u>
Total Lunches Served	<u><u>738,189</u></u>
Elementary Full Paid Breakfast	98,666
Secondary Full Paid Breakfast	9,077
Reduced Price Breakfast	11,374
Free Breakfast	33,548
Adult Breakfast	<u>2,609</u>
Total Breakfasts Served	<u><u>155,274</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 192****School Facilities  
as of June 30, 2015**

<u>Facility</u>	<u>Year Constructed</u>	<u>Years of Addition</u>	<u>Grades Housed</u>	<u>Square Footage</u>
Aikin Road Elementary	1988		K-5	93,954
Farmington Elementary	1954	1965,1997	K-5	71,193
North Trail Elementary	1997		K-5	98,550
Meadowview Elementary	2003		K-5	137,092
Riverview Elementary	1999		K-5	150,286
Dodge Middle School	1993	1997	G6-8	211,328
Boeckman Middle School	1973	1995, 2004	G6-8	258,327
Farmington High School (New Facility)	2009		G9-12	430,000
Instructional Services Center	1918	1965		90,166
District Services Center	1975			7,200

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Student Enrollment  
Last Ten Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

Year Ended June 30,	Pupil Units (Including Enrollment Option)					Total Pupil Units
	Handicapped and Prekindergarten	Kindergarten	Elementary	Secondary	Total	
2006	68.47	475.63	2,922.18	2,387.17	5,853.45	6,627.24
2007	86.76	472.27	3,036.80	2,474.32	6,070.15	6,883.42
2008	77.18	493.36	3,095.21	2,572.89	6,238.64	7,101.52
2009	84.43	518.94	3,114.03	2,637.93	6,355.33	7,232.54
2010	84.47	522.89	3,165.18	2,726.45	6,498.99	7,409.15
2011	87.82	465.43	3,205.57	2,762.47	6,521.29	7,579.79
2012	86.04	511.54	3,244.31	2,796.47	6,638.36	7,579.00
2013	83.93	529.58	3,328.85	2,813.92	6,756.28	7,699.77
2014	81.73	497.56	3,437.46	2,898.10	6,914.85	7,905.70
2015	119.60	503.27	3,448.20	3,015.92	7,086.99	7,690.17

Note 1: Beginning in 2004, ADM is limited to 1.0 ADM per student.

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Handicapped Kindergarten	Part-Time Kindergarten	Elementary 1-3	Elementary 4-6	Secondary
2004 through 2007	1.250	1.000	0.557	1.115	1.060	1.300
2008 through 2014	1.250	1.000	0.612	1.115	1.060	1.300
2015	1.000	1.000	0.550	1.000	1.000	1.200



**INDEPENDENT SCHOOL DISTRICT NO. 192**

**General Fund - Operating Account Expenditures by Program  
Last Ten Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Capital Outlay	Total	Percent Increase (Decrease) From Prior Year
2006	\$ 2,104,540 4.7%	\$ 1,457,496 3.3%	\$ 20,856,695 46.5%	\$ 386,815 0.9%	\$ 8,358,750 18.6%	\$ 2,382,125 5.3%	\$ 4,243,475 9.5%	\$ 4,702,311 10.5%	\$ 332,036 0.7%	\$ - 0.0%	\$ 44,824,243 100.0%	10.88%
2007	2,151,256 4.6%	1,380,536 2.9%	22,739,055 48.2%	311,276 0.7%	9,026,320 19.1%	2,832,525 6.0%	4,383,841 9.3%	4,014,851 8.5%	303,601 0.6%	- 0.0%	47,143,261 100.0%	5.17%
2008	2,273,727 4.4%	1,806,741 3.5%	23,324,926 45.6%	326,879 0.6%	10,113,624 19.8%	3,080,033 6.0%	4,637,504 9.1%	4,552,316 8.9%	221,342 0.4%	826,007 1.6%	51,163,099 100.0%	8.53%
2009	2,784,195 4.7%	2,269,851 3.8%	28,655,607 48.2%	326,669 0.6%	10,434,612 17.6%	4,016,157 6.8%	5,068,579 8.5%	4,942,845 8.3%	114,430 0.2%	780,357 1.3%	59,393,302 100.0%	16.09%
2010	2,700,768 4.7%	2,127,420 3.7%	26,545,166 46.6%	631,690 1.1%	9,641,703 16.9%	3,189,990 5.6%	5,410,832 9.5%	5,332,307 9.4%	134,620 0.2%	1,218,345 2.1%	56,932,841 100.0%	-4.14%
2011	2,838,452 4.8%	2,469,326 4.2%	27,336,472 46.3%	578,780 1.0%	9,794,887 16.6%	3,650,148 6.2%	5,682,397 9.6%	5,729,994 9.7%	200,678 0.3%	709,522 1.2%	58,990,656 100.0%	3.61%
2012	2,936,329 4.8%	2,419,500 4.0%	28,583,029 47.0%	592,817 1.0%	10,469,268 17.2%	3,543,324 5.8%	5,755,556 9.5%	5,337,706 8.8%	235,465 0.4%	965,584 1.6%	60,838,578 100.0%	3.13%
2013	2,757,084 4.5%	1,902,112 3.1%	29,071,218 47.9%	591,705 1.0%	10,558,288 17.4%	2,887,935 4.8%	5,725,205 9.4%	5,201,116 8.6%	311,549 0.5%	1,622,840 2.7%	60,629,052 100.0%	-0.34%
2014	2,863,077 4.6%	2,055,614 3.3%	28,671,604 46.5%	532,579 0.9%	11,141,882 18.1%	3,352,488 5.4%	5,783,144 9.4%	5,356,602 8.7%	269,291 0.4%	1,569,993 2.5%	61,596,274 100.0%	1.60%
2015	2,927,621 4.4%	2,617,365 4.0%	31,487,224 47.6%	559,061 0.8%	11,882,109 17.9%	3,404,650 5.1%	6,031,581 9.1%	5,285,123 8.0%	239,589 0.4%	1,778,325 2.7%	66,212,648 100.0%	7.49%

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**Revenue and Expenditures - Governmental Funds  
General, Special Revenue, Capital Projects and Debt Service Funds  
Last Ten Years  
(Unaudited)**

	Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
<b>General Fund</b>										
Operating Account	\$ 42,339,502	\$ 47,823,995	\$ 51,700,664	\$ 55,102,346	\$ 56,607,768	\$ 58,377,101	\$ 59,753,701	\$ 60,044,445	\$ 62,547,761	\$ 67,267,949
<b>Special Revenue Funds</b>										
Food Service Fund	2,076,572	2,259,468	2,424,772	2,535,820	2,760,908	2,908,993	2,935,710	2,959,723	2,921,134	3,288,477
Community Service Fund	2,509,789	2,627,869	3,079,803	3,236,917	3,492,951	3,877,738	4,055,920	4,578,216	4,962,197	4,710,170
<b>Other Nonmajor</b>	-	-	-	-	381,029	354,393	386,001	407,649	604,468	454,784
<b>Capital Projects Fund</b>	3,449,227	5,425,509	3,766,963	3,179,654	217,796	4,361,765	68,104	31,628	1,759	20,527
<b>Debt Service Fund - G.O. Bonds</b>	7,982,608	14,402,045	17,724,753	16,627,722	16,131,395	17,000,517	17,607,930	17,507,956	17,291,222	18,186,544
<b>Total Revenues</b>	<u>\$ 58,357,698</u>	<u>\$ 72,538,886</u>	<u>\$ 78,696,955</u>	<u>\$ 80,682,459</u>	<u>\$ 79,591,847</u>	<u>\$ 86,880,507</u>	<u>\$ 84,807,366</u>	<u>\$ 85,529,617</u>	<u>\$ 88,328,541</u>	<u>\$ 93,928,451</u>
<b>EXPENDITURES</b>										
<b>Current</b>										
Operating Account	\$ 44,824,243	\$ 47,143,261	\$ 51,163,099	\$ 59,393,302	\$ 56,933,841	\$ 58,990,656	\$ 60,838,578	\$ 60,629,052	\$ 61,596,274	\$ 66,212,648
<b>Special Revenue Funds</b>										
Food Service Fund	2,072,261	2,195,526	2,396,556	2,550,104	2,632,808	2,899,623	2,861,842	3,019,151	2,933,774	3,048,639
Community Service Fund	2,365,876	2,834,191	3,158,056	3,312,708	3,591,455	3,914,999	4,017,144	4,642,123	4,654,550	4,585,869
<b>Other Nonmajor</b>	-	-	-	-	362,000	352,539	352,990	352,539	6,419,213	461,520
<b>Capital Projects Fund</b>	6,110,543	21,398,422	51,385,516	35,930,836	8,437,623	2,706,017	3,234,811	2,154,791	6,798,375	984,038
<b>Debt Service Fund - G.O. Bonds</b>	11,247,408	14,646,451	15,994,601	16,663,867	17,080,057	17,464,350	26,018,612	23,543,930	16,936,960	93,590,331
<b>Total Expenditures</b>	<u>\$ 66,620,331</u>	<u>\$ 88,217,851</u>	<u>\$ 124,097,828</u>	<u>\$ 117,850,817</u>	<u>\$ 89,037,784</u>	<u>\$ 86,328,184</u>	<u>\$ 97,323,977</u>	<u>\$ 94,341,586</u>	<u>\$ 99,339,146</u>	<u>\$ 168,883,045</u>

# INDEPENDENT SCHOOL DISTRICT NO. 192

## Expenditures per Student Year Ended June 30, 2015 (With Comparative Amounts for the Year Ended June 30, 2014) (Unaudited)

	<u>State Average</u> <u>2014</u>	<u>ISD No. 192</u> <u>2014</u>	<u>2015</u>
<b>EXPENDITURES PER STUDENT (ADM) (1)</b>			
<b>General Fund - Operating Account</b>			
District and School Administration	\$ 501	\$ 389	\$ 410
District Support Services	425	408	367
Elementary and Secondary Regular Instruction	5,060	4,117	4,409
Vocational Education Instruction	133	76	78
Special Education Instruction	1,976	1,600	1,664
Instructional Support Services	524	391	477
Pupil Support Services	946	831	845
Sites and Buildings, Fiscal and Other Fixed Cost Programs	<u>868</u>	<u>744</u>	<u>774</u>
Total General Fund - Operating Account	10,433	8,556	9,023
Food Service Special Revenue Fund	<u>510</u>	<u>421</u>	<u>427</u>
Total PK - 12 Operating Expenditures	10,943	8,977	9,450
General Fund - Capital Expenditure Account	578	289	249
Community Service Special Revenue Fund	534	668	642
Capital Projects Fund	712	976	138
Debt Service Fund	<u>1,394</u>	<u>2,432</u>	<u>13,106</u>
Total Expenditures Per Student	<u>\$ 14,161</u>	<u>\$ 13,342</u>	<u>\$ 23,585</u>
ADM Served	<u>848,031</u>	<u>6,915</u>	<u>7,141</u>

Source: Minnesota Department of Education School District Profiles

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**(GENERAL FUND) Cost per Pupil on Weighted Average Daily Membership  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District and School Administration	\$ 2,104,540	\$ 2,151,256	\$ 2,276,227	\$ 2,787,546	\$ 2,704,197	\$ 2,845,999	\$ 2,941,589	\$ 2,759,636	\$ 2,866,365	\$ 2,930,774
District Support Services	1,457,496	1,380,536	2,054,385	2,762,881	2,511,483	2,478,833	2,625,824	2,894,569	3,086,200	3,833,572
Elementary and Secondary Regular Instruction	20,856,695	22,739,055	23,347,454	28,738,636	26,656,521	27,426,744	28,704,749	29,221,257	28,821,609	31,687,670
Vocational Education Instruction	386,815	311,276	384,509	326,669	631,690	578,780	592,817	591,705	532,579	559,061
Special Education Instruction	8,358,750	9,026,320	10,119,368	10,452,274	9,884,859	9,821,738	10,480,975	10,582,999	11,148,251	11,890,967
Instructional Support Services	2,382,125	2,832,525	3,088,002	4,053,639	3,203,153	3,683,316	3,550,964	2,888,185	3,360,385	3,411,008
Pupil Support Services	4,243,475	4,383,841	4,626,948	5,060,097	5,410,832	5,682,397	5,755,556	5,725,205	5,783,144	6,031,581
Sites, Buildings and Equipment	4,702,311	4,014,851	5,044,863	5,097,131	5,796,486	6,272,171	5,950,639	5,653,947	5,728,450	5,628,426
Fiscal and Other Fixed Cost Programs	332,036	303,601	221,342	114,430	134,620	200,678	235,465	311,549	269,291	239,589
<b>Total</b>	<b>\$ 44,824,243</b>	<b>\$ 47,143,261</b>	<b>\$ 51,163,099</b>	<b>\$ 59,393,303</b>	<b>\$ 56,933,841</b>	<b>\$ 58,990,656</b>	<b>\$ 60,838,578</b>	<b>\$ 60,629,052</b>	<b>\$ 61,596,274</b>	<b>\$ 66,212,648</b>
 Weighted ADM	 6,627	 6,883	 7,102	 7,233	 7,409	 7,471	 7,579	 7,700	 7,906	 7,690
District and School Administration	\$ 318	\$ 313	\$ 321	\$ 385	\$ 365	\$ 381	\$ 388	\$ 358	\$ 363	\$ 381
District Support Services	220	201	289	382	339	332	346	376	390	499
Elementary and Secondary Regular Instruction	3,147	3,303	3,288	3,974	3,598	3,671	3,787	3,795	3,646	4,121
Vocational Education Instruction	58	45	54	45	85	77	78	77	67	73
Special Education Instruction	1,261	1,311	1,425	1,445	1,334	1,315	1,383	1,374	1,410	1,546
Instructional Support Services	359	411	435	560	432	493	469	375	425	444
Pupil Support Services	640	637	652	700	730	761	759	744	732	784
Sites, Buildings and Equipment	710	583	710	705	782	840	785	734	725	732
Fiscal and Other Fixed Cost Programs	50	44	31	16	18	27	31	40	34	31
<b>Total</b>	<b>\$ 6,764</b>	<b>\$ 6,849</b>	<b>\$ 7,205</b>	<b>\$ 8,212</b>	<b>\$ 7,684</b>	<b>\$ 7,896</b>	<b>\$ 8,027</b>	<b>\$ 7,874</b>	<b>\$ 7,791</b>	<b>\$ 8,610</b>

**INDEPENDENT SCHOOL DISTRICT NO. 192**

**EMPLOYEES BY PROGRAM EXPENSE**

**Last Ten Fiscal Years**

	Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District and School Administration	33	29	28	30	33	28	31	34	35	37
District Support Services	20	20	17	17	19	20	24	22	23	27
Elementary and Secondary Regular Instruction	310	298	297	311	309	316	339	346	336	375
Vocational Education Instruction	9	10	8	9	10	10	9	9	8	7
Special Education Instruction	141	147	155	157	157	159	211	214	218	212
Community Education and Services	46	48	45	59	66	63	103	117	105	102
Instructional Support Services	18	20	20	22	27	35	26	31	31	31
Pupil Support Services	20	20	22	22	25	27	46	34	31	39
Sites, Buildings and Equipment	40	41	40	41	50	53	49	50	56	48
Food Service	7	6	6	5	6	6	6	4	4	3
Total	<u>634</u>	<u>644</u>	<u>639</u>	<u>638</u>	<u>673</u>	<u>702</u>	<u>844</u>	<u>861</u>	<u>847</u>	<u>881</u>