



COMPREHENSIVE
Annual Financial Report
For the Fiscal Year Ended June 30, 2017

Farmington Area Public Schools
Independent School District No. 192
20655 Flagstaff Avenue
Farmington, MN 55024

**Independent School District No. 192
Farmington, Minnesota**

**Comprehensive Annual
Financial Report**

June 30, 2017

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

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**Independent School District No. 192
Board of Education and Administration
June 30, 2017**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Jake Cordes	Chair	January 1, 2021
Julie Singewald	Vice Chair	January 1, 2021
Steve Corrado	Clerk	January 1, 2019
Jacalyn Doyle	Treasurer	January 1, 2021
Melissa Sauser	Trustee	January 1, 2019
Kristin Goodreau	Trustee	January 1, 2019
<u>Administration</u>		
Jay Haugen	Superintendent	
Jane Houska	Director of Finance	

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Farmington Independent School District 192

Excellence, Integrity, Innovation

Business Office
20655 Flagstaff Ave ~ Farmington, MN 55024

Phone: (651) 463-5043
Fax: (651) 463-5071

December 13, 2017

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, 2017. 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 (CONTINUED)

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 7,164 students in 2016-2017 from a population of 36,096 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 2016-2017, 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 54% 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 (CONTINUED)

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 continuously organize solely to respond to the needs and highest aspirations of each student.

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

Strategy 4. We will grow our culture in which staff 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 personalized 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 ensure all students and staff effectively engage in the global society.

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 ACT Aspire, the Pre-ACT, the ACT 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.

STUDENT ASSESSMENT AND TESTING (CONTINUED)

Trends:

Farmington's Reading results have consistently been at least 3 percent above the State averages for the past 7 years with 2017 results 4.3% above the state. (Farmington-64.4%, State-60.1%)

Farmington's Math results have consistently been at least 5% above State averages for the past 5 years. In 2017 Farmington's overall proficiency was 63.9%, 5.3 percentage points above the State average.

Farmington students have performed above State average in Science in previous years but for 2017 we experienced a change. In 2017 Farmington's overall proficiency was 52.7% which is 1.2 percentage point below 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 (CONTINUED)

Budget and Financial Management (Continued)

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 ninth 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 2016 CAFR.

The District did implement GASB Statement No. 74 and No. 75. 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, one of our elementary schools classified as Title I schools have been recognized as Reward and Celebration Eligible Schools for four 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
June 30, 2017**



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

Independent School District #192

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



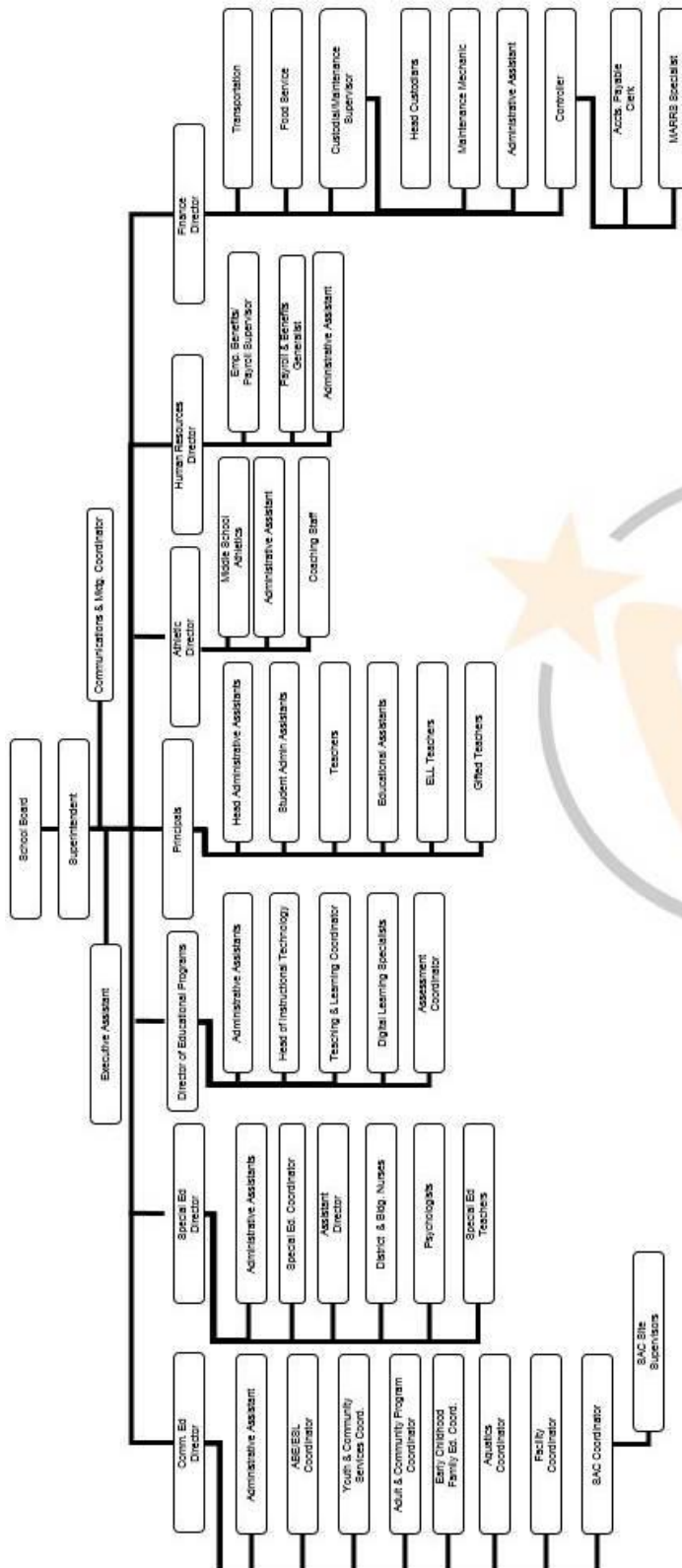
A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE
Executive Director

Independent School District No. 192
Organizational Chart
June 30, 2017



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Independent Auditor's Report

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

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, 2017, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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, 2017, and the respective changes in financial position and, where applicable, cash flows 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 74 and GASB 75

As discussed in Note 10 to the financial statements, the District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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, and the Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, 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.



Other Matters (Continued)

Other Information (Continued)

The accompanying 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 accompanying 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 13, 2017, 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.' with a period at the end.

Minneapolis, Minnesota
December 13, 2017

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Independent School District No. 192 Management's Discussion and Analysis

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, 2017. 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 (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The District's net position decreased \$15.0 million from current year activity ending the year at \$(82.6 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, 2017, the District currently has an OPEB liability of \$14,633,702.
- The General Fund net change in fund balance increased by \$4,760,030, with an end of year balance of \$10.2 million.
- The Special Revenue Funds, which include Food Service and Community Service Funds, ended the year with positive fund balances of \$995,050 and \$874,839, respectively.
- The Capital Projects Fund reflects the spend down of the 2013A Alternative Facilities Bonds, related expenditures for building remodeling and renovation projects of \$15,765,191 and revenue of \$284,836 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:

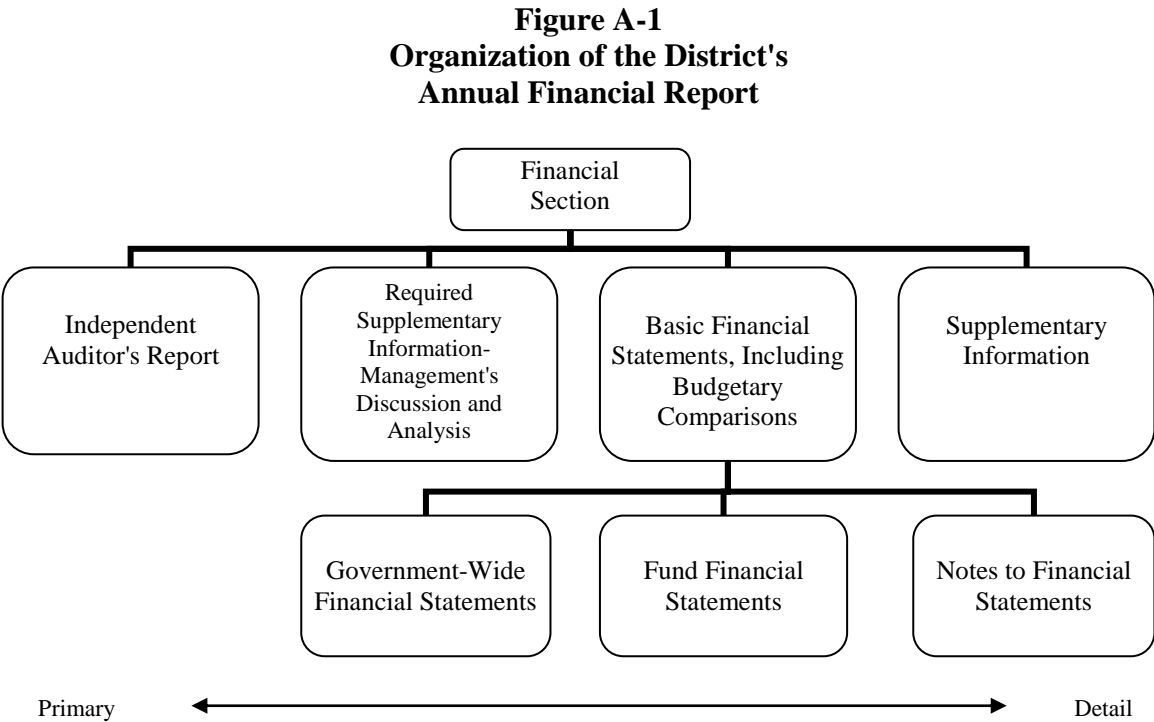
- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations 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.

**Independent School District No. 192
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

- 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.
- Proprietary fund statements provide information about the District's self-insured medical and dental internal service funds.

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.



Independent School District No. 192 Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
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 goods 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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 2016-2017, 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 three 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

FUND FINANCIAL STATEMENTS (CONTINUED)

- **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.
- **Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District uses internal service funds to report activities that provide supplies and services for its other programs and activities. The District currently has two internal service funds; the Self-Insured Dental Fund and Self-Insured Medical Fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's total net position as of June 30, 2017, was \$(82,639,972) which is summarized in Figure A-3 below. During the 2016-17 school year, the district implemented GASB Statement #74 and #75. 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 other post employment benefits that are provided through trusts or equivalent arrangements.

Figure A-3 -Net Position – Governmental

	2016-2017	2015-2016	Percentage Change
Current and other assets	\$ 73,760,044	\$ 86,804,340	-15.03%
Capital assets	174,213,739	165,737,413	5.11%
Total assets	\$ 247,973,783	\$ 252,541,753	-1.81%
Deferred outflows related to Pensions	\$ 102,514,134	\$ 9,295,180	1002.87%
Deferred outflows related to OPEB	4,685	-	N/A
Total deferred outflows of resources	\$ 102,518,819	\$ 9,295,180	1002.92%
Long-term liabilities	\$ 378,983,260	\$ 270,369,722	40.17%
Other liabilities	27,435,063	30,063,136	-8.74%
Total liabilities	\$ 406,418,323	\$ 300,432,858	35.28%
Property taxes levied for subsequent Year's expenditures	\$ 23,366,123	\$ 22,756,124	2.68%
Other deferred inflows	3,348,128	6,301,640	-46.87%
Total deferred inflows of resources	\$ 26,714,251	\$ 29,057,764	-8.07%
Net Position			
Net investment in capital assets	\$ (8,069,026)	\$ (12,801,800)	36.97%
Restricted	4,358,909	3,795,807	14.83%
Unrestricted	(78,929,855)	(58,647,696)	-34.58%
Total net position	\$ (82,639,972)	\$ (67,653,689)	-22.15%

Independent School District No. 192 Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Net Position (Continued)

The change in net position for 2016-2017 was \$14,986,283. The change is based on total revenues of \$105,336,177 and total expenses of \$112,635,952. 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.

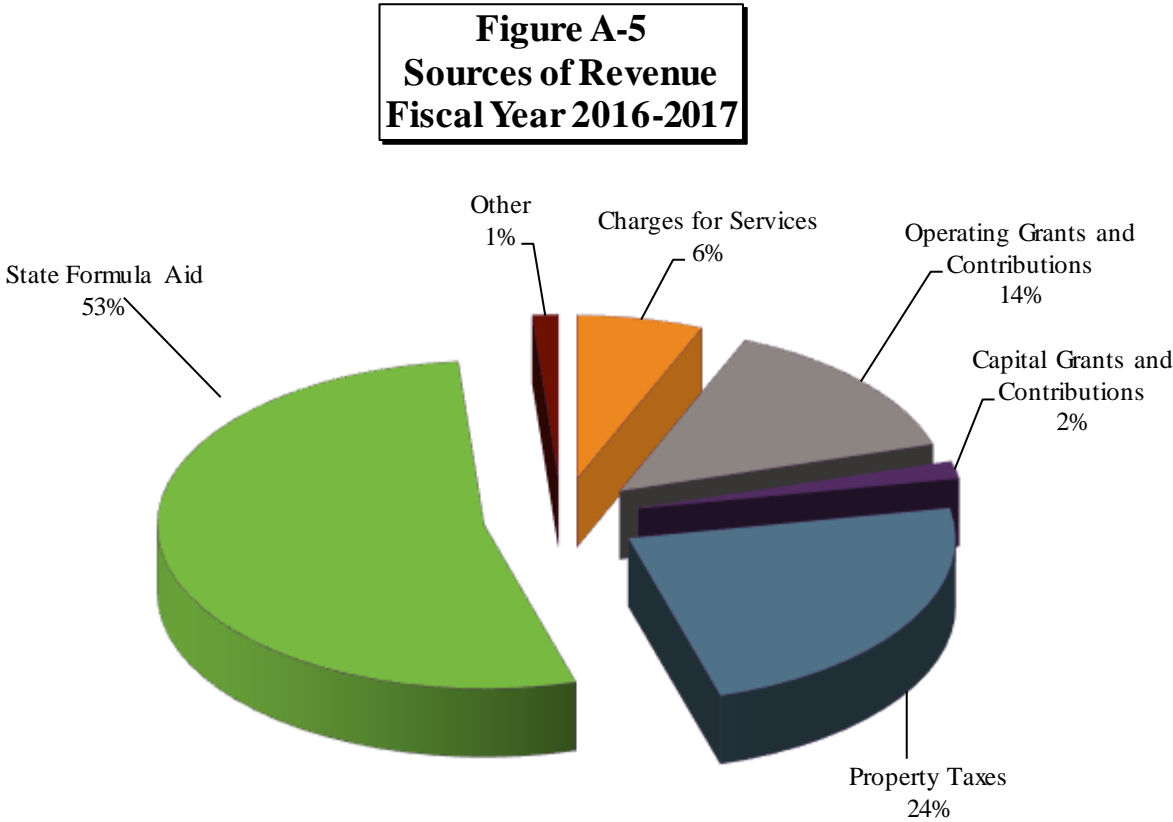
Figure A-4

Change in Net Position

			Percentage
Revenues	2016-2017	2015-2016	Change
Program revenues			
Charges for services	\$ 6,661,828	\$ 6,554,464	1.64%
Operating grants and contributions	15,009,901	13,982,338	7.35%
Capital grants and contributions	1,788,466	1,221,191	46.45%
General revenues			
Property taxes	23,863,883	19,587,436	21.83%
State formula aid	56,658,190	54,541,170	3.88%
Other	1,353,909	690,805	95.99%
Total revenues	<u>105,336,177</u>	<u>96,577,404</u>	9.07%
Expenses			
District and school administration	3,817,460	2,958,510	29.03%
District support services	4,116,111	7,655,043	-46.23%
Regular instruction	48,716,860	33,572,184	45.11%
Vocational instruction	1,353,886	865,574	56.41%
Special education instruction	16,443,427	12,223,981	34.52%
Instructional support services	4,569,688	3,775,815	21.03%
Pupil support services	6,991,027	6,033,961	15.86%
Sites, buildings, and equipment	7,148,603	5,570,230	28.34%
Fiscal and other fixed cost programs	223,268	226,217	-1.30%
Food service	3,095,761	3,131,432	-1.14%
Community education and services	5,417,532	4,634,178	16.90%
Unallocated depreciation	6,064,152	5,689,030	6.59%
Interest and fiscal charges on long-term debt	4,678,177	5,243,100	-10.77%
Total expenses	<u>112,635,952</u>	<u>91,579,255</u>	22.99%
Excess of revenues over (under) expenses	(7,299,775)	4,998,149	246.05%
Change in accounting principle - GASB 68	(7,686,508)	-	
Net position - beginning	<u>(67,653,689)</u>	<u>(72,651,838)</u>	6.88%
Net position - ending	<u>\$ (82,639,972)</u>	<u>\$ (67,653,689)</u>	-22.15%

**Independent School District No. 192
Management's Discussion and Analysis**

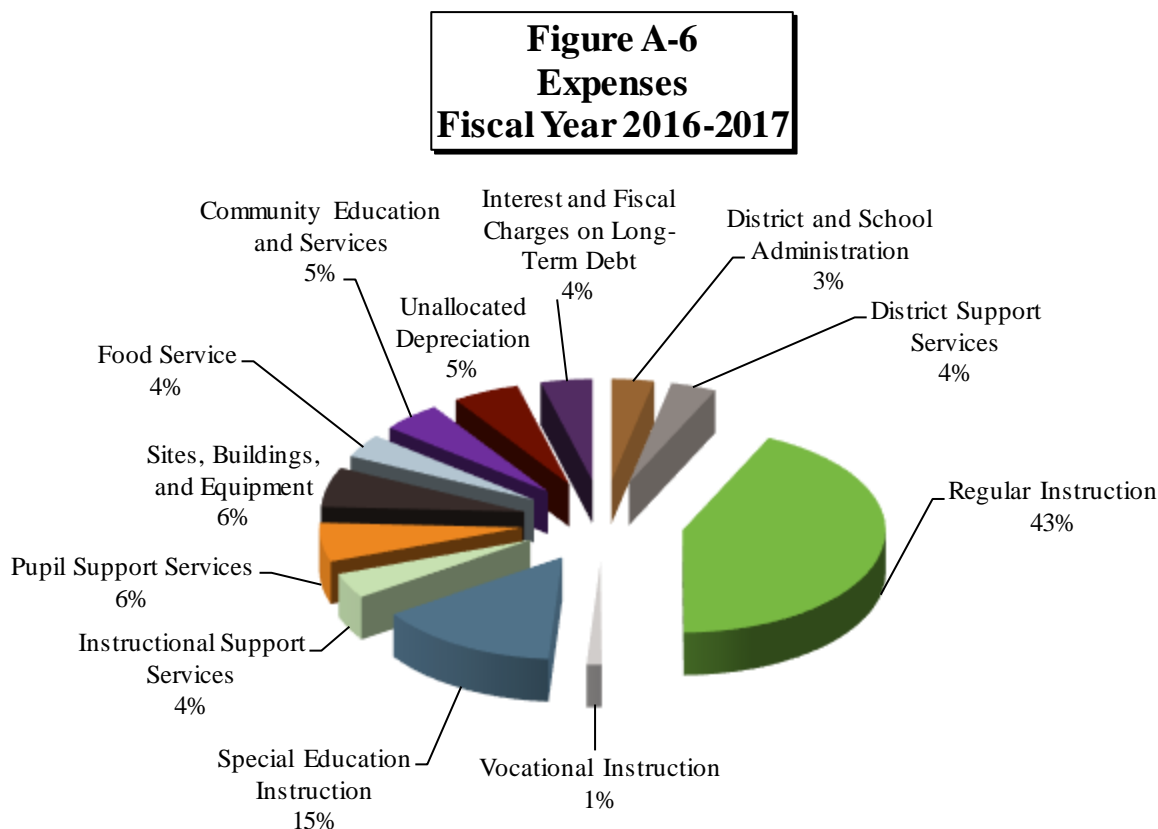
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)



As you can see Figure A-5, state aid, operating grants and contributions, and property taxes accounted for most of the District's revenue, with state aid representing 53%, operating grants and contributions 14%, and property taxes 24%. The remainder comes from fees charged for services and other sources.

**Independent School District No. 192
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)



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 59% of the total expenses. The expenses for sites, buildings, and equipment amount to 6% and interest and fiscal charges on long-term debt amount to 4% 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 10% 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

GOVERNMENTAL ACTIVITIES (CONTINUED)

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 2016-2017	Net Cost of Services 2016-2017	Total Cost of Services 2015-2016	Net Cost of Services 2015-2016
Administration	\$ 3,817,460	\$ 3,817,460	\$ 2,958,510	\$ 2,958,510
District support services	4,116,111	3,941,594	7,655,043	7,617,352
Elementary and secondary regular instruction	48,716,860	42,584,631	33,572,184	27,467,748
Vocational education instruction	1,353,886	1,221,394	865,574	614,316
Special education instruction	16,443,427	9,045,843	12,223,981	5,951,228
Instructional support services	4,569,688	4,569,478	3,775,815	3,772,935
Pupil support services	6,991,027	6,986,788	6,033,961	5,984,609
Sites and buildings	7,148,603	5,212,676	5,570,230	4,201,203
Fiscal and other fixed cost programs	223,268	223,268	226,217	226,217
Food service	3,095,761	(196,226)	3,131,432	(222,119)
Community education and services	5,417,532	1,026,522	4,634,178	317,133
Interest and fiscal charges				
On long-term debt/depreciation	10,742,329	10,742,329	10,932,130	10,932,130
Total	<u>\$ 112,635,952</u>	<u>\$ 89,175,757</u>	<u>\$ 91,579,255</u>	<u>\$ 69,821,262</u>

The cost of all governmental activities this year was \$112,635,952.

- The users of the District's programs through fees and other charges financed \$6,661,828, or 6%, of the cost.
- The federal and state governments subsidized specific programs with grants and contributions totaling \$16,798,367, 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 \$56,658,190 and \$23,863,883, respectively, for a total of \$80,522,073, or 77%, 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 \$39,625,381.

Independent School District No. 192 Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

The General Fund operations of the District showed an unassigned fund balance increase of \$2,501,389. The increase in the District's financial position is largely attributable to expenditures coming in below projections. The District's operating capital showed an increase of \$74,500.

The Debt Service Fund operations showed a fund balance decrease of \$163,598.

The Capital Project Fund showed a decrease in fund balance of \$15,480,356 resulting from the completion of projects listed in our November 2015 Building Bond election.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue – Actual General Fund revenue was \$571,006 less than the projected budget. Of this total, revenue from state sources was less than projected due a change in the funding formula for Special Education, enrollment and the recording of the District's share of the State Pension. The original budget was amended during the year for known changes in funding estimates.

Expenditures – Actual General Fund expenditures were \$2,066,071 less than projected. The District budgeted \$850,000 of expenditures to cover their share of the State Pension costs, when the true cost came in lower. Additionally, the district spent less in the areas of utilities, salaries and benefits. The original budget was amended during the year for known changes in current year obligations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2017, the District had invested \$266,543,333 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 \$6,360,929 with total accumulated depreciation amounting to \$92,329,594 (more detailed information for capital assets can be found in Note 3 to the financial statements).

**Independent School District No. 192
Management's Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Figure A-8

Capital Assets

	Governmental Activities		Percentage
	2016-2017	2015-2016	Change
Land	\$ 14,109,141	\$ 14,109,141	0.00%
Construction in progress	5,018,829	7,478,554	-32.89%
Buildings	216,532,192	199,962,970	8.29%
Improvements other than buildings	18,267,238	18,107,974	0.88%
Equipment and furnishing	12,615,933	12,047,439	4.72%
Less accumulated depreciation	(92,329,594)	(85,968,665)	7.40%
	<u>\$ 174,213,739</u>	<u>\$ 165,737,413</u>	<u>5.11%</u>
Total	<u>\$ 174,213,739</u>	<u>\$ 165,737,413</u>	<u>5.11%</u>

LONG-TERM DEBT

At year-end, the District had \$378,953,260 in G.O. bonds and other long-term liabilities outstanding, an increase of 40.2% from last year, as shown in Figure A-9 (more detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.)

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Percentage
	2016-2017	2015-2016	Change
G.O. Bonds	\$ 212,543,310	\$ 225,851,900	-5.89%
Compensated absences	1,141,848	1,158,522	-1.44%
Net other post employment benefits (OPEB) obligation	14,633,702	6,512,160	124.71%
Capital Lease	1,883,041	2,811,983	
Net pension liability	164,505,675	48,200,042	241.30%
Amount due within one year	(15,724,316)	(14,164,885)	11.01%
	<u>\$ 378,983,260</u>	<u>\$ 270,369,722</u>	<u>40.17%</u>
Total	<u>\$ 378,983,260</u>	<u>\$ 270,369,722</u>	<u>40.17%</u>

Independent School District No. 192 Management's Discussion and Analysis

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.
- At the State and Federal level, they continue to underfund our Special Education needs.
- The district continues to see residential growth in the near future. Fairhill development will bring 220 homes, Regatta development is plotted for 61 homes and Pleasant Run for an additional 99 homes.

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, 2017

	Governmental Activities
Assets	
Cash and investments	\$ 47,084,214
Current property taxes receivable	13,886,418
Delinquent property taxes receivable	303,305
Accounts receivable	35,598
Due from Department of Education	9,559,231
Due from Federal Government through Department of Education	1,780,858
Due from other governmental units	248,401
Inventory	114,589
Prepaid items	747,430
Capital assets, not being depreciated	
Land	14,109,141
Construction in progress	5,018,829
Capital assets, net of accumulated depreciation	
Buildings	142,258,854
Improvements other than buildings	10,910,174
Machinery and equipment	1,916,741
Total assets	<u>247,973,783</u>
Deferred outflows of resources related to pensions	102,514,134
Deferred outflows of resources related to other post employment benefits (OPEB)	4,685
Total deferred outflows of resources	<u>102,518,819</u>
Total assets and deferred outflows of resources	<u>\$ 350,492,602</u>
Liabilities	
Accounts payable	\$ 2,789,147
Contracts payable	228,351
Salaries and benefits payable	4,776,810
Interest payable	3,165,029
Due to other Minnesota school districts	195,910
Due to other governmental units	76,837
Unearned revenue	478,663
Bond principal net of premium	
Payable within one year	14,182,081
Payable after one year	198,361,229
Capital lease payable	
Payable within one year	937,302
Payable after one year	945,739
Compensated absences payable	
Payable within one year	604,933
Payable after one year	536,915
Net OPEB obligation	
Payable after one year	14,633,702
Net pension liability	164,505,675
Total liabilities	<u>406,418,323</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	23,366,123
Deferred inflows of resources related to pensions	2,075,552
Deferral on refunding	1,272,576
Total deferred inflows of resources	<u>26,714,251</u>
Net Position	
Net investment in capital assets	(8,069,026)
Restricted for	
Debt service	2,004,874
Other purposes	2,354,035
Unrestricted	(78,929,855)
Total net position	<u>(82,639,972)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 350,492,602</u>

Independent School District No. 192
Statement of Activities
Year Ended June 30, 2017

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					Governmental Activities
Administration	\$ 3,817,460	\$ -	\$ -	\$ -	\$ (3,817,460)
District support services	4,116,111	174,517	-	-	(3,941,594)
Elementary and secondary regular instruction	48,716,860	746,927	5,385,302	-	(42,584,631)
Vocational education instruction	1,353,886	-	132,492	-	(1,221,394)
Special education instruction	16,443,427	7,219	7,390,365	-	(9,045,843)
Instructional support services	4,569,688	-	210	-	(4,569,478)
Pupil support services	6,991,027	-	4,239	-	(6,986,788)
Sites and buildings	7,148,603	147,461	-	1,788,466	(5,212,676)
Fiscal and other fixed cost programs	223,268	-	-	-	(223,268)
Food service	3,095,761	2,069,202	1,222,785	-	196,226
Community education and services	5,417,532	3,516,502	874,508	-	(1,026,522)
Unallocated depreciation (excludes direct depreciation expense of various programs)	6,064,152	-	-	-	(6,064,152)
Interest and fiscal charges on long-term debt	4,678,177	-	-	-	(4,678,177)
Total governmental activities	<u>\$ 112,635,952</u>	<u>\$ 6,661,828</u>	<u>\$ 15,009,901</u>	<u>\$ 1,788,466</u>	(89,175,757)
General revenues					
Taxes					
Property taxes, levied for general purposes					8,143,426
Property taxes, levied for community service					573,217
Property taxes, levied for debt service					15,147,240
State aid-formula grants					56,658,190
Other general revenues					1,013,822
Investment income					340,087
Total general revenues					<u>81,875,982</u>
Change in net position					(7,299,775)
Net position - beginning, as previously stated					(67,653,689)
Change in accounting principle (see Note 10)					(7,686,508)
Net position - beginning, restated					<u>(75,340,197)</u>
Net position - ending					<u>\$ (82,639,972)</u>

Independent School District No. 192
Balance Sheet - Governmental Funds
June 30, 2017

	General	Debt Service	Capital Projects	Other Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 6,658,284	\$ 10,585,762	\$ 24,636,959	\$ 2,766,727	\$ 44,647,732
Current property taxes receivable	4,879,979	8,115,641	-	890,798	13,886,418
Delinquent property taxes receivable	96,061	191,547	-	15,697	303,305
Accounts receivable	34,046	-	-	1,552	35,598
Due from Department of Education	9,051,234	393,095	-	114,902	9,559,231
Due from Federal Government through Department of Education	1,650,121	-	-	130,737	1,780,858
Due from other governmental units	248,401	-	-	-	248,401
Inventory	39,397	-	-	75,192	114,589
Prepaid items	704,873	-	-	42,557	747,430
Total assets	<u>\$ 23,362,396</u>	<u>\$ 19,286,045</u>	<u>\$ 24,636,959</u>	<u>\$ 4,038,162</u>	<u>\$ 71,323,562</u>
Liabilities					
Accounts payable	\$ 364,823	\$ -	\$ 1,857,628	\$ 124,401	\$ 2,346,852
Contracts payable	-	-	228,351	-	228,351
Salaries and benefits payable	4,571,051	-	578	205,181	4,776,810
Due to other Minnesota school districts	195,800	-	-	110	195,910
Due to other governmental units	75,917	-	-	920	76,837
Unearned revenue	338,685	-	-	139,978	478,663
Total liabilities	<u>5,546,276</u>	<u>-</u>	<u>2,086,557</u>	<u>470,590</u>	<u>8,103,423</u>
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	7,558,007	14,244,585	-	1,563,531	23,366,123
Unavailable revenue - delinquent property taxes	69,790	147,014	-	11,831	228,635
Total deferred inflows of resources	<u>7,627,797</u>	<u>14,391,599</u>	<u>-</u>	<u>1,575,362</u>	<u>23,594,758</u>
Fund Balances					
Nonspendable	744,270	-	-	117,749	862,019
Restricted	478,437	4,894,446	22,550,402	1,874,461	29,797,746
Assigned	3,609,331	-	-	-	3,609,331
Unassigned	5,356,285	-	-	-	5,356,285
Total fund balances	<u>10,188,323</u>	<u>4,894,446</u>	<u>22,550,402</u>	<u>1,992,210</u>	<u>39,625,381</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,362,396</u>	<u>\$ 19,286,045</u>	<u>\$ 24,636,959</u>	<u>\$ 4,038,162</u>	<u>\$ 71,323,562</u>

Independent School District No. 192
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2017

Total fund balances - governmental funds	\$ 39,625,381
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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	266,543,333
Less accumulated depreciation	(92,329,594)

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	(197,225,000)
Unamortized bond premium and discount	(15,318,310)
Deferred charge on refunding	(1,272,576)
Capital lease payable	(1,883,041)
Compensated absences payable	(1,141,848)
Net OPEB obligation	(14,633,702)
Net pension liability	(164,505,675)

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	102,514,134
Deferred inflows of resources related to pensions	(2,075,552)
Deferred outflows of resources related to OPEB	4,685

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 unavailable in the funds.

228,635

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.

1,994,187

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

(3,165,029)

Total net position - governmental activities

\$ (82,639,972)

Independent School District No. 192
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2017

	General	Debt Service	Capital Projects	Other Nonmajor Funds	Total Governmental Funds
Revenues					
Local property taxes	\$ 8,146,799	\$ 14,394,280	\$ -	\$ 1,330,982	\$ 23,872,061
Other local and county revenues	2,092,239	13,634	284,836	3,571,995	5,962,704
Revenue from state sources	63,833,079	3,930,950	-	1,072,099	68,836,128
Revenue from federal sources	1,650,120	-	-	1,015,593	2,665,713
Sales and other conversion of assets	11,912	-	-	2,069,202	2,081,114
Total revenues	<u>75,734,149</u>	<u>18,338,864</u>	<u>284,836</u>	<u>9,059,871</u>	<u>103,417,720</u>
Expenditures					
Current					
Administration	3,014,364	-	-	-	3,014,364
District support services	2,790,420	-	-	-	2,790,420
Elementary and secondary regular instruction	34,449,272	-	-	-	34,449,272
Vocational education instruction	966,774	-	-	-	966,774
Special education instruction	12,315,722	-	-	-	12,315,722
Instructional support services	3,554,687	-	-	-	3,554,687
Pupil support services	6,350,383	-	-	-	6,350,383
Sites and buildings	5,576,882	-	1,443,873	-	7,020,755
Fiscal and other fixed cost programs	223,268	-	-	-	223,268
Food service	-	-	-	3,037,950	3,037,950
Community education and services	-	-	-	4,780,764	4,780,764
Capital outlay					
Administration	4,308	-	-	-	4,308
District support services	1,226,585	-	-	-	1,226,585
Elementary and secondary regular instruction	209,653	-	-	-	209,653
Special education instruction	15,173	-	-	-	15,173
Instructional support services	387	-	-	-	387
Sites and buildings	276,971	-	14,321,318	-	14,598,289
Food service	-	-	-	789	789
Community education and services	-	-	-	85,307	85,307
Debt service					
Principal	-	22,505,000	-	600,000	23,105,000
Interest and fiscal charges	-	7,914,042	-	135,765	8,049,807
Total expenditures	<u>70,974,849</u>	<u>30,419,042</u>	<u>15,765,191</u>	<u>8,640,575</u>	<u>125,799,657</u>
Excess of revenues over (under) expenditures	4,759,300	(12,080,178)	(15,480,355)	419,296	(22,381,937)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	730	-	-	-	730
Bond issuance - refunding	-	10,665,000	-	-	10,665,000
Bond premium	-	1,251,580	-	-	1,251,580
Total other financing sources (uses)	<u>730</u>	<u>11,916,580</u>	<u>-</u>	<u>-</u>	<u>11,917,310</u>
Net change in fund balances	4,760,030	(163,598)	(15,480,355)	419,296	(10,464,627)
Fund Balances					
Beginning of year	<u>5,428,293</u>	<u>5,058,044</u>	<u>38,030,757</u>	<u>1,572,914</u>	<u>50,090,008</u>
End of year	<u>\$ 10,188,323</u>	<u>\$ 4,894,446</u>	<u>\$ 22,550,402</u>	<u>\$ 1,992,210</u>	<u>\$ 39,625,381</u>

See notes to financial statements.

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
Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ (10,464,627)

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	14,837,256
Depreciation expense	(6,360,929)

Compensated absences are recognized as paid in the governmental funds but
recognized as the expense is incurred in the Statement of Activities.

16,674

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.

24,033,942

Governmental funds recognize OPEB contributions as expenditures at the time of payment
whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.

(430,349)

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.

310,607

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	880,501
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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	(10,665,000)
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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.

834,288

Governmental funds recognize pension contributions as expenditures at the
time of payment in the funds whereas the Statement of Activities factors in
differences between actual and expected contributions and earnings on plan
investments as well as changes in proportion.

(20,283,960)

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 unavailable in the funds.

(8,178)

Change in net position - governmental activities

\$ (7,299,775)

Independent School District No. 192
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2017

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 7,907,982	\$ 8,457,982	\$ 8,146,799	\$ (311,183)
Other local and county revenues	1,157,540	1,157,540	2,092,239	934,699
Revenue from state sources	62,914,496	65,060,706	63,833,079	(1,227,627)
Revenue from federal sources	1,607,607	1,628,927	1,650,120	21,193
Sales and other conversion of assets	-	-	11,912	11,912
Total revenues	<u>73,587,625</u>	<u>76,305,155</u>	<u>75,734,149</u>	<u>(571,006)</u>
Expenditures				
Current				
Administration	2,942,546	2,942,546	3,014,364	71,818
District support services	3,014,541	3,014,541	2,790,420	(224,121)
Elementary and secondary regular instruction	34,958,521	35,888,094	34,449,272	(1,438,822)
Vocational education instruction	675,807	675,807	966,774	290,967
Special education instruction	11,608,079	12,073,386	12,315,722	242,336
Instructional support services	3,306,020	3,306,020	3,554,687	248,667
Pupil support services	6,735,225	6,735,225	6,350,383	(384,842)
Sites and buildings	6,710,001	6,710,001	5,576,882	(1,133,119)
Fiscal and other fixed cost programs	220,099	220,099	223,268	3,169
Capital outlay				
Administration	2,250	2,250	4,308	2,058
District support services	1,293,889	1,293,889	1,226,585	(67,304)
Elementary and secondary regular instruction	155,315	155,315	209,653	54,338
Special education instruction	70,808	19,547	15,173	(4,374)
Instructional support services	4,200	4,200	387	(3,813)
Sites and buildings	-	-	276,971	276,971
Total expenditures	<u>71,697,301</u>	<u>73,040,920</u>	<u>70,974,849</u>	<u>(2,066,071)</u>
Excess of revenues over expenditures	1,890,324	3,264,235	4,759,300	1,495,065
Other Financing Sources				
Proceeds from sale of capital assets	-	-	730	730
Net change in fund balance	<u>\$ 1,890,324</u>	<u>\$ 3,264,235</u>	4,760,030	<u>\$ 1,495,795</u>
Fund Balance				
Beginning of year			<u>5,428,293</u>	
End of year			<u>\$ 10,188,323</u>	

See notes to financial statements.

Independent School District No. 192
Statement of Net Position - Proprietary Funds
As of June 30, 2017

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Cash and cash equivalents	\$ 2,436,482
Current Liabilities	
Accounts payable	\$ 442,295
Net Position	
Unrestricted	1,994,187
Total liabilities and net position	\$ 2,436,482

Independent School District No. 192
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2017

	Governmental Activities - Internal Service Funds
Operating Revenue	
District contribution	\$ 7,574,899
Operating Expenses	
Employee claims paid	<u>6,742,667</u>
Operating income	832,232
Nonoperating Revenue	
Interest revenue	<u>2,056</u>
Change in net position	834,288
Net Position	
Beginning of year	<u>1,159,899</u>
End of year	<u><u>\$ 1,994,187</u></u>

Independent School District No. 192
Statement of Cash Flows - Proprietary Funds
As of June 30, 2017

	Governmental Activities - Internal Service Funds
Cash Flows - Operating Activities	
Receipts from district contributions	\$ 7,574,899
Employee claims paid	(6,667,335)
Net cash flows - operating activities	<u>907,564</u>
 Cash Flows - Investment Activities	
Interest received	<u>2,056</u>
 Net change in cash and cash equivalents	 909,620
 Cash and Cash Equivalents	
Beginning of year	<u>1,526,862</u>
 End of year	 <u><u>\$ 2,436,482</u></u>
 Reconciliation of Operating Income to Net Cash Flows - Operating Activities	
Operating income	\$ 832,232
Increase in accounts payable	78,014
Increase in due to other governmental units	<u>(2,682)</u>
 Net cash flows - operating activities	 <u><u>\$ 907,564</u></u>

Independent School District No. 192
Statement of Fiduciary Net Position
Year Ended June 30, 2017

	Post Employment Benefits Irrevocable Trust Fund	Agency fund
Assets		
Current		
Cash	\$ -	\$ 615,631
Certificates of deposit	225,000	-
Brokered money market accounts	875,305	-
Brokered certificates of deposit	926,547	-
Government bonds	906,840	-
Other Assets	-	4,900
	<u>-</u>	<u>4,900</u>
Total assets	<u>\$ 2,933,692</u>	<u>\$ 620,531</u>
Liabilities		
Accounts payable	\$ -	\$ 620,531
Due to other governments	248,401	-
	<u>248,401</u>	<u>-</u>
Total liabilities	<u>\$ 248,401</u>	<u>\$ 620,531</u>
Net Position		
Held in trust for OPEB	<u>\$ 2,685,291</u>	

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2017

	Post Employment Benefits Irrevocable Trust Fund
Additions	
Interest revenue	\$ 28,682
Less investment management fees	(250)
Total additions	<u>28,432</u>
Net Position	
Beginning of year	<u>2,656,859</u>
End of year	<u>\$ 2,685,291</u>

See notes to financial statements.

Independent School District No. 192
Notes to Financial Statements

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 Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, proprietary 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 are the proprietary funds and 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.

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.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund is employee and District contributions. Operating expenses for proprietary funds include claims paid and administrative expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 on the following pages.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

District Governmental Funds

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. The investments of the capital projects building construction funds are not pooled and earnings on these investments are allocated directly to that fund.

Cash and investments at June 30, 2017, were comprised of deposits and shares in the Minnesota School District Liquid Asset Fund (MSDLAF) including certificates of deposit and government securities and shares in the Minnesota Trust (MNTrust) Term Series.

Minnesota Statutes authorizes the District 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, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

In accordance with GASB Statement No. 79, the various MSDLAF and MNTrust securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

Other Post Employment Benefits Trust Fund

These funds represent investments administered by the District's OPEB fund investment managers. As of June 30, 2017, they were comprised of mutual funds. The District's investment policy extends to the OPEB Trust Fund investments.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

Other Post Employment Benefits Trust Fund (Continued)

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.

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.

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 2016, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2017. 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 levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. Dakota County is the collecting agency for the levy and remits the collections to the District three times a year. The Tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes (Continued)

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 its acquisition 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.

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 of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years.

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 four types of items which qualify for reporting in this category. The first item, delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second 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.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

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 third item is deferred inflows related to pension activity for various estimate differences that will be amortized and recognized over future years. The fourth, 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 is recorded on the government-wide.

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 are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expenditure/expense in the period the bond is issued.

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

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.N. 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 Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in TRA Note 7.

P. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Q. 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.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity (Continued)

- 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.
- 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.

R. Net Position

Net position represents the difference between assets and deferred outflows of resources; liabilities and deferred inflows of resources 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.

S. 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.

T. 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.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Budgetary Information (Continued)

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.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

Custodial Credit Risk – Deposits: For a deposit, 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 deposit policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding federal deposit coverage. *Minnesota Statutes* require 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. As of June 30, 2017, the District's bank balance of \$16,191,120, was not exposed to custodial credit risk because it was insured by FDIC insurance or fully collateralized.

Checking accounts	\$ 1,799,408
Cerificates of deposit	13,896,800
Scholarship account	15,482
Savings deposit accounts	395,154
Petty cash	<u>1,677</u>
Total deposits	<u><u>\$ 16,108,521</u></u>

B. Investments

District Funds Other than OPEB Trust Fund

As of June 30, 2017, the District had the following investments:

	Fair Value	Weighted Average Maturity (Years)	Credit Rating	Level
Brokered Money Market Accounts	\$ 9,083,820	N/A	N/A	n/a
Term Series	14,000,000	0.08	AAAm	n/a
MSDLAF + Liquid Class	1,384,442	N/A	AAAm	n/a
MSDLAF + Max Class	2	N/A	AAAm	n/a
Brokered CDs	990,534	1.02	AAAm	2
US Treasury and Agencies	6,132,526	0.22	N/A	2
Total Investments	<u><u>\$ 31,591,324</u></u>			

Independent School District No. 192
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2017, the District has a formal deposit and investment policy in place to address the following risks:

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* 118A.04 and 118A.05 limit investments to the top two rating issued by nationally recognized statistical rating organizations. The District's investment policy limits investments to those specified in the above statutes. As of June 30, 2017, the District's investments in MSDLAF and MSDLAF+ Max were rated AAAm by Standard & Poor's (S&P). The District's investments in certificates of deposit are not rated.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy states the District will diversify its investment to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The District's investments were exposed to concentration of credit risk at June 30, 2017, as FHLB, US Treasury Securities, and municipal bonds represented more than 5% of total investments.

Interest Rate Risk: This is the risk that market value of securities will fall due to the changes in market interest rates. The District's policy states investment maturities should be scheduled to coincide with projected District cash flow needs, taking into account large routine or scheduled expenditures, as well as anticipated receipt dates of anticipated revenues. The policy also indicates investments shall be managed to attain a market rate of return through various economic and budgetary cycles, while preserving and protection the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

Custodial Credit Risk – Investments: 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 collateral securities that are in the possession of an outside party. The District's investment policy on custodial credit risk states securities will be held in third party safekeeping by an institution designated as custodial agent. The custodial agent shall issue a safe keeping receipt to the District listing pertinent information related to the securities held.

The District has the following recurring fair value measurements as of June 30, 2017:

- \$7,123,060 of \$7,123,060 are valued using a quoted market prices (Level 2 inputs)

Independent School District No. 192
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

1. OPEB Trust Fund

As of June 30, 2017, the market values, duration, and percent allocation of the District's OPEB Trust investments was as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Rating	Level
OPEB Investments				
Brokered Money Market	875,305	N/A	N/A	n/a
CDs	225,000	1.99	N/A	n/a
SEC	906,840	12.98	N/A	2
Brokered CDs	926,547	1.04	N/A	2
Total Investments	<u>\$ 2,933,692</u>			

The District has the following recurring fair value measurements as of June 30, 2017:

- \$1,833,387 of \$1,833,387 are valued using a quoted market prices (Level 2 inputs)

C. Deposits and Investments

Summary of cash, deposits, and investments as of June 30, 2017:

District Governmental Funds	
Deposits (Note 3.B.)	\$ 16,108,521
Investments (Note 3.B.)	32,591,324
OPEB Trust Fund	
Investments (Note 3.B.)	<u>2,933,692</u>
Total deposits and investments	<u><u>\$ 51,633,537</u></u>

Cash, deposits, and investments are presented in the June 30, 2017, basic financial statements as follows:

Statement of Net Assets	
Cash and investments	\$ 47,084,214
Statement of Fiduciary Net Assets	
Post employment benefits trust fund	
Cash and investments	2,933,692
Agency fund	
Cash and investments	<u>615,631</u>
Total deposits and investments	<u><u>\$ 50,633,537</u></u>

Independent School District No. 192
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,109,141	\$ -	\$ -	\$ 14,109,141
Construction in progress	7,478,554	13,233,917	15,693,642	5,018,829
Total capital assets not being depreciated	<u>21,587,695</u>	<u>13,233,917</u>	<u>15,693,642</u>	<u>19,127,970</u>
Capital assets being Depreciated				
Buildings	199,962,970	16,569,222	-	216,532,192
Improvements other than buildings	18,107,974	159,264	-	18,267,238
Machinery and equipment	12,047,439	568,494	-	12,615,933
Total capital assets being depreciated	<u>230,118,383</u>	<u>17,296,980</u>	<u>-</u>	<u>247,415,363</u>
Less accumulated depreciation for				
Buildings	69,017,931	5,255,407	-	74,273,338
Improvements other Than buildings	6,548,345	808,719	-	7,357,064
Machinery and equipment	10,402,389	296,803	-	10,699,192
Total accumulated depreciation	<u>85,968,665</u>	<u>6,360,929</u>	<u>-</u>	<u>92,329,594</u>
Total capital assets being depreciated, net	<u>144,149,718</u>	<u>10,936,051</u>	<u>-</u>	<u>155,085,769</u>
Governmental activities, capital assets net	<u>\$ 165,737,413</u>	<u>\$ 24,169,968</u>	<u>\$ 15,693,642</u>	<u>\$ 174,213,739</u>

Independent School District No. 192
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$6,360,929 for the year ended June 30, 2017, was charged to the following governmental functions:

Administration	\$ 156
District support services	972
Elementary and secondary regular instruction	8,850
Special education instruction	134
Instructional support services	950
Pupil support services	1,915
Sites and buildings	228,663
Food service	55,099
Community service	37
Unallocated	<u>6,064,153</u>
Total depreciation expense	<u><u>\$ 6,360,929</u></u>

NOTE 4 – 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						
2011B Refunding Building Bonds	12/19/11	2.00%-4.00%	\$ 19,210,000	02/01/23	\$ 11,790,000	\$ 1,800,000
2012D Refunding Bonds	11/27/12	4.00%	14,945,000	06/01/20	10,705,000	3,215,000
2013A Alternative Facilities Bonds	03/06/13	2.00%-2.75%	2,260,000	02/01/28	1,830,000	150,000
2013C OPEB Refunding	12/05/13	0.65%-3.40%	5,840,000	02/01/23	4,605,000	740,000
2014A Refunding Bonds	06/04/14	3.00%-4.00%	71,220,000	02/01/27	65,745,000	3,020,000
2015A Crossover Refunding Bonds	02/05/15	4.00%-5.00%	20,475,000	02/01/27	19,625,000	1,015,000
2015C Refunding Bonds	12/16/15	2.00%-3.00%	28,640,000	02/01/24	28,530,000	345,000
2016A Building Bonds	02/03/16	2.00%-3.00%	43,730,000	02/01/31	43,730,000	-
2016B Refunding Bonds	11/22/16	1.27%	10,665,000	02/01/21	10,665,000	1,765,000
Plus Unamortized Premium					<u>15,126,031</u>	<u>2,132,081</u>
Total G.O. bonds					212,351,031	14,182,081
Compensated absences					<u>1,141,848</u>	<u>604,933</u>
Total all long-term liabilities					<u><u>\$ 213,492,879</u></u>	<u><u>\$ 14,787,014</u></u>

The long-term bond and loan liabilities listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues.

During 2017, \$10,665,000 G.O. School Building Refunding Bonds, Series 2016B, were issued to refund the Series 2007A bonds. The refunding resulted in \$838,720 of cash flow savings to the District and a present value economic benefit of \$843,893.

Independent School District No. 192
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance
Long-term liabilities				
G.O. bonds	\$ 209,665,000	\$ 10,665,000	\$ 23,105,000	\$ 197,225,000
Bond premiums	16,186,900	1,251,580	2,120,170	15,318,310
Capital Lease	2,811,983	-	928,942	1,883,041
Compensated absences	1,158,522	761,323	777,997	1,141,848
	<u>1,158,522</u>	<u>761,323</u>	<u>777,997</u>	<u>1,141,848</u>
Total long-term liabilities	<u>\$ 229,822,405</u>	<u>\$ 12,677,903</u>	<u>\$ 26,932,109</u>	<u>\$ 215,568,199</u>

The General Fund typically liquidates the liability related to compensated absences. The Debt Service Funds typically liquidates the liability related to G.O. bonds and the Post-Employment Benefits.

C. Minimum Debt Payments for Bonds

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

Year Ending June 30,	G.O. Bonds		Total
	Principal	Interest	
2018	\$ 12,050,000	\$ 7,612,628	\$ 19,662,628
2019	13,170,000	7,096,086	20,266,086
2020	13,975,000	6,627,421	20,602,421
2021	15,180,000	6,117,996	21,297,996
2022	16,735,000	5,456,641	22,191,641
2023-2027	82,200,000	16,582,375	98,782,375
2028-2032	43,915,000	3,437,588	47,352,588
	<u>43,915,000</u>	<u>3,437,588</u>	<u>47,352,588</u>
Total	<u>\$ 197,225,000</u>	<u>\$ 52,930,735</u>	<u>\$ 250,155,735</u>
Plus Net Bond Premium	<u>\$ 15,318,310</u>	<u>\$ -</u>	<u>\$ 15,318,310</u>
Total	<u>\$ 212,543,310</u>	<u>\$ 52,930,735</u>	<u>\$ 265,474,045</u>

Independent School District No. 192
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations

The future minimum lease obligations and the net present value of these minimum lease payments were as follows:

Year Ending June 30,	
2018	\$ 954,250
2019	954,250
Total minimum lease payments	1,908,500
Less amount representing interest	(25,459)
	<u>\$ 1,883,041</u>
Present value of minimum lease payments	<u>\$ 1,883,041</u>

The assets purchased with the Apple, Inc. lease are classified as equipment and totaled \$3,574,508. The associated accumulated depreciations for these assets is \$1,787,254 for a net value of \$1,787,254 at June 30, 2017.

E. Operating Lease Obligations

The District leases Macbook Pros from Apple, Inc. which are classified as operating leases, the last of which expires June 30, 2017. Total lease expense for 2017 was \$55,204.

NOTE 5 – 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.

Independent School District No. 192
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Restricted Fund Balance

	General Fund	Debt Service	Capital Projects	Other Nonmajor Funds	Total
Nonspendable for					
Inventory	\$ 39,397	\$ -	\$ -	\$ 75,192	\$ 114,589
Prepaid items	704,873	-	-	42,557	747,430
	<u>744,270</u>	<u>-</u>	<u>-</u>	<u>117,749</u>	<u>862,019</u>
Restricted for					
Safe school crime -					
crime levy	26,883	-	-	-	26,883
Staff development	177,864	-	-	-	177,864
Operating capital	240,860	-	-	-	240,860
Long-term facilities maintenance	32,830	-	-	-	32,830
Community education	-	-	-	585,034	585,034
Early childhood and family					
education	-	-	-	42,050	42,050
School readiness	-	-	-	191,462	191,462
Adult basic education	-	-	-	11,049	11,049
Food service	-	-	-	919,022	919,022
Community service	-	-	-	3,523	3,523
Debt service	-	4,894,446	-	122,321	5,016,767
Capital projects	-	-	22,550,402	-	22,550,402
	<u>478,437</u>	<u>4,894,446</u>	<u>22,550,402</u>	<u>1,874,461</u>	<u>29,797,746</u>
Assigned for					
Classroom technology	284,462	-	-	-	284,462
Donations	102,182	-	-	-	102,182
Health and safety	222,687	-	-	-	222,687
Maintain class size	3,000,000	-	-	-	3,000,000
	<u>3,609,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,609,331</u>
Unassigned	<u>5,356,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,356,285</u>
Total fund balance	<u>\$ 10,188,323</u>	<u>\$ 4,894,446</u>	<u>\$ 22,550,402</u>	<u>\$ 1,992,210</u>	<u>\$ 39,625,381</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.

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).

Independent School District No. 192
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Restricted Fund Balance (Continued)

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

Restricted/Reserved for Long-term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* 123B.595, subd. 12).

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 Financial Statements

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans, total pension expense for the year ended June 30, 2017, was \$25,870,300. The components of pension expense are noted in the following plan summaries.

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 1 Benefits

Tier 1	Step Rate Formula	Percentage
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 Financial Statements

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

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 Financial Statements

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

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 ended June 30, 2015, June 30, 2016, and June 30, 2017, were:

	<u>Employee</u>	<u>Employer</u>
Basic	11.0%	11.5%
Coordinated	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	\$ 354,961,140
Deduct Employer contributions not related to future contribution efforts	26,356
Deduct TRA's contributions not included in allocation	<u>(442,978)</u>
Total employer contributions	354,544,518
Total non-employer contributions	<u>35,587,410</u>
Total contributions reported in schedule of employer and non-employer pension allocations	<u><u>\$ 390,131,928</u></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 Financial Statements

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2016
Experience study	June 5, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	4.66%, from the single equivalent interest rate calculation
Price inflation	2.75%
Wage growth rate	3.50%
Projected salary increase	3.50-9.50%
Cost of living adjustment	2.00%

Mortality Assumption

Pre-retirement	RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of set rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

Independent School District No. 192
Notes to Financial Statements

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

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:

Asset Class	Target	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
Unallocated cash	2	0.50
	<hr/>	
Total	100%	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2016 is six years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions", and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of five years as required by GASB 68.

E. Discount Rate

The discount rate used to measure the total pension liability was 4.66%. This is a decrease from the discount rate at the prior measurement date of 8.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2017 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 depleted in 2052 and, as a result, the Municipal Bond Index Rate was used in determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return was applied to periods before 2052 and the Municipal Bond Index Rate of 3.01% was applied to periods on and after 2052, resulting in a SEIR of 4.66%. Based on Fiduciary Net Position at the prior year measurement date, the discount rate of 8.00% was used and it was not necessary to calculate the SEIR.

Independent School District No. 192
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability

On June 30, 2017, the District reported a liability of \$152,464,451 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 0.6392% at the end of the measurement period and 0.6510% 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	\$ 152,464,451
State's proportionate share of the net pension liability associated with the District	15,304,345

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 remain level at 2.0% annually. While in the previous measurement the COLA increased to 2.5% in 2034.

For the year ended June 30, 2017, the District recognized pension expense of \$24,484,361. It recognized \$2,136,999 as an increase to this pension expense for the support provided by direct aid.

On June 30, 2017, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,583,084	\$ 4,250
Net difference between projected and actual earnings on plan investments	6,368,241	-
Changes of assumptions	86,985,282	-
Changes in proportion	243,256	686,176
Contributions to TRA subsequent to the measurement date	2,688,367	-
Total	<u>\$ 97,868,230</u>	<u>\$ 690,426</u>

Independent School District No. 192
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

\$2,688,367 reported as deferred outflows of resources related to pensions resulting from District 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, 2018.

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

2018	\$ 18,680,399
2019	18,680,411
2020	21,001,082
2021	19,341,263
2022	<u>16,786,282</u>
Total	<u><u>\$ 94,489,437</u></u>

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.66% as well as the liability measured using 1 percent lower and 1 percent higher.

District proportionate share of NPL		
1% decrease (3.66%)	Current (4.66%)	1% increase (5.66%)
<u> </u>	<u> </u>	<u> </u>
\$ 196,412,321	\$ 152,464,451	\$ 116,670,344

The District'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, 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 Financial Statements

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

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*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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.

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.

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

General Employees Plan Benefits

General Employees Plan 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 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 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 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.

Independent School District No. 192
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

C. Contributions

Minnesota Statutes Chapter 353 set the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5%, of their annual covered salary in fiscal year 2017. The District was required to contribute 7.5% for Coordinated Plan members in fiscal year 2017. The District's contributions to the General Employees Fund for the year ended June 30, 2017, were \$714,095. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2017, the District reported a liability of \$12,041,224 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$157,224. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the District's proportion was 0.1483%, which was a decrease of 0.0047% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,385,939 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$46,880 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund

Independent School District No. 192
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

At June 30, 2017, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 38,977	\$ 986,357
Changes in actuarial assumptions	2,619,431	-
Difference between projected and actual investments earnings	1,273,401	-
Change in proportion	-	398,769
Contributions paid to PERA subsequent to the measurement date	714,095	-
Total	<u>\$ 4,645,904</u>	<u>\$ 1,385,126</u>

\$714,095 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ 652,404
2019	351,675
2020	1,107,660
2021	<u>434,944</u>
Total	<u>\$ 2,546,683</u>

Independent School District No. 192
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 % Per year
Active member payroll growth	3.25 % Per year
Investment rate of return	7.50 %

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP 2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1% per year for all future years for the General Employees Plan.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2016:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

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 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 Financial Statements

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

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

The target allocation and best estimates of geometric 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 in 2016 was 7.5%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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 (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	\$ 17,102,107	\$ 12,041,224	\$ 7,872,434

Independent School District No. 192
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

H. Pension Plan Fiduciary Net Position

Detailed information about the General Employees Fund's fiduciary net position is available in a separately-issued PERA financial report that includes the financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 7 – 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, 2017.

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, 2017 was \$15,277 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:

<u>Year</u>	<u>Beginning Balance</u>	<u>Claims Expense and Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2015	\$ 36,237	\$ 392,157	\$ 395,441	\$ 32,953
2016	32,953	422,468	449,328	6,093
2017	6,093	420,506	411,322	15,277

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, 2017 was \$427,018 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 Financial Statements

NOTE 7 – RISK MANAGEMENT (CONTINUED)

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

Year	Beginning Balance	Claims Expense and Estimates	Claims Payments	Ending Balance
2015	\$ 443,216	\$ 7,086,867	\$ 7,027,135	\$ 502,948
2016	502,948	6,910,191	7,054,951	358,188
2017	358,188	6,206,536	6,137,706	427,018

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by PreferredOne. 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.

B. Benefits Provided

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 10 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.

C. Members

As of June 30, 2017, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	55
Active employees	<u>752</u>
Total	<u><u>807</u></u>

Independent School District No. 192
Notes to Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Contributions

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 PreferredOne. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2017, the District contributed \$751,247 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	1.30%, net of investment expense
Salary increases	3.00%, including inflation
Inflation	2.50%
Healthcare cost trend increases	6.75% initially, decreasing 0.25% per year to an ultimate rate of 5.00%

Mortality Assumption

RP-2014 White Collar Mortality Tables with
MP-2015 Generational Improvement Scale

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2017.

The long-term expected rate of return on OPEB 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 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	95	1.30
Cash	<u>5</u>	0.80
Total	<u><u>100 %</u></u>	

Independent School District No. 192
Notes to Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The details of the investments and the investment policy are described in Note 3. of the District's financial statements. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 1.3 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 2.8 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

G. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016	\$ 16,861,384	\$ 2,656,859	\$ 14,204,525
Changes for the year			
Service cost	726,831	-	726,831
Interest	482,025	-	482,025
Differences between expected and actual economic experience	-	(5,857)	5,857
Employer contributions	-	751,247	(751,247)
Net investment income	-	34,539	(34,539)
Benefit payments	(751,247)	(751,247)	-
Administrative expense	-	(250)	250
Other charges	-	-	-
Net changes	457,609	28,432	429,177
Balances at June 30, 2017	\$ 17,318,993	\$ 2,685,291	\$ 14,633,702

Plan fiduciary net position as a percentage of the total OPEB liability 15.50%

Independent School District No. 192
Notes to Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 2.8 percent as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% decrease (1.8%)	Current (2.8%)	1% increase (3.8%)
Net OPEB Liability (Asset)	\$ 16,165,364	\$ 14,633,702	\$ 13,204,105

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percent lower and 1 percent higher than the current healthcare cost trend rates.

1% decrease (5.75% decreasing to 4.00%)	Current (6.75% decreasing to 5.00%)	1% increase (7.75% decreasing to 5.00%)
\$ 12,420,461	\$ 14,633,702	\$ 17,292,666

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$4,685. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 4,685	\$ -
Differences between expected and actual economic experience	-	-
Changes of assumptions	-	-
Total	<u>\$ 4,685</u>	<u>\$ -</u>

Independent School District No. 192
Notes to Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Total
2018	\$ 1,172
2019	1,172
2020	1,172
2021	1,169
Total	<u>\$ 4,685</u>

J. Payable to the OPEB Plan

At June 30, 2017, the District reported a payable of \$14,633,702 to the OPEB plan. The amount is reported as a receivable on the OPEB Trust Fund Statement of Fiduciary Net Position.

NOTE 9 – COMMITMENTS

As of June 30, 2017, the District had various commitments with contractors totaling \$6,273,394, for building and construction activity.

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2017, the District implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$7,686,508 to add the beginning net OPEB liability.

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 192
Schedule of Changes in Net OPEB Liability
and Related Ratios

	<u>June 30, 2017</u>
Total OPEB Liability	
Service cost	\$ 726,831
Interest	482,025
Benefit payments	<u>(751,247)</u>
Net change in total OPEB liability	<u>457,609</u>
Beginning of year	<u>16,861,384</u>
End of Year	<u><u>\$ 17,318,993</u></u>
Plan Fiduciary Net Pension (FNP)	
Employer contributions	\$ 751,247
Net investment income	28,682
Benefit payments	(751,247)
Administrative expense	<u>(250)</u>
Net change in plan fiduciary net position	<u>28,432</u>
Beginning of year	<u>2,656,859</u>
End of year	<u><u>\$ 2,685,291</u></u>
Net OPEB Liability	<u><u>\$ 14,633,702</u></u>
Plan FNP as a percentage of the total OPEB liability	15.50%
Covered-employee payroll	\$ 41,917,312
Net OPEB liability as a percentage of covered-employee payroll	34.91%

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 Employer Contributions - OPEB

	<u>June 30, 2017</u>
Actuarially determined contribution	\$ 751,247
Contributions in relation to the actuarially determined contribution	<u>751,247</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered-employee payroll	<u><u>\$ 41,917,312</u></u>
Contributions as a percentage of covered-employee payroll	1.79%

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 Investment Returns

June 30, 2017

Annual money-weighted rate of return,
net of investment expense

1.08%

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's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
Last Ten Years General Employees 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
2015	0.1622%	\$ 7,619,343	\$ -	\$ 7,619,343	\$ 8,515,752	89.5%	78.7%
2016	0.1530%	7,929,254	-	7,929,254	8,842,627	89.7%	78.2%
2017	0.1483%	12,041,224	157,224	12,198,448	9,202,187	132.6%	68.9%

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
(if Applicable) 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
2015	0.6781%	\$ 31,246,360	\$ 2,198,129	\$ 33,444,489	\$ 30,951,565	101.0%	81.5%
2016	0.6510%	40,270,788	4,939,925	45,210,713	33,040,653	121.9%	76.8%
2017	0.6392%	152,464,451	15,304,345	167,768,796	33,247,107	458.6%	44.9%

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
General Employees 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%
2015	663,197	663,197	-	8,842,627	7.50%
2016	690,164	690,164	-	9,202,187	7.50%
2017	714,095	714,095	-	9,521,267	7.50%

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	7.00%
2015	2,478,049	2,478,049	-	33,040,653	7.50%
2016	2,493,533	2,493,533	-	33,247,107	7.50%
2017	2,688,367	2,688,367	-	35,844,893	7.50%

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

Independent School District No. 192
Notes to the Required Supplementary Information

TRA Retirement Fund

2016 Changes

Changes in Actuarial Assumptions

- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

General Employees Fund

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Independent School District No. 192
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2015 Changes

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

SUPPLEMENTARY INFORMATION

Independent School District No. 192
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue			Debt Service	
	Food Service	Community Service	Total	Post Employment Benefits Debt Service	Total Nonmajor Funds
Assets					
Cash and investments	\$ 873,376	\$ 1,384,833	\$ 2,258,209	\$ 508,518	\$ 2,766,727
Current property taxes receivables	-	375,955	375,955	514,843	890,798
Delinquent property taxes receivable	-	7,432	7,432	8,265	15,697
Accounts receivable	-	1,552	1,552	-	1,552
Due from Department of Education	33,820	80,612	114,432	470	114,902
Due from Federal Government through Department of Education	124,150	6,587	130,737	-	130,737
Inventory	75,192	-	75,192	-	75,192
Prepaid items	836	41,721	42,557	-	42,557
Total assets	<u>\$ 1,107,374</u>	<u>\$ 1,898,692</u>	<u>\$ 3,006,066</u>	<u>\$ 1,032,096</u>	<u>\$ 4,038,162</u>
Liabilities					
Accounts payable	\$ 57,372	\$ 67,029	\$ 124,401	\$ -	\$ 124,401
Salaries and benefits payable	1,778	203,403	205,181	-	205,181
Due to other Minnesota Districts	-	110	110	-	110
Due to other governmental units	-	920	920	-	920
Unearned revenue	53,174	86,804	139,978	-	139,978
Total liabilities	<u>112,324</u>	<u>358,266</u>	<u>470,590</u>	<u>-</u>	<u>470,590</u>
Deferred Inflows of Resources					
Property taxes levied for subsequent Year's expenditures	-	659,878	659,878	903,653	1,563,531
Unavailable revenue - delinquent property taxes	-	5,709	5,709	6,122	11,831
Total deferred inflows of resources	<u>-</u>	<u>665,587</u>	<u>665,587</u>	<u>909,775</u>	<u>1,575,362</u>
Fund Balances					
Nonspendable	76,028	41,721	117,749	-	117,749
Restricted	919,022	833,118	1,752,140	122,321	1,874,461
Total fund balances	<u>995,050</u>	<u>874,839</u>	<u>1,869,889</u>	<u>122,321</u>	<u>1,992,210</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,107,374</u>	<u>\$ 1,898,692</u>	<u>\$ 3,006,066</u>	<u>\$ 1,032,096</u>	<u>\$ 4,038,162</u>

Independent School District No. 192
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2017

	Special Revenue Funds			Debt Service Post Employment Benefits Debt Service	Total Nonmajor Funds
	Food Service	Community Service	Total		
Revenues					
Local property taxes	\$ -	\$ 573,264	\$ 573,264	\$ 757,718	\$ 1,330,982
Other local and county revenues	13,163	3,558,832	3,571,995	-	3,571,995
Revenue from state sources	213,779	853,618	1,067,397	4,702	1,072,099
Revenue from federal sources	1,009,006	6,587	1,015,593	-	1,015,593
Sales and other conversion of assets	2,069,202	-	2,069,202	-	2,069,202
Total revenues	<u>3,305,150</u>	<u>4,992,301</u>	<u>8,297,451</u>	<u>762,420</u>	<u>9,059,871</u>
Expenditures					
Current					
Food service	3,037,950	-	3,037,950	-	3,037,950
Community education and services	-	4,780,764	4,780,764	-	4,780,764
Capital outlay					
Food service	789	-	789	-	789
Community education and services	-	85,307	85,307	-	85,307
Debt service					
Principal	-	-	-	600,000	600,000
Interest and fiscal charges	-	-	-	135,765	135,765
Total expenditures	<u>3,038,739</u>	<u>4,866,071</u>	<u>7,904,810</u>	<u>735,765</u>	<u>8,640,575</u>
Excess of revenues over (under) expenditures	266,411	126,230	392,641	26,655	419,296
Fund Balances					
Beginning of year	<u>728,639</u>	<u>748,609</u>	<u>1,477,248</u>	<u>95,666</u>	<u>1,572,914</u>
End of year	<u>\$ 995,050</u>	<u>\$ 874,839</u>	<u>\$ 1,869,889</u>	<u>\$ 122,321</u>	<u>\$ 1,992,210</u>

Independent School District No. 192
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u> </u>	Variance with Final Budget - Over (Under) <u> </u>
Revenues			
Other local and county revenues	\$ -	\$ 13,163	\$ 13,163
Revenue from state sources	100,000	213,779	113,779
Revenue from federal sources	1,183,910	1,009,006	(174,904)
Sales and other conversion of assets	<u>2,136,272</u>	<u>2,069,202</u>	<u>(67,070)</u>
Total revenues	<u>3,420,182</u>	<u>3,305,150</u>	<u>(115,032)</u>
Expenditures			
Current			
Food service	3,261,899	3,037,950	(223,949)
Capital outlay			
Food service	<u>57,000</u>	<u>789</u>	<u>(56,211)</u>
Total expenditures	<u>3,318,899</u>	<u>3,038,739</u>	<u>(280,160)</u>
 Net change in fund balance	 <u><u>\$ 101,283</u></u>	 <u><u>266,411</u></u>	 <u><u>\$ 165,128</u></u>
Fund Balance			
Beginning of year		<u>728,639</u>	
End of year		<u><u>\$ 995,050</u></u>	

Independent School District No. 192
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Fund
Year Ended June 30, 2017

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 586,361	\$ 586,361	\$ 573,264	\$ (13,097)
Other local and county revenues	3,609,810	3,609,810	3,558,832	(50,978)
Revenue from state sources	371,272	371,272	853,618	482,346
Revenue from federal sources	5,553	5,553	6,587	1,034
Total revenues	<u>4,572,996</u>	<u>4,572,996</u>	<u>4,992,301</u>	<u>419,305</u>
Expenditures				
Current				
Community education and services	4,534,593	4,637,093	4,780,764	143,671
Capital outlay				
Community education and services	<u>38,403</u>	<u>123,103</u>	<u>85,307</u>	<u>(37,796)</u>
Total expenditures	<u>4,572,996</u>	<u>4,760,196</u>	<u>4,866,071</u>	<u>105,875</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (187,200)</u>	126,230	<u>\$ 313,430</u>
Fund Balance				
Beginning of year			<u>748,609</u>	
End of year			<u>\$ 874,839</u>	

Independent School District No. 192
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Debt Service Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>	Variance with Final Budget - Over (Under) <u></u>
Revenues			
Local property taxes	\$ 14,477,359	\$ 14,394,280	\$ (83,079)
Other local and county revenues	-	13,634	13,634
Revenue from state sources	<u>3,633,742</u>	<u>3,930,950</u>	<u>297,208</u>
Total revenues	<u>18,111,101</u>	<u>18,338,864</u>	<u>227,763</u>
Expenditures			
Debt service			
Principal	10,680,000	22,505,000	11,825,000
Interest and fiscal charges	<u>7,829,037</u>	<u>7,914,042</u>	<u>85,005</u>
Total expenditures	<u>18,509,037</u>	<u>30,419,042</u>	<u>11,910,005</u>
Excess of revenues under expenditures	(397,936)	(12,080,178)	(11,682,242)
Other Financing Sources			
Bond issuance	-	10,665,000	10,665,000
Bond premium	<u>-</u>	<u>1,251,580</u>	<u>1,251,580</u>
Total other financing sources	<u>-</u>	<u>11,916,580</u>	<u>11,916,580</u>
Net change in fund balance	<u>\$ (397,936)</u>	(163,598)	<u>\$ 234,338</u>
Fund Balance			
Beginning of year		<u>5,058,044</u>	
End of year		<u>\$ 4,894,446</u>	

Independent School District No. 192
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Post Employment
Benefits Debt Service Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>	Variance with Final Budget - Over <u></u>
Revenues			
Local property taxes	\$ 763,193	\$ 757,718	\$ (5,475)
Revenue from state sources	-	4,702	4,702
Total revenues	<u>763,193</u>	<u>762,420</u>	<u>(773)</u>
Expenditures			
Debt service			
Principal	600,000	600,000	-
Interest and fiscal charges	135,315	135,765	450
Total expenditures	<u>735,315</u>	<u>735,765</u>	<u>450</u>
Net change in fund balance	<u>\$ 27,878</u>	26,655	<u>\$ (1,223)</u>
Fund Balance			
Beginning of year		<u>95,666</u>	
End of year		<u>\$ 122,321</u>	

Independent School District No. 192
Schedule of Revenue, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Projects Fund
Year Ended June 30, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u> </u>	Variance with Final Budget - Over (Under) <u> </u>
Revenues			
Other local and county revenues	\$ -	\$ 284,836	\$ 284,836
Expenditures			
Current			
Sites and buildings	-	1,443,873	1,443,873
Capital outlay			
Sites and buildings	-	14,321,318	14,321,318
Total expenditures	<u>-</u>	<u>15,765,191</u>	<u>15,765,191</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>(15,480,355)</u></u>	<u><u>\$ (15,480,355)</u></u>
Fund Balance			
Beginning of year		<u>38,030,757</u>	
End of year		<u><u>\$ 22,550,402</u></u>	

Independent School District No. 192
Combining Statement of
Net Position - Internal Service Funds
June 30, 2017

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Assets			
Cash and cash equivalents	\$ 1,890,882	\$ 545,600	\$ 2,436,482
Liabilities			
Accounts payable	427,018	15,277	442,295
Net Position			
Unrestricted	1,463,864	530,323	1,994,187
Total liabilities and net position	\$ 1,890,882	\$ 545,600	\$ 2,436,482

Independent School District No. 192
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2017

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Operating Revenues			
Contribution	\$ 7,085,547	\$ 489,352	\$ 7,574,899
Operating Expenses			
Employee claims paid	6,285,084	457,583	6,742,667
Operating income	800,463	31,769	832,232
Nonoperating Revenues			
Interest revenue	2,056	-	2,056
Change in net position	802,519	31,769	834,288
Net Position			
Beginning of year	661,345	498,554	1,159,899
End of year	<u>\$ 1,463,864</u>	<u>\$ 530,323</u>	<u>\$ 1,994,187</u>

Independent School District No. 192
Combining Statement of Cash Flows -
Internal Service Funds
As of June 30, 2017

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Cash Flows - Operating Activities			
Receipts from district contributions	\$ 7,085,547	\$ 489,352	\$ 7,574,899
Employee claims paid	(6,218,936)	(448,399)	(6,667,335)
Net cash flows - operating activities	866,611	40,953	907,564
Cash Flows - Investment Activities			
Interest received	2,056	-	2,056
Net change in cash and cash equivalents	868,667	40,953	909,620
Cash and Cash Equivalents			
Beginning of year	1,022,215	504,647	1,526,862
End of year	\$ 1,890,882	\$ 545,600	\$ 2,436,482
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ 800,463	\$ 31,769	\$ 832,232
Adjustments to reconcile operating Income (loss) to net cash Flows - operating activities			
Accounts payable	68,830	9,184	78,014
Due to other governmental units	(2,682)	-	(2,682)
Net adjustments	66,148	9,184	75,332
Net cash flows - operating activities	\$ 866,611	\$ 40,953	\$ 907,564

Independent School District No. 192
Statement of Changes in Agency Fund
Assets and Liabilities
Year Ended June 30, 2017

	June 30, 2016	Additions	Deletions	June 30, 2017
Assets				
Cash and investments	\$ 679,637	\$ 927,084	\$ 991,090	\$ 615,631
Other assets	<u>1,172</u>	<u>4,900</u>	<u>1,172</u>	<u>4,900</u>
Total assets	<u><u>\$ 680,809</u></u>	<u><u>\$ 931,984</u></u>	<u><u>\$ 992,262</u></u>	<u><u>\$ 620,531</u></u>
Liabilities				
Accounts payable	<u><u>\$ 680,809</u></u>	<u><u>\$ 992,767</u></u>	<u><u>\$ 1,053,045</u></u>	<u><u>\$ 620,531</u></u>

Independent School District No. 192
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2017

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 General Fund				06 Building Construction Fund			
Total revenue	\$ 75,734,149	\$ 75,734,151	\$ (2)	Total revenue	\$ 284,836	\$ 284,836	\$ -
Total expenditures	70,974,849	70,974,849	-	Total expenditures	15,765,191	15,765,192	(1)
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable fund balance	744,270	744,270	-	460 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
403 Staff Development	177,864	177,864	-	407 Capital Projects Levy	-	-	-
406 Health and Safety	(222,687)	(222,687)	-	413 Building Projects Funded by COP	-	-	-
407 Capital Projects Levy	-	-	-	467 Long-term Facilities Maintenance	-	-	-
408 Cooperative Programs	-	-	-	<i>Restricted:</i>			
409 Alternative Facility Program	-	-	-	464 Restricted fund balance	22,550,402	22,550,402	-
414 Operating Debt	-	-	-	<i>Unassigned:</i>			
416 Levy Reduction	-	-	-	463 Unassigned fund balance	-	-	-
417 Taconite Building Maintenance	-	-	-				
424 Operating Capital	240,860	240,860	-	07 Debt Service Fund			
426 \$25 Taconite	-	-	-	Total revenue	\$ 18,338,864	\$ 18,338,865	\$ (1)
427 Disabled Accessibility	-	-	-	Total expenditures	30,419,042	30,419,043	(1)
428 Learning and Development	-	-	-	<i>Nonspendable:</i>			
434 Area Learning Center	-	-	-	460 Nonspendable fund balance	-	-	-
435 Contracted Alternative Programs	-	-	-	<i>Restricted/reserved:</i>			
436 State Approved Alternative Program	-	-	-	425 Bond refundings	-	-	-
438 Gifted and Talented	-	-	-	451 QZAB and QSCB payments	-	-	-
440 Teacher Development and Evaluation	-	-	-	<i>Restricted:</i>			
441 Basic Skills Programs	-	-	-	464 Restricted fund balance	4,894,446	4,894,446	-
445 Career Technical Programs	-	-	-	<i>Unassigned:</i>			
448 Achievement of Integration Revenue	-	-	-	463 Unassigned fund balance	-	-	-
449 Safe School Crime	26,883	26,883	-				
450 Transition for Pre-Kindergarten	-	-	-	08 Trust Fund			
451 QZAB and QSCB payments	-	-	-	Total revenue	\$ -	\$ -	\$ -
452 OPEB liabilities not held in trust	-	-	-	Total expenditures	-	-	-
453 Unfunded Severance and Retirement Levy	-	-	-	<i>Unassigned:</i>			
467 Long-term Facilities Maintenance	32,830	32,830	-	422 Unassigned fund balance (net position)	-	-	-
472 Medical Assistance	-	-	-				
<i>Restricted:</i>				20 Internal Service Fund			
464 Restricted fund balance	-	-	-	Total revenue	\$ 7,576,955	\$ 7,576,955	\$ -
<i>Committed:</i>				Total expenditures	\$ 6,742,667	6,742,667	-
418 Committed for separation	-	-	-	<i>Unassigned:</i>			
461 Committed	-	-	-	422 Unassigned fund balance (net position)	1,994,187	1,994,187	-
<i>Assigned:</i>							
462 Assigned fund balance	3,609,331	3,609,331	-	25 OPEB Revocable Trust			
<i>Unassigned:</i>				Total revenue	\$ -	\$ -	\$ -
422 Unassigned fund balance (net position)	5,578,972	5,578,975	(3)	Total expenditures	-	-	-
				<i>Unassigned:</i>			
				422 Unassigned fund balance (net position)	-	-	-
02 Food Services Fund							
Total revenue	\$ 3,305,150	\$ 3,305,150	\$ -	45 OPEB Irrevocable Trust			
Total expenditures	3,038,739	3,038,738	1	Total revenue	\$ 28,682	\$ 28,682	\$ -
<i>Nonspendable:</i>				Total expenditures	250	250	-
460 Nonspendable fund balance	76,028	76,028	-	<i>Unassigned:</i>			
<i>Restricted/reserved:</i>				422 Unassigned fund balance (net position)	2,685,291	2,685,291	-
452 OPEB liabilities not held in trust	-	-	-				
<i>Restricted:</i>				47 OPEB Debt Service			
464 Restricted fund balance	919,022	919,023	(1)	Total revenue	\$ 762,420	\$ 762,419	\$ 1
<i>Unassigned:</i>				Total expenditures	735,765	735,765	-
463 Unassigned fund balance	-	-	-	<i>Nonspendable:</i>			
				460 Nonspendable fund balance	-	-	-
04 Community Service Fund				<i>Restricted:</i>			
Total revenue	\$ 4,992,301	\$ 4,992,299	\$ 2	425 Bond refundings	-	-	-
Total expenditures	4,866,071	4,866,069	2	464 Restricted fund balance	122,321	122,321	-
<i>Nonspendable:</i>				<i>Unassigned:</i>			
460 Nonspendable fund balance	41,721	41,721	-	463 Unassigned fund balance	-	-	-
<i>Restricted/reserved:</i>							
426 \$25 Taconite	-	-	-				
431 Community Education	585,034	585,035	(1)				
432 ECFE	42,050	42,050	-				
444 School Readiness	191,462	191,462	-				
447 Adult Basic Education	11,049	11,049	-				
452 Opeb liabilities not held in trust	-	-	-				
<i>Restricted:</i>							
464 Restricted fund balance	3,523	3,523	-				
<i>Unassigned:</i>							
463 Unassigned fund balance	-	-	-				

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STATISTICAL SECTION

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Independent School District No. 192
Statistical Section (Unaudited)

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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	100
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	104
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	110
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	115
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	118

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net investment in capital assets	\$ (11,577,957)	\$ (13,208,908)	\$ (21,935,043)	\$ (19,410,971)	\$ (19,484,672)	\$ (18,029,060)	\$ (20,728,015)	\$ (17,838,292)	\$ (12,801,800)	\$ (8,069,026)
Restricted	1,733,913	1,643,480	1,726,121	1,044,706	599,394	378,099	695,172	5,854,618	3,795,807	4,358,909
Unrestricted	(19,383,179)	(19,739,507)	(23,849,059)	(26,893,302)	(15,382,070)	(16,788,565)	(11,659,904)	(60,668,164)	(58,647,696)	(78,929,855)
Total governmental activities net assets	<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>	<u>\$ (67,653,689)</u>	<u>\$ (82,639,972)</u>

Independent School District No. 192
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)
(unaudited)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Administration	\$ 2,281,553	\$ 2,493,136	\$ 2,793,108	\$ 2,972,746	\$ 3,039,382	\$ 2,861,239	\$ 3,020,958	\$ 2,945,067	\$ 2,958,510	\$ 3,817,460
District support services	1,976,340	2,524,801	2,232,400	2,269,164	2,410,921	2,979,027	3,236,185	3,814,841	7,655,043	4,116,111
Elementary and secondary regular instruction	23,156,343	25,750,887	27,335,092	28,479,726	29,617,751	30,149,009	29,608,354	32,092,433	33,572,184	48,716,860
Vocational education instruction	302,777	326,669	631,690	578,780	592,817	591,705	526,164	552,403	865,574	1,353,886
Special education instruction	10,139,144	9,427,975	10,216,472	10,151,500	10,885,818	10,979,602	11,412,057	12,081,345	12,223,981	16,443,427
Instructional support services	3,113,444	3,757,421	3,289,443	3,784,372	3,644,676	3,022,306	3,498,036	3,396,174	3,775,815	4,569,688
Pupil support services	4,640,911	4,936,253	5,457,701	5,737,995	5,812,966	5,753,865	5,793,138	6,051,082	6,033,961	6,991,027
Sites and buildings	9,451,157	12,592,569	14,623,090	9,089,024	8,437,907	6,086,373	6,278,475	6,334,689	5,570,230	7,148,603
Fiscal and other fixed cost programs	221,342	114,430	134,620	200,678	235,465	311,549	269,291	239,595	226,217	223,268
Food service	2,419,329	2,538,910	2,711,058	2,955,163	2,939,948	3,096,756	3,005,615	3,115,176	3,131,432	3,095,761
Community education and services	3,142,501	3,313,200	3,592,038	3,930,389	4,038,348	4,621,956	4,652,640	4,526,854	4,634,178	5,417,532
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	5,689,030	6,064,152
Interest and fiscal charges on long-term debt	14,112,327	13,998,006	14,128,567	13,027,014	10,010,468	9,491,794	9,115,861	9,851,134	5,243,100	4,678,177
Total governmental activities expenses	74,957,168	83,014,836	92,402,333	88,430,749	86,977,090	85,269,194	85,455,133	90,479,031	91,579,255	112,635,952
Program Revenues										
Governmental Activities										
Charges for services										
Administration	-	-	-	-	-	-	-	-	-	-
District support services	-	-	-	-	-	369	113,615	125,134	37,691	174,517
Elementary and secondary regular instruction	553,860	590,295	604,896	666,609	694,908	633,563	670,614	711,626	686,549	746,927
Vocational education instruction	-	-	-	-	-	-	-	-	-	-
Special education instruction	73,309	71,105	27,122	95,087	180,078	147,138	92,262	37,412	-	7,219
Instructional support services	-	-	-	-	-	1,402	1,000	-	-	-
Pupil support services	-	-	-	-	-	-	-	-	-	-
Sites and buildings	96,031	82,769	106,271	99,476	106,463	110,149	108,440	105,453	147,836	147,461
Fiscal and other fixed cost programs	-	-	-	-	-	-	-	-	-	-
Food service	1,745,636	1,807,013	1,955,817	2,016,380	2,039,120	2,013,403	1,932,980	2,096,665	2,148,910	2,069,202
Community education and services	2,131,144	2,279,554	2,551,956	2,914,478	3,031,376	3,484,233	3,832,157	3,440,651	3,533,478	3,516,502
Depreciation not included in other functions	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	11,728,792	10,375,129	11,047,034	12,519,519	12,650,254	11,322,874	13,079,334	14,271,128	13,982,338	15,009,901
Capital grants and contributions	1,129,915	1,177,888	786,149	787,713	895,304	947,931	988,310	1,224,893	1,221,191	1,788,466
Total governmental activities program revenues	17,458,687	16,383,753	17,079,245	19,099,262	19,597,503	18,661,062	20,818,712	22,012,962	21,757,993	23,460,195
Net expense	(57,498,481)	(66,631,083)	(75,323,088)	(69,331,487)	(67,379,587)	(66,608,132)	(64,636,421)	(68,466,069)	(69,821,262)	(89,175,757)
General Revenues										
Governmental Activities										
Taxes										
Property taxes, levied for general purposes	3,519,886	6,085,529	6,813,122	9,093,054	5,619,114	6,169,145	3,960,769	5,034,575	6,085,082	8,143,426
Property taxes, levied for community service	358,543	367,776	371,894	593,380	399,820	476,237	281,363	521,005	501,239	573,217
Property taxes, levied for debt service	10,386,732	11,863,282	12,898,003	13,367,159	12,411,603	12,552,765	12,642,712	12,912,421	13,001,115	15,147,240
General grants and aids	38,756,876	40,317,867	37,329,268	39,579,320	45,746,433	47,033,816	50,270,485	52,931,208	54,541,170	56,658,190
Gain on sale of capital assets	3,337	-	22,860	1,525	-	-	-	3,555	-	-
Other general revenues	143,906	2,075,524	4,002,777	4,563,378	317,307	351,280	208,794	510,934	603,999	1,013,822
Investment earnings	8,154,098	3,843,393	1,132,118	932,085	541,878	36,416	19,077	34,790	86,806	340,087
Special item	-	-	-	-	13,335,651	-	-	-	-	-
Total governmental activities	61,323,378	64,553,371	62,570,042	68,129,901	78,371,806	66,619,659	67,383,200	71,948,488	74,819,411	81,875,982
Change in net position	\$ 3,824,897	\$ (2,077,712)	\$ (12,753,046)	\$ (1,201,586)	\$ 10,992,219	\$ 11,527	\$ 2,746,779	\$ 3,482,419	\$ 4,998,149	\$ (7,299,775)

Independent School District No. 192
Fund Balances of Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,020,686	\$ 967,426	\$ 1,132,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,560,721	3,215,451	2,859,312	-	-	-	-	-	-	-
Nonspendable	-	-	-	742,158	647,965	633,768	641,407	608,024	635,193	744,270
Restricted	-	-	-	711,150	268,338	62,952	87,929	236,924	337,954	478,437
Committed	-	-	-	345,968	12,370	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	86,124	1,600,250	3,609,331
Unassigned	-	-	-	1,815,379	1,601,105	1,248,451	2,167,828	2,579,697	2,854,896	5,356,285
Total general fund	<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>	<u>\$ 5,428,293</u>	<u>\$ 10,188,323</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 709,288	\$ 118,061	\$ 140,088	\$ 105,175	\$ 74,271	\$ 107,168	\$ 117,749
Restricted	-	-	-	39,284,106	10,404,021	11,503,067	81,951,552	30,200,598	44,554,547	29,319,309
Reserved	58,678,017	59,017,377	43,748,872	-	-	-	-	-	-	-
Unassigned/ unreserved, reported in										
Special revenue funds	338,533	385,059	537,111	(2,387)	(6,573)	(11,146)	-	-	-	-
Capital projects fund	57,164,392	25,061,705	17,271,309	-	-	-	-	-	-	-
Debt service fund	1,202,510	1,119,835	1,621,821	-	-	-	-	-	-	-
Total all other Governmental funds	<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>	<u>\$ 44,661,715</u>	<u>\$ 29,437,058</u>
Unreserved - operating account as a percentage of total expenditures	<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>	<u>4.0%</u>	<u>7.5%</u>

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

Only year 2011 through 2016 are reported in compliance with GASB Statement No. 54. Years 2004-2010 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Local sources										
Taxes	\$ 14,183,388	\$ 18,061,922	\$ 20,048,440	\$ 22,707,049	\$ 18,604,245	\$ 19,447,043	\$ 17,011,473	\$ 18,435,002	\$ 19,760,259	\$ 23,872,061
Investment earnings	8,154,098	3,858,924	1,132,118	932,085	541,878	36,416	19,077	41,404	51,795	130,339
Other	4,743,635	6,900,847	5,688,939	10,361,597	6,381,291	6,762,590	6,977,896	7,038,338	7,211,671	7,913,479
State sources	49,304,316	49,627,894	46,265,828	49,473,885	56,222,625	56,960,408	61,867,230	65,949,189	67,133,709	68,836,128
Federal sources	2,311,518	2,232,872	6,456,523	3,405,891	3,057,327	2,323,160	2,452,865	2,464,518	2,590,661	2,665,713
Total revenues	<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>	<u>96,748,095</u>	<u>103,417,720</u>
Expenditures										
Current										
Administration	2,273,727	2,784,195	2,701,290	2,838,452	2,936,329	2,757,084	2,863,077	2,927,621	2,881,456	3,014,364
District support services	1,806,741	2,269,851	2,127,420	2,183,386	2,133,558	1,902,112	2,055,614	2,617,365	2,821,314	2,790,420
Elementary and secondary regular instruction	23,324,926	28,655,607	26,545,687	27,336,472	28,583,029	29,071,218	28,671,604	31,487,224	33,102,929	34,449,272
Vocational education instruction	326,879	326,669	631,690	578,780	592,817	591,705	532,579	559,061	884,011	966,774
Special education instruction	10,113,624	10,434,612	9,641,660	9,794,887	10,469,268	10,558,288	11,141,882	11,882,109	12,086,043	12,315,722
Instructional support services	3,080,033	4,016,157	3,189,990	3,650,148	3,543,324	2,887,935	3,352,488	3,404,650	3,678,163	3,554,687
Pupil support services	4,637,504	5,068,579	5,410,832	5,682,397	5,755,556	5,725,205	5,783,144	6,031,581	6,003,798	6,350,383
Sites and buildings	4,700,944	5,320,474	5,835,080	6,032,603	5,579,524	5,397,762	5,530,645	5,366,707	6,959,701	7,020,755
Fiscal and other fixed cost programs	221,342	114,430	134,620	200,678	235,465	311,549	269,291	239,589	226,217	223,268
Food service	2,396,154	2,549,785	2,632,808	2,859,571	2,833,874	3,019,151	2,932,891	3,048,119	3,042,965	3,037,950
Community service	3,147,091	3,284,913	3,532,809	3,894,751	3,971,963	4,595,830	4,638,784	4,535,037	4,571,286	4,780,764
Capital outlay	52,074,262	36,361,678	8,925,900	3,173,230	4,031,726	3,558,018	8,210,974	2,732,131	10,779,865	16,140,491
Debt service										
Principal	3,002,000	2,980,000	4,318,458	5,248,853	16,432,160	14,030,000	13,905,000	83,860,000	68,610,000	23,105,000
Interest and fiscal charges	12,992,601	13,683,867	13,409,540	12,853,976	10,225,384	9,935,729	9,451,173	10,191,851	8,361,414	8,049,807
Total expenditures	<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>	<u>164,009,162</u>	<u>125,799,657</u>
Excess of revenues under expenditures	(45,400,873)	(37,168,358)	(9,445,936)	552,323	(12,516,611)	(8,811,969)	(11,010,605)	(74,954,594)	(67,261,067)	(22,381,937)
Other financing sources (uses)										
Bonds issued	492,000	6,000,000	-	-	19,210,000	25,765,000	77,060,000	20,475,000	72,370,000	10,665,000
Premium on bonds issued	-	-	-	-	1,315,357	853,862	5,326,810	3,753,037	7,620,929	1,251,580
Debt service loans proceeds	-	-	-	-	-	-	-	-	-	-
Capital loan proceeds	-	-	-	-	-	-	-	-	-	-
Capital lease/certificates of participation	-	1,077,926	-	-	-	-	-	-	3,574,508	-
Proceeds from sale of assets	3,337	4,876	22,860	2,112	-	-	506	-	-	730
Debt retirement from escrow account	-	-	(13,285,000)	(24,120,000)	(38,569,121)	(17,275,000)	-	-	-	-
Total other financing sources (uses)	<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>	<u>83,565,437</u>	<u>11,917,310</u>
Net change in fund balances	<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>	<u>\$ 16,304,370</u>	<u>\$ (10,464,627)</u>
Debt services as a percentage of noncapital expenditures	21.55%	19.09%	20.02%	21.15%	27.83%	26.07%	25.28%	55.96%	49.24%	26.38%

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	
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
2016	6,133,285	943,769	12,683,205	19,760,259
2017	8,146,799	1,330,982	14,394,280	23,872,061

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	
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
2016	6,085,082	501,239	13,001,115	19,587,436
2017	8,143,426	573,217	15,147,240	23,863,883

Independent School District No. 192
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2017			2007*		
	Net Tax Capacity	Rank	Percentage Total City Tax Valuation	Net Tax Capacity	Rank	Percentage Total City Tax Valuation
Northern Natural Gas	\$ 870,644	1	3.01%	\$ 333,798	1	1.25%
Northern States Power co	521,242	2	1.80%	98,499	6	0.37%
Minnesota Pipeline Co	280,682	3	0.97%	-	-	-
Fulford Group LLC	279,356	4	0.97%	112,626	5	0.42%
MN Energy Resource Corp	177,688	5	0.61%	-	-	-
Dakota Electric	166,846	6	0.58%	151,940	2	0.57%
Country View Lmt'd Partnership	141,141	7	0.49%	-	-	-
Great River Energy	120,352	8	0.42%	-	-	-
Ardmor MHC LLC	93,187	9	0.32%	-	-	-
Dakota Storage LLC	81,226	10	0.28%	83,488	8	0.31%
Partnership Country View LMTD	-	-	-	127,745	3	0.48%
Uniprop Manufactured Housing Comm	-	-	-	115,665	4	0.43%
Farmington City Center	-	-	-	94,388	7	0.35%
Valmont Industries	-	-	-	69,356	10	0.26%
Services St Francis Health	-	-	-	75,561	9	0.28%
Total for ten largest principal taxpayers	<u>\$ 2,732,364</u>			<u>\$ 1,263,066</u>		

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

* Ten years used instead of nine years due to availability of information

Independent School District No. 192
Direct and Overlapping
Tax Capacity Rates
Last Ten Fiscal Years
(unaudited)

	<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>2015-16</u>	<u>2016-17</u>	<u>Proposed 2017-18</u>
Governmental Unit										
ISD No. 192 (Farmington)	49.226%	53.452%	52.157%	55.308%	57.226%	56.326%	53.474%	57.584%	54.269%	53.721%
Overlapping Governments										
Dakota County	25.814%	27.269%	29.149%	31.417%	33.421%	31.827%	29.633%	28.570%	28.004%	26.540%
City of Farmington	44.186%	49.274%	55.733%	63.093%	66.821%	65.876%	61.455%	59.239%	58.760%	57.111%
City of Lakeville	33.973%	36.624%	38.250%	39.051%	41.234%	40.696%	38.948%	38.669%	37.510%	36.748%
ISD No. 192 Market Value Referendum Rate	0.137%	0.152%	0.146%	0.140%	0.151%	0.111%	0.115%	0.191%	0.185%	0.185%
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
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%	10,399,621	18,319,621	99.09%
2015	19,469,129	8,566,000	44.00%	10,741,938	19,307,938	99.17%
2016	23,773,482	10,755,992	45.24%	12,830,141	23,586,133	99.21%
2017	24,371,918	10,487,046	43.03%	N/A	10,487,046	N/A

Note 1: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect 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
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	0.57584	2,476,883,700	1.06%
2016	22,449,983	5,272,498	1,522,356	119,160	1,516,132	27,609,545	0.56932	2,652,339,678	1.04%
2017	23,783,035	5,462,965	1,629,262	197,793	1,743,705	28,933,764	0.57584	2,795,558,853	1.03%

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
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	12.10%
2016	225,851,900	-	-	-	-	225,851,900	35,943	6,284	12.08%
2017	212,543,310	-	-	-	-	212,543,310	36,096	5,888	N/A

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

Independent School District No. 192
Ratios of General Bonded Debt Outstanding
Last Ten Years
Last Ten Fiscal Years

Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Net Bonded Debt	Tax Capacity	Percentage of Estimated Actual Taxable Value of Property	Estimated Population	Net Bonded Debt Per Capita
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
2016	225,851,900	5,058,044	220,793,856	31,974,229	690.54%	35,943	6,143
2017	212,543,310	4,894,446	207,648,864	33,552,354	618.88%	36,096	5,753

Note: Details regarding the District's outstanding debt can be found in the notes to 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>
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%
2016	68,610,000	8,361,414	76,971,414	71,929,450	107.0%
2017	23,105,000	8,049,807	31,154,807	70,974,849	43.9%

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

Independent School District No. 192
Direct and Overlapping Governmental Activities Debt
as of June 30, 2017
Last Ten Fiscal Years

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Dakota County	\$ 20,910,000	6.88%	\$ 1,438,608
City of Farmington	19,365,000	99.97%	19,359,191
City of Lakeville	83,320,000	8.51%	7,090,532
Town of Empire	450,000	83.66%	376,470
Metropolitan Council	186,185,000	0.88%	1,638,428
Subtotal, overlapping debt	310,230,000		29,903,229
Independent School District No. 192 - Direct Debt	200,335,000	100.00%	200,335,000
Total direct and overlapping debt			\$ 230,238,229

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 2016.

Independent School District No. 192
Legal Debt Margin Information
Last Ten Years
Last Ten Fiscal Years

	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 438,186,105	\$ 409,903,605	\$ 380,394,990	\$ 353,897,014	\$ 344,461,499	\$ 326,622,379	\$ 386,941,701	\$ 386,203,545	\$ 413,801,133	\$435,863,771
Total net debt										
Applicable to limit	<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>	<u>209,665,000</u>	<u>197,032,721</u>
Legal debt margin	<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>\$ 117,651,701</u>	<u>\$ 204,136,133</u>	<u>\$ 238,831,050</u>
Total net debt applicable to the limit as a percentage of debt limit	64.73%	69.36%	70.14%	67.05%	61.45%	63.11%	69.59%	53.32%	50.67%	45.21%

Legal debt margin calculation for year 2014

Market value	\$2,905,758,476
Debt limit (15% of market value)	435,863,771
Debt applicable to limit	
G.O. Bonds	<u>197,032,721</u>
Total net debt applicable to limit	<u>197,032,721</u>
Legal debt margin	<u>\$ 238,831,050</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>
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%
2016	237,777	3.60%	3.70%
2017	228,936	2.80%	2.90%

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 Nine Years ago

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Farmington Public Schools	899	1	31.10%	825	1	33.70%
Federal Aviation Administration	800	2	27.67%	472	2	19.28%
Dakota Electric	200	3	6.92%	216	3	8.82%
Trinity Care Center and Trinity Terrace	160	4	5.53%	125	8	5.11%
River Valley Home Care	159	5	5.50%	130	7	5.31%
Marschall Line Inc	150	6	5.19%	200	4	8.17%
City of Farmington	147	7	5.08%	144	5	5.88%
R & L Carriers	133	8	4.60%	-	-	-
Kemps LLC	133	9	4.60%	125	9	5.11%
Valmont Industries	110	10	3.80%	131	6	5.35%
Bachmans Nursey	-	-	-	80	10	3.27%
Total	2,891			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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>
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	1,785,108,120	50,541
2016	35,943	1,870,401,834	52,038
2017	36,096	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, 2017

Meals	Number of Meals Served
Elementary full paid lunch	249,321
Secondary full paid lunch	277,975
Reduced price lunch	49,494
Free lunch	103,415
Adult lunch	11,949
	<hr/>
Total lunches served	630,711
	<hr/> <hr/>
Elementary full paid breakfast	86482
Secondary full paid breakfast	8,728
Reduced price breakfast	12,583
Free breakfast	29,581
Adult breakfast	788
	<hr/>
Total breakfasts served	138,162
	<hr/> <hr/>

Data Source: Independent School District No. 192 District Office

Independent School District No. 192
School Facilities
as of June 30, 2017

<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	95,275
Farmington Elementary	1954	1965, 1997	K-5	95,433
North Trail Elementary	1997		K-5	104,580
Meadowview Elementary	2003		K-5	143,550
Riverview Elementary	1999		K-5	161,000
Dodge Middle School	1993	1997	G6-8	217,000
Boeckman Middle School	1973	1995, 2004	G6-8	266,000
Farmington High School (new Facility)	2009		G9-12	470,000
Instructional Services Center	1918	1965		95,320
District Services Center	1975			8,000

Data Source: Independent School District No. 192 District Office

Independent School District No. 192
Student Enrollment
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

Year Ended June 30,	Average Daily Membership (ADM) (including Enrollment Option)					Total Pupil Units
	Handicapped and Prekindergarten	Kindergarten	Elementary	Secondary	Total	
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
2016	125.37	450.06	3,469.68	3,094.73	7,139.84	7,758.79
2017	122.97	469.65	3,398.24	3,172.86	7,163.72	7,798.29

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	Kindergarten	Elementary 3-Jan	Elementary 6-Apr	Secondary
2008 through 2014	1.250	1.000	0.612	1.115	1.060	1.300
2015 through 2017	1.000	1.000	0.550	1.000	1.000	1.200

Source: State Department of Education Student Count Reports

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
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%	14.14%
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 85.6%	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%	1,778,328 2.7%	66,212,651 100.0%	7.49%
2016	2,881,456 4.0%	2,821,314 3.9%	33,102,929 46.0%	884,011 1.2%	12,086,043 16.8%	3,678,163 5.1%	6,003,798 8.3%	5,187,913 7.2%	226,217 0.3%	5,057,606 7.0%	71,929,450 100.0%	8.63%
2017	3,014,364 4.2%	2,790,420 3.9%	34,449,272 48.5%	966,774 1.4%	12,315,722 17.4%	3,554,687 5.0%	6,350,383 8.9%	5,576,882 7.9%	223,268 0.3%	1,733,077 2.4%	70,974,849 100.0%	-1.33%

Independent School District No. 192
Revenue and Expenditures - Governmental Funds
General, Special Revenue, Capital Projects and Debt Service Funds
Last Ten Years
(unaudited)

	Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
General fund										
Operating account	\$ 51,700,664	\$ 55,102,346	\$ 56,607,768	\$ 58,377,101	\$ 59,753,701	\$ 60,044,445	\$ 62,547,761	\$ 67,267,949	\$ 70,272,466	\$ 75,734,149
Special revenue funds										
Food service fund	2,424,772	2,535,820	2,760,908	2,908,993	2,935,710	2,959,723	2,921,134	3,288,477	3,356,767	3,305,150
Community service fund	3,079,803	3,236,917	3,492,951	3,877,738	4,055,920	4,578,216	4,962,197	4,710,170	4,853,691	4,992,301
Other nonmajor	-	-	381,029	354,393	386,001	407,649	604,468	454,784	441,421	762,420
Capital projects fund	3,766,963	3,179,654	217,796	4,361,765	68,104	31,628	1,759	20,527	3,155	284,836
Debt service fund - G.O. Bonds	17,724,753	16,627,722	16,131,395	17,000,517	17,607,930	17,507,956	17,291,222	18,186,544	17,820,595	18,338,864
Total revenues	<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>	<u>\$ 96,748,095</u>	<u>\$ 103,417,720</u>
Expenditures										
Current										
Operating account	\$ 51,163,099	\$ 59,393,302	\$ 56,933,841	\$ 58,990,656	\$ 60,838,578	\$ 60,629,052	\$ 61,596,274	\$ 66,212,648	\$ 71,929,450	\$ 70,974,849
Special revenue funds										
Food service fund	2,396,556	2,550,104	2,632,808	2,899,623	2,861,842	3,019,151	2,933,774	3,048,639	3,066,599	3,038,739
Community service fund	3,158,056	3,312,708	3,591,455	3,914,999	4,017,144	4,642,123	4,654,550	4,585,869	4,629,918	4,866,071
Other nonmajor	-	-	362,000	352,539	352,990	352,539	6,419,213	461,520	473,278	735,765
Capital projects fund	51,385,516	35,930,836	8,437,623	2,706,017	3,234,811	2,154,791	6,798,375	984,038	7,701,856	15,765,191
Debt service fund - G.O. Bonds	15,994,601	16,663,867	17,080,057	17,464,350	26,018,612	23,543,930	16,936,960	93,590,331	76,208,061	30,419,042
Total expenditures	<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>	<u>\$ 164,009,162</u>	<u>\$ 125,799,657</u>

Independent School District No. 192
Expenditures Per Student
Year Ended June 30, 2017
(with Comparative Amounts for the Year Ended June 30, 2016)
(unaudited)

	State Average	ISD No. 192	
	2016	2016	2017
Expenditures Per Student (ADM) (1)			
General Fund - Operating Account			
District and school administration	\$ 553	\$ 456	\$ 471
District support services	463	412	414
Elementary and secondary regular instruction	5,124	4,197	4,387
Vocational education instruction	149	78	123
Special education instruction	2,179	1,665	1,678
Instructional support services	606	386	417
Pupil support services	647	505	498
Sites and buildings, fiscal and other fixed			
Cost programs	1,557	1,274	1,224
	<hr/>	<hr/>	<hr/>
Total general fund - operating account	11,278	8,973	9,212
Food service special revenue fund	539	249	426
	<hr/>	<hr/>	<hr/>
Total pk - 12 operating expenditures	11,817	9,222	9,638
General fund - capital expenditure account	677	303	279
Community service special revenue fund	550	642	643
Capital projects fund	1,405	138	1,070
Debt service fund	1,433	13,111	10,583
	<hr/>	<hr/>	<hr/>
Total expenditures per student	\$ 15,882	\$ 23,416	\$ 22,213
	<hr/>	<hr/>	<hr/>
ADM Served	861,750	7,138	7,201
	<hr/>	<hr/>	<hr/>

Source: Minnesota Department of Education School District Profiles

(1) Note: ADM is a Measure of Student Attendance.

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District and school administration	\$ 2,276,227	\$ 2,787,546	\$ 2,704,197	\$ 2,845,999	\$ 2,941,589	\$ 2,759,636	\$ 2,866,365	\$ 2,930,774	\$ 2,883,950	\$ 3,018,672
District support services	2,054,385	2,762,881	2,511,483	2,478,833	2,625,824	2,894,569	3,086,200	3,833,572	7,608,508	4,017,005
Elementary and secondary regular instruction	23,347,454	28,738,636	26,656,521	27,426,744	28,704,749	29,221,257	28,821,609	31,687,670	33,184,413	34,658,925
Vocational education instruction	384,509	326,669	631,690	578,780	592,817	591,705	532,579	559,061	884,011	966,774
Special education instruction	10,119,368	10,452,274	9,884,859	9,821,738	10,480,975	10,582,999	11,148,251	11,890,967	12,100,803	12,330,895
Instructional support services	3,088,002	4,053,639	3,203,153	3,683,316	3,550,964	2,888,185	3,360,385	3,411,008	3,696,104	3,555,074
Pupil support services	4,626,948	5,060,097	5,410,832	5,682,397	5,755,556	5,725,205	5,783,144	6,031,581	6,003,798	6,350,383
Sites, buildings and equipment	5,044,863	5,097,131	5,796,486	6,272,171	5,950,639	5,653,947	5,728,450	5,628,426	5,341,646	5,853,853
Fiscal and other fixed cost programs	221,342	114,430	134,620	200,678	235,465	311,549	269,291	239,589	226,217	223,268
Total	<u>\$ 51,163,099</u>	<u>\$ 59,393,303</u>	<u>\$ 56,933,841</u>	<u>\$ 58,990,656</u>	<u>\$ 60,838,578</u>	<u>\$ 60,629,052</u>	<u>\$ 61,596,274</u>	<u>\$ 66,212,648</u>	<u>\$ 71,929,450</u>	<u>\$ 70,974,849</u>
Weighted ADM	7,102	7,233	7,409	7,471	7,579	7,700	6,915	7,690	7,759	7,798
District and school administration	\$ 321	\$ 385	\$ 365	\$ 381	\$ 388	\$ 358	\$ 415	\$ 381	\$ 372	\$ 387
District support services	289	382	339	332	346	376	446	499	981	515
Elementary and secondary regular instruction	3,288	3,974	3,598	3,671	3,787	3,795	4,168	4,121	4,277	4,445
Vocational education instruction	54	45	85	77	78	77	77	73	114	124
Special education instruction	1,425	1,445	1,334	1,315	1,383	1,374	1,612	1,546	1,560	1,581
Instructional support services	435	560	432	493	469	375	486	444	476	456
Pupil support services	652	700	730	761	759	744	836	784	774	814
Sites, buildings and equipment	710	705	782	840	785	734	828	732	688	751
Fiscal and other fixed cost programs	31	16	18	27	31	40	39	31	29	29
Total	<u>\$ 7,205</u>	<u>\$ 8,212</u>	<u>\$ 7,684</u>	<u>\$ 7,896</u>	<u>\$ 8,027</u>	<u>\$ 7,874</u>	<u>\$ 8,908</u>	<u>\$ 8,610</u>	<u>\$ 9,270</u>	<u>\$ 9,102</u>

Note: Includes all Governmental Funds.

Independent School District No. 192
Employees by Program Expense

Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District and school administration	28	30	33	28	31	34	35	37	36	36
District support services	17	17	19	20	24	22	23	27	21	30
Elementary and secondary regular instruction	297	311	309	316	339	346	336	375	365	359
Vocational education instruction	8	9	10	10	9	9	8	7	8	12
Special education instruction	155	157	157	159	211	214	218	212	216	206
Community education and services	45	59	66	63	103	117	105	102	120	120
Instructional support services	20	22	27	35	26	31	31	31	36	33
Pupil support services	22	22	25	27	46	34	31	39	53	50
Sites, buildings and equipment	40	41	50	53	49	50	56	48	52	52
Food service	6	5	6	6	6	4	4	3	2	1
Total	<u>638</u>	<u>673</u>	<u>702</u>	<u>717</u>	<u>844</u>	<u>861</u>	<u>847</u>	<u>881</u>	<u>909</u>	<u>899</u>

Data Source: Independent School District No. 192 District Office

Note: Includes all governmental funds. Data prior to year 2005 is not available.