



**COMPREHENSIVE**  
**Annual Financial Report**  
For the Fiscal Year Ended June 30, 2021

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



**COMPREHENSIVE**

**ANNUAL FINANCIAL REPORT**

**OF THE**

**INDEPENDENT SCHOOL DISTRICT**

**NO. 192**

**FARMINGTON, MINNESOTA**

**For the Year Ended**

**June 30, 2021**

Prepared by

THE BUSINESS DEPARTMENT

Jane Houska, *Director of Finance*

Jason Berg, *Superintendent*

INDEPENDENT SCHOOL DISTRICT NO. 192  
20655 Flagstaff Avenue  
Farmington, Minnesota 55024

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**Independent School District No. 192**  
**Board of Education and Administration**  
**June 30, 2021**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Melissa Sauser	Chair	January 1, 2023
Jacilyn Doyle	Vice Chair	January 1, 2025
Rebecca Kaletta	Clerk	January 1, 2023
Kyle Christensen	Treasurer	January 1, 2025
Steve Corrado	Trustee	January 1, 2023
Hannah Simmons	Trustee	January 1, 2025
<u>Administration</u>		
Jason Berg	Superintendent	
Jane Houska	Director of Finance	





# 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 6, 2021

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, 2021.

The Farmington Area Public Schools is an outer ring suburb of the Twin Cities, covering approximately 82 square miles. The enrollment projections for 2022-23 through 2025-26 is consistent with 2021-22 enrollment of roughly 7,100 students. The age of the eleven school facilities range from 1913 to the most recent construction of a new high school in 2009. Seven of the eleven buildings were built after 1988. Over the past years, there have been classroom additions added to four sites.

Generally accepted accounting principles require budgetary reporting at the legal level of control, which is the level beyond which a budgetary head has no authority to further modify the budget. In many cases, budgetary heads do have the authority to modify budgets by moving amounts around or moving budgeted amounts from one program to another. The Farmington Area Public Schools uses bottom-line budgeting. The total General Fund expenses for the 2020-21 school year were \$84,201,647 which was 3.1% under what was projected.

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 Comprehensive Annual Financial Report 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 Uniform Guidance. 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.

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 7,085 students in 2020-2021 from a population of 37,595 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 2020-2021, the District operated one high school, two middle schools, five elementary schools, one 5-8 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 66.5% of General Fund revenue. Since 2009 the Basic per pupil revenue formula has increased by an average of only 1.42% per year.

As the economy struggles with a global pandemic, the enrollment growth in the District remains stable after an initial decline due the COVID-19.

## **STRATEGIC PLANNING AND MISSION STATEMENT**

In December 2006, the District conducted a comprehensive strategic planning process. The plan is revisited every two years by a group of administrators, teachers, staff, parents and community members to measure progress and refine action steps and continue the implementation process. Due to COVID-19, this process was last completed the summer of 2019. 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 through personalization.
- Each person deserves respect.
- The well-being of future generations depends on us.
- We are stewards of Earth's natural resources.
- Communities thrive when all individuals are engaged.
- Each person is responsible to serve one's community
- Mutual communication is vital to relationships.
- Each person is obligated to do one's best.
- Curiosity ignites learning.
- Human diversity enriches both the individual and community.
- Integrity is crucial to trust.

### **Mission Statement**

The mission of Farmington Area Public Schools, a student centered culture that radiates a dream of an entirely new educational world, is to ensure each student continuously achieves one's highest aspirations while demonstrating responsibility to communities through a system distinguished by:

- Passion for continuous growth
- Humanitarian purpose
- Personal reflection which gives meaning to learning
- Individual empathetic agency
- Radical trust in self and others

### **Guiding Principles**

- Does it advance our strategic plan?
- Does it honor agency?
- Does it leverage the strengths of the learner?
- Does it cultivate the learner?
- Does it ignite the application of learning?
- Does it ensure equity?
- Does it protect the well-being of the learner?

## STRATEGIC PLANNING AND MISSION STATEMENT (CONTINUED)

### Objectives

- All learners possess the capacity and resiliency to create opportunities and master challenges
- All learners continuously achieve their academic and personal goals
- Each learner leads beneficial change locally and globally

### Strategies

#### Strategy #1:

- We will cultivate a holistic education system that unifies community members, parents, staff, and students.
  - Results Statements:
    - We will create an integrated system of shared resources connecting our community with learning.
    - We will establish a culture of collaboration where activities and events are embedded throughout our community.
    - We will nurture an empathetic culture with a shared voice that creates and strengthens relationships in our community.
    - We will generate accessible communication practices that tell our collective story.

#### Strategy #2:

- Our system's dynamics will be distinguished by adopted guiding principles.

#### Strategy #3:

- We will ensure the individual agency conducive to student driven learning.
  - Results Statements:
    - Through guidance, reflection, collaboration, and self-direction, learners will have ownership over their learning.
    - We will create a competency driven system.
    - Reflection will serve to inspire and motivate learning.
    - All learners will have the freedom and support needed to pursue their passions and pathways in learning.
    - Each learner will take risks and develop a growth mindset.

#### Strategy #4:

- We will exude a presence that exhibits our uniqueness and indispensability.
  - Results Statements:
    - Farmington Area Public Schools will optimize communication between students, families, staff and the greater community.
    - Farmington Area Public Schools will grow in its ability to appreciate cultural and individual differences; and create bridges between all students, staff, families and the greater community.

#### Strategy #5:

- We will give knowledge meaning.
  - Results Statements:
    - All students have real-world learning experiences within and beyond the classroom through a personalized and individualized system.
    - We will create a system of competency based coursework with meaningful assessment.
    - All students discover, pursue, and reflect on personal educational goals through curiosity-driven learning experiences.
    - We will create flexible environments that support student driven learning.

## **STUDENT ASSESSMENT AND TESTING**

Student academic growth and achievement in Farmington Area Public Schools is measured by various assessments, including federally mandated state assessments, NWEA-MAP tests, Pre-ACT, 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 ESSA**

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

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

Trends:

Farmington Public schools continue to rebound from the impact of the global pandemic that have impacted both the participation in and results of state mandated standardized testing. The abrupt switch to distance learning in spring of 2020 followed by the distance learning and hybrid models of the 2020-2021 school year were key factors in lower overall MCA/MTAS participation and achievement rates. Compared with 2018-2019 (no testing in 2019-2020) our proficiency rates dropped 12.9% in math and 6.6% in reading. This follows the state trend which shows state proficiency drops in Math of 10.9% and Reading of 6.8%. All measurement can be taken with a grain of salt, however, because only 72% of our eligible students participated due to MDE restrictions on remote testing for distance learning students unwilling to come to school to test. This is a significant difference from the approximately 94.0% and 94.3% participation rates observed in the 2017-18 and 2018-19 school years respectively.

ACT results followed the same pattern as MCA/MTAS with the participation and achievement in the Graduating Class of 2021 bearing the brunt of the pandemic's interruption. Only 67% of this class took the ACT at all despite being offered for free at school to all seniors in the fall of 2020 during the school day. This participation is significantly lower than normal which follows a national trend with 35% of 2021 high school graduates took the ACT compared to 49% in 2022. Overall our ACT top score average composite score of 20.3 matched the national average but trailed the state average of 21.6. We exceeded the national proficiency average in Math (42% to 36%) and Science (41% to 35%), but too much analysis cannot be drawn from these results based on the poor participation rates.

### **District Administered Standardized Tests – NWEA MAP Growth**

Farmington Public Schools uses NWEA MAP Growth for grades 2 thru 8 to measure student growth from season to season and year to year. Participation was much higher for MAP Growth than MCA and ACT participation with the availability of remote testing, but was still down slightly from previous years. Using Fall-to-Fall growth data instead of our typical Spring-to-Spring Growth (interrupted by no

2020 spring testing) we saw 53.0% and 50.7% of students met or exceeded math and reading goals respectively from the Fall of 2020 to the Fall of 2021. This is significantly better than the previous cycle for math where only 33.9% met or exceeded math growth goals. Reading proficiency dipped slightly from fall of 2020 to fall of 2021 from 50.7% to 48.2%.

## **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 thirteenth year the District has prepared a Comprehensive Annual Financial Report. The District was awarded a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for their 2020 Comprehensive Annual Financial Report.

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**

Our district continues to be a national leader in work around creating a student centered learning environment. Over the past five year the district has hosted staff from over 150 school districts and other educational organizations.

We continue to grow as a community, have a strong financial position and strive to meet the needs of every student where they are at in their educational path.

## **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**



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

**Independent School District 192 -  
Farmington Area Public Schools**

**for its Comprehensive Annual Financial Report  
for the Fiscal Year Ended June 30, 2020.**

The district report meets the criteria established for  
ASBO International's Certificate of Excellence.



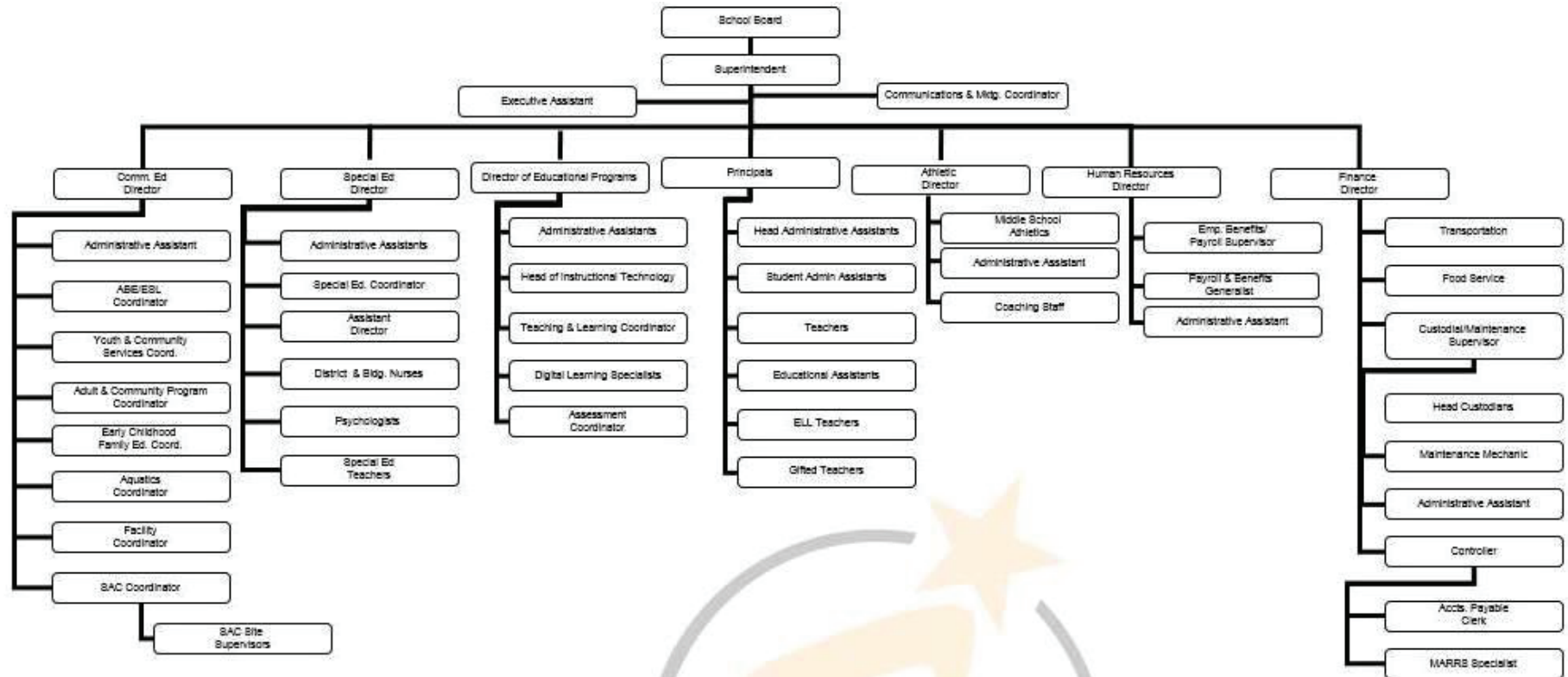
A handwritten signature in black ink, reading 'W. Edward Chabel'.

**W. Edward Chabel  
President**

A handwritten signature in black ink, reading 'David J. Lewis'.

**David J. Lewis  
Executive Director**

# Independent School District No. 192 Organizational Chart



## Independent Auditor's Report

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

### Report on the Basic Financial Statements

We have audited the accompanying basic 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, 2021, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Basic Financial Statements

The management of Independent School District No. 192 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 basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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 basic financial statements referred to in the first paragraph 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, 2021, 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.

## 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 the Government Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The 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 6, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

**BerganKDV, Ltd.**

Minneapolis, Minnesota

December 6, 2021



## **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, 2021. 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 (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

- The District's net position increased \$9.9 million from current year activity ending the year at \$(43.8 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, 2021, the District currently has a net OPEB liability of \$17,060,138.
- The General Fund net change in fund balance increased by \$4,235,180, with an end of year balance of \$21.5 million.
- The Special Revenue Funds, which include Food Service and Community Service Funds, ended the year with fund balances of \$793,588 and \$(83,261), respectively.
- The Capital Projects Fund reflects the spend down of the 2015 Facilities Bonds, related expenditures for building remodeling and renovation projects of \$4,318,765 and revenue of \$57,489 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.

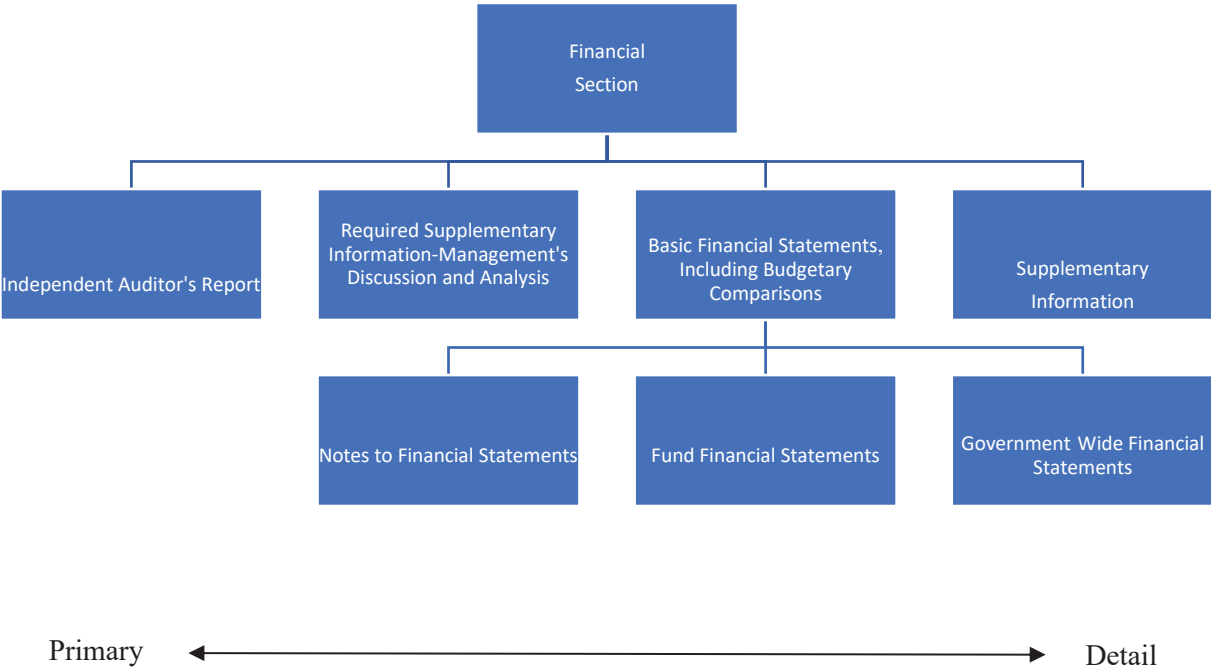
**Independent School District No. 192  
Management's Discussion and Analysis**

**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.

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





**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.

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

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

### **OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

#### **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.

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 2020-21, 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).

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

### **FUND FINANCIAL STATEMENTS (CONTINUED)**

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.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others such as the Agency 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 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.

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Net Position

The District's total net position as of June 30, 2021, was \$(43,768,396) which is summarized in Figure A-3 below.

**Figure A-3  
Net Position – Governmental**

	2020-2021	2019-2020	Percentage Change
Current and other assets	\$ 76,576,617	\$ 76,110,983	0.61%
Capital assets	<u>175,733,807</u>	<u>179,441,629</u>	-2.07%
Total assets	<u><u>\$ 252,310,424</u></u>	<u><u>\$ 255,552,612</u></u>	-1.27%
Deferred outflows related to pensions	\$ 28,595,078	\$ 44,812,064	-36.19%
Other deferred outflows	<u>1,924,857</u>	<u>1,389,454</u>	38.53%
Total deferred outflows of resources	<u><u>\$ 30,519,935</u></u>	<u><u>\$ 46,201,518</u></u>	-33.94%
Long-term liabilities	\$ 219,785,294	\$ 229,260,233	-4.13%
Other liabilities	<u>32,070,942</u>	<u>31,435,087</u>	2.02%
Total liabilities	<u><u>\$ 251,856,236</u></u>	<u><u>\$ 260,695,320</u></u>	-3.39%
Deferred inflows related to property taxes levied for subsequent year's expenditures	\$ 29,317,168	\$ 28,065,399	4.46%
Pensions	43,847,818	64,608,445	-32.13%
Other deferred inflows	<u>1,577,533</u>	<u>2,054,383</u>	-23.21%
Total deferred inflows of resources	<u><u>\$ 74,742,519</u></u>	<u><u>\$ 94,728,227</u></u>	-21.10%
<b>Net Position</b>			
Net investment in capital assets	\$ 23,470,541	\$ 16,918,117	-38.73%
Restricted	6,402,986	4,938,228	29.66%
Unrestricted	<u>(73,641,923)</u>	<u>(75,525,762)</u>	2.49%
Total net position	<u><u>\$ (43,768,396)</u></u>	<u><u>\$ (53,669,417)</u></u>	18.45%

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

**Net Position (Continued)**

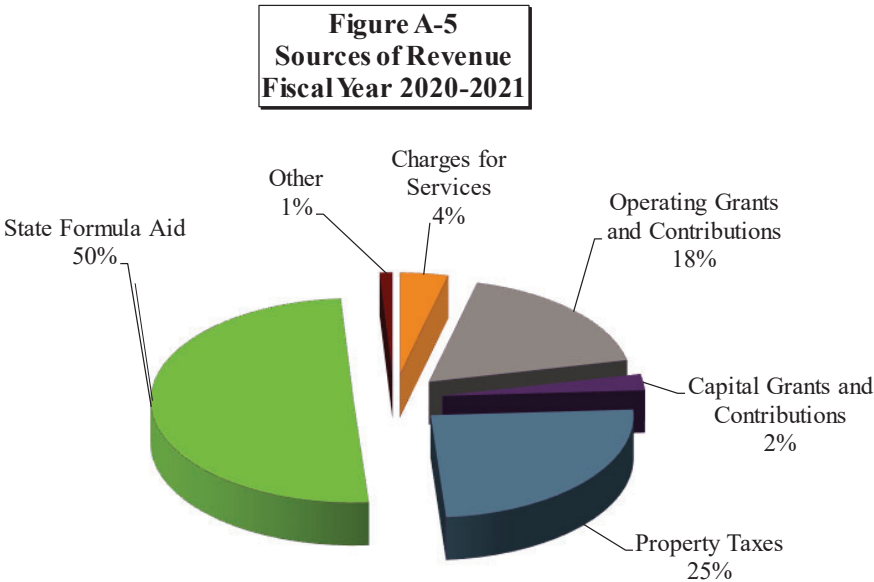
The change in net position for 2020-2021 was \$9,901,021. The change is based on total revenues of \$117,097,144 and total expenses of \$107,196,123. Figure A-4 below shows the breakdown into the various revenue and expense categories. Comparisons are made to the prior year in an effort to quantify and explain changes that took place in the current fiscal year.

**Figure A-4  
Change in Net Position**

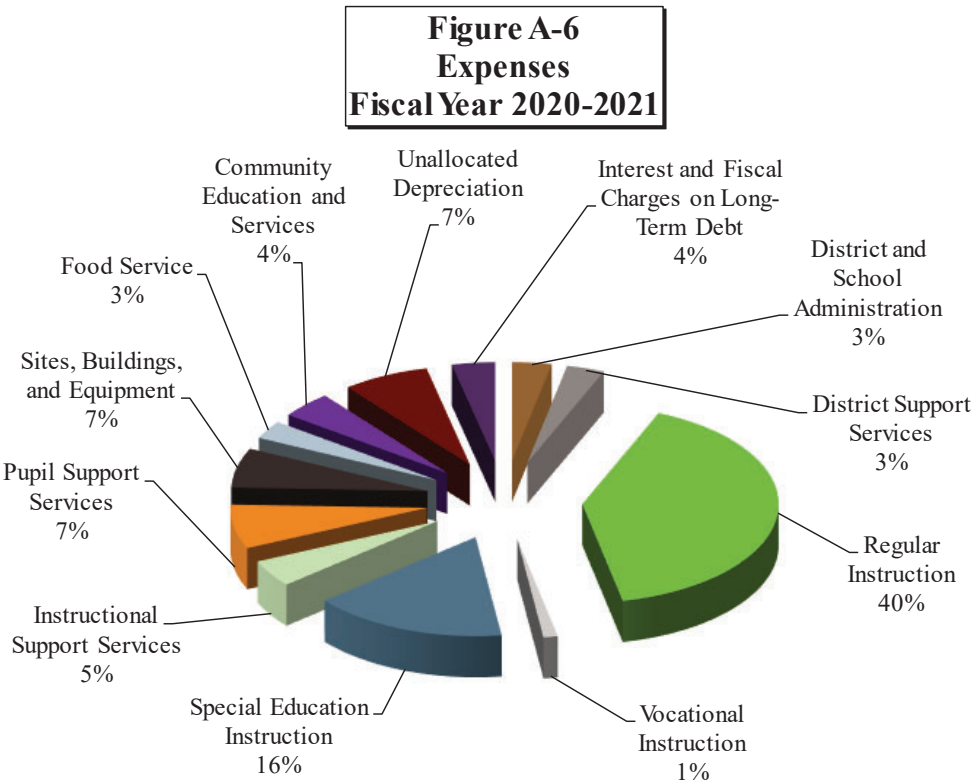
	2020-2021	2019-2020	Percentage Change
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 4,497,077	\$ 5,708,799	-21.23%
Operating grants and contributions	20,780,363	17,353,360	19.75%
Capital grants and contributions	2,958,606	2,509,390	17.90%
General revenues			
Property taxes	28,900,179	26,634,534	8.51%
State formula aid	58,782,787	58,542,662	0.41%
Other	1,178,132	1,785,901	-34.03%
Total revenues	<u>117,097,144</u>	<u>112,534,646</u>	4.05%
<b>Expenses</b>			
District and school administration	3,508,185	3,320,897	5.64%
District support services	3,367,370	3,500,480	-3.80%
Regular instruction	43,531,993	42,706,404	1.93%
Vocational instruction	1,262,305	1,169,614	7.92%
Special education instruction	17,317,401	16,839,789	2.84%
Instructional support services	4,752,815	4,223,607	12.53%
Pupil support services	7,774,320	8,329,587	-6.67%
Sites, buildings, and equipment	7,022,658	6,979,393	0.62%
Fiscal and other fixed cost programs	336,241	263,177	27.76%
Food service	2,145,086	2,606,119	-17.69%
Community education and services	4,631,554	5,150,692	-10.08%
Unallocated depreciation	7,708,909	7,472,086	3.17%
Interest and fiscal charges on long-term debt	3,837,286	4,442,603	-13.63%
Total expenses	<u>107,196,123</u>	<u>107,004,448</u>	0.18%
Excess of revenues over (under) expenses	9,901,021	5,530,198	-79.04%
Net position - beginning, as previously stated	(53,669,417)	(59,746,112)	
Change in accounting principle - GASB 75	-	546,497	
Net position - beginning, restated	<u>(53,669,417)</u>	<u>(59,199,615)</u>	9.34%
Net position - ending	<u>\$ (43,768,396)</u>	<u>\$ (53,669,417)</u>	18.45%

**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 50%, operating grants and contributions 18%, and property taxes 25%. 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 AS A WHOLE (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 57% of the total expenses. The expenses for sites, buildings, and equipment amount to 7% and interest and fiscal charges on long-term debt amount to 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 12% and administration and District support services combined represented 6% 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.

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 2020-2021	Net Cost of Services 2020-2021	Total Cost of Services 2019-2020	Net Cost of Services 2019-2020
Administration	\$ 3,508,185	\$ 3,506,298	\$ 3,320,897	\$ 3,320,897
District support services	3,367,370	2,000,351	3,500,480	3,363,443
Elementary and secondary				
regular instruction	43,531,993	37,003,421	42,706,404	36,460,669
Vocational education instruction	1,262,305	1,142,499	1,169,614	1,049,798
Special education instruction	17,317,401	6,564,057	16,839,789	7,334,739
Instructional support services	4,752,815	4,407,862	4,223,607	4,223,607
Pupil support services	7,774,320	7,588,662	8,329,587	8,090,272
Sites and buildings	7,022,658	3,618,049	6,979,393	4,308,780
Fiscal and other fixed cost programs	336,241	336,241	263,177	263,177
Food service	2,145,086	177,900	2,606,119	(196,779)
Community education and services	4,631,554	1,068,542	5,150,692	1,299,607
Interest and fiscal charges on long-term debt/depreciation	11,546,195	11,546,195	11,914,689	11,914,689
<b>Total</b>	<b>\$ 107,196,123</b>	<b>\$ 78,960,077</b>	<b>\$ 107,004,448</b>	<b>\$ 81,432,899</b>

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

### **GOVERNMENTAL ACTIVITIES (CONTINUED)**

The cost of all governmental activities this year was \$107,196,123.

- The users of the District's programs through fees and other charges financed \$4,497,077, or 4.2%, of the cost.
- The federal and state governments subsidized specific programs with grants and contributions totaling \$23,738,969, or 22.1%, 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 \$58,782,787 and \$28,900,179, respectively, for a total of \$87,682,966, or 81.8%, 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 \$34,559,240.

The General Fund operations of the District showed an unassigned fund balance increase of \$121,955. 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 \$698,983.

The Debt Service Fund operations showed a fund balance increase of \$591,705.

The Capital Project Fund showed a decrease in fund balance of \$4,261,275 resulting from the continued renovation of the Tiger Legacy and Learning Center from our 2019 facilities maintenance bonds and expenditures related to the completion of projects listed in our November 2015 Building Bond election and issuing .

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenue – Actual General Fund revenue was \$1,521,456 more than the projected budget. Of this total, revenue from the sales and other conversion of assets was more than projected due to the sale of our fleet of iPads. The original budget was amended during the year for known changes in funding estimates.

Expenditures – Actual General Fund expenditures were \$2,700,888 under budget. Although the variance is comprised of numerous items, the main areas of savings were due to the impact of the pandemic and cost containment of management and staff. In order to provide flexibility due to the learning model changes, which were caused by COVID-19, budget capacity was maintained for the year. The original budget was amended during the year for known changes in current year obligations.



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

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

By the end of 2021, the District had invested \$300,083,085 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 \$8,918,501 with total accumulated depreciation amounting to \$124,349,278 (more detailed information for capital assets can be found in Note 3 to the financial statements).

**Figure A-8  
Capital Assets**

	Governmental Activities		Percentage
	2020-2021	2019-2020	Change
Land	\$ 14,109,141	\$ 14,109,141	0.00%
Construction in progress	1,366,958	8,350,707	-83.63%
Buildings	242,924,892	232,098,061	4.66%
Improvements other than buildings	23,298,069	22,373,981	4.13%
Equipment and furnishing	18,384,025	17,940,516	2.47%
Less accumulated depreciation	(124,349,278)	(115,430,777)	7.73%
Total	<u>\$ 175,733,807</u>	<u>\$ 179,441,629</u>	<u>-2.07%</u>

## LONG-TERM DEBT

At year-end, the District had \$219,785,294 in G.O. bonds and other long-term liabilities outstanding, a decrease of 4.13% from last year, as shown in Figure A-9 (more 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
	2020-2021	2019-2020	Change
G.O. Bonds	\$ 159,210,832	\$ 176,389,648	-9.74%
Compensated absences	819,447	950,322	-13.77%
Net other post employment benefits (OPEB) obligation / liability	17,060,138	16,305,918	4.63%
Capital lease	1,668,220	2,502,330	N/A
Net pension liability	61,265,745	52,298,600	17.15%
Amount due within one year	(20,239,088)	(19,186,585)	5.49%
Total	<u>\$ 219,785,294</u>	<u>\$ 229,260,233</u>	<u>-4.13%</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.
- The Legislature has added \$161, or 2.45 percent per pupil, to the formula for fiscal year 2022 and added \$135, or 2 percent per pupil, to the formula for fiscal 2023. Recent experience demonstrates the legislated revenue increases have not been sufficient to meet instructional program needs, due to increased costs from inflation and required mandates. Additionally, at the State and Federal level, they continue to underfund our Special Education needs.
- The global pandemic, COVID-19, has caused uncertainty in our economy, our state and our education system.
- The district continues to see residential growth within its boundaries. With several developments opening in the next fiscal year.

### **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, 2021**

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 49,069,702
Current property taxes receivable	16,931,761
Delinquent property taxes receivable	464,117
Accounts receivable	144,382
Due from Department of Education	7,326,044
Due from Federal Government through Department of Education	1,710,650
Inventory	123,955
Prepaid items	806,006
Capital assets, not being depreciated	
Land	14,109,141
Construction in progress	1,366,958
Capital assets, net of accumulated depreciation	
Buildings	143,330,133
Improvements other than buildings	12,096,615
Machinery and equipment	4,830,960
Total assets	<u>252,310,424</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to pensions	28,595,078
Deferred outflows of resources related to OPEB	1,924,857
Total deferred outflows of resources	<u>30,519,935</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 282,830,359</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 1,738,417
Contracts payable	22,963
Salaries and benefits payable	6,150,483
Interest payable	2,435,205
Due to other Minnesota school districts	603,968
Due to other governmental units	52,164
Unearned revenue	828,654
Bond principal net of premium	
Payable within one year	18,708,752
Payable after one year	140,502,080
Capital lease payable	
Payable within one year	834,110
Payable after one year	834,110
Compensated absences payable	
Payable within one year	696,226
Payable after one year	123,221
Net OPEB liability	
Payable after one year	17,060,138
Net pension liability	61,265,745
Total liabilities	<u>251,856,236</u>
<b>Deferred Inflows of Resources</b>	
Property taxes levied for subsequent year's expenditures	29,317,168
Deferred inflows of resources related to pensions	43,847,818
Deferred inflows of resources related to OPEB	598,683
Deferral on refunding	978,850
Total deferred inflows of resources	<u>74,742,519</u>
<b>Net Position</b>	
Net investment in capital assets	23,470,541
Restricted for	
Debt service	2,107,463
Other purposes	4,295,523
Unrestricted	(73,641,923)
Total net position	<u>(43,768,396)</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u><u>\$ 282,830,359</u></u>

See notes to basic financial statements.

**Independent School District No. 192**  
**Statement of Activities**  
**Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental activities					
Administration	\$ 3,508,185	\$ -	\$ 1,887	\$ -	\$ (3,506,298)
District support services	3,367,370	1,160,935	206,084	-	(2,000,351)
Elementary and secondary regular instruction	43,531,993	423,644	6,104,928	-	(37,003,421)
Vocational education instruction	1,262,305	-	119,806	-	(1,142,499)
Special education instruction	17,317,401	290,390	10,462,954	-	(6,564,057)
Instructional support services	4,752,815	-	344,953	-	(4,407,862)
Pupil support services	7,774,320	-	185,658	-	(7,588,662)
Sites and buildings	7,022,658	137,612	308,391	2,958,606	(3,618,049)
Fiscal and other fixed cost programs	336,241	-	-	-	(336,241)
Food service	2,145,086	197,680	1,769,506	-	(177,900)
Community education and services	4,631,554	2,286,816	1,276,196	-	(1,068,542)
Unallocated depreciation (excludes direct depreciation expense of various programs)	7,708,909	-	-	-	(7,708,909)
Interest and fiscal charges on long-term debt	3,837,286	-	-	-	(3,837,286)
Total governmental activities	<u>\$ 107,196,123</u>	<u>\$ 4,497,077</u>	<u>\$ 20,780,363</u>	<u>\$ 2,958,606</u>	(78,960,077)
General revenues					
Taxes					
Property taxes, levied for general purposes					11,383,203
Property taxes, levied for community service					631,668
Property taxes, levied for debt service					16,885,308
State aid-formula grants					58,782,787
Other general revenues					852,053
Gain on sale of assets					12,836
Investment income					313,243
Total general revenues					<u>88,861,098</u>
Change in net position					9,901,021
Net position - beginning					<u>(53,669,417)</u>
Net position - ending					<u>\$ (43,768,396)</u>

See notes to basic financial statements.

**Independent School District No. 192**  
**Balance Sheet - Governmental Funds**  
**June 30, 2021**

	General	Debt Service	Capital Projects
<b>Assets</b>			
Cash and investments	\$ 24,342,268	\$ 11,274,261	\$ 8,433,478
Current property taxes receivable	6,420,268	9,677,492	-
Delinquent property taxes receivable	167,397	271,961	-
Accounts receivable	94,631	-	-
Due from Department of Education	6,704,917	550,784	-
Due from Federal Government through Department of Education	1,270,635	-	-
Inventory	46,744	-	-
Prepaid items	773,911	-	-
Total assets	<u>\$ 39,820,771</u>	<u>\$ 21,774,498</u>	<u>\$ 8,433,478</u>
<b>Liabilities</b>			
Accounts payable	\$ 675,496	\$ -	\$ 425,879
Contracts payable	-	-	22,963
Salaries and benefits payable	5,891,044	-	-
Due to other Minnesota school districts	589,991	-	-
Due to other governmental units	47,744	-	-
Unearned revenue	581,958	-	-
Total liabilities	<u>7,786,233</u>	<u>-</u>	<u>448,842</u>
<b>Deferred Inflows of Resources</b>			
Property taxes levied for subsequent year's expenditures	10,391,896	17,423,708	-
Unavailable revenue - delinquent property taxes	121,616	189,980	-
Total deferred inflows of resources	<u>10,513,512</u>	<u>17,613,688</u>	<u>-</u>
<b>Fund Balances</b>			
Nonspendable	820,655	-	-
Restricted	3,576,964	4,160,810	7,984,636
Assigned	9,140,206	-	-
Unassigned	7,983,201	-	-
Total fund balances	<u>21,521,026</u>	<u>4,160,810</u>	<u>7,984,636</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 39,820,771</u>	<u>\$ 21,774,498</u>	<u>\$ 8,433,478</u>

Other Nonmajor Funds	Total Governmental Funds
\$ 1,546,452	\$ 45,596,459
834,001	16,931,761
24,759	464,117
49,751	144,382
70,343	7,326,044
440,015	1,710,650
77,211	123,955
32,095	806,006
<u>\$ 3,074,627</u>	<u>\$ 73,103,374</u>
\$ 142,515	\$ 1,243,890
-	22,963
259,439	6,150,483
13,977	603,968
-	47,744
246,695	828,653
<u>662,626</u>	<u>8,897,701</u>
1,501,564	29,317,168
<u>17,669</u>	<u>329,265</u>
<u>1,519,233</u>	<u>29,646,433</u>
109,306	929,961
988,665	16,711,075
-	9,140,206
(205,203)	7,777,998
<u>892,768</u>	<u>34,559,240</u>
<u>\$ 3,074,627</u>	<u>\$ 73,103,374</u>

**Farmington**  
AREA PUBLIC SCHOOLS





**Independent School District No. 192**  
**Reconciliation of the Balance Sheet of Governmental**  
**Funds to the Statement of Net Position**  
**June 30, 2021**

Total fund balances - governmental funds	\$ 34,559,240
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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	300,083,085
Less accumulated depreciation	(124,349,278)

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	(151,275,000)
Unamortized bond premium and discount	(7,935,832)
Deferred charge on refunding	(978,850)
Capital lease payable	(1,668,220)
Compensated absences payable	(819,447)
Net OPEB liability	(17,060,138)
Net pension liability	(61,265,745)

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	28,595,078
Deferred inflows of resources related to pensions	(43,847,818)
Deferred outflows of resources related to OPEB	1,924,857
Deferred inflows of resources related to OPEB	(598,683)

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.

329,264

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 included in governmental activities in the Statement of Net Position and interfund activity is removed.

2,974,296

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

(2,435,205)

Total net position - governmental activities

\$ (43,768,396)

**Independent School District No. 192**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2021**

	General	Debt Service	Capital Projects
<b>Revenues</b>			
Local property taxes	\$ 11,379,811	\$ 16,106,773	\$ -
Other local and county revenues	2,018,057	81,007	57,489
Revenue from state sources	70,139,774	5,509,146	-
Revenue from federal sources	3,822,342	-	-
Sales and other conversion of assets	1,064,007	-	-
Total revenues	<u>88,423,991</u>	<u>21,696,926</u>	<u>57,489</u>
<b>Expenditures</b>			
Current			
Administration	3,299,619	-	-
District support services	3,340,055	-	-
Elementary and secondary regular instruction	39,990,526	-	-
Vocational education instruction	1,151,171	-	-
Special education instruction	16,198,251	-	-
Instructional support services	4,418,381	-	-
Pupil support services	7,410,707	-	-
Sites and buildings	6,599,189	-	126,044
Fiscal and other fixed cost programs	336,241	-	-
Food service	-	-	-
Community education and services	-	-	-
Capital outlay			
Administration	6,261	-	-
District support services	53,422	-	-
Elementary and secondary regular instruction	118,341	-	-
Special education instruction	564	-	-
Instructional support services	20,845	-	-
Pupil support services	170,988	-	-
Sites and buildings	252,976	-	4,192,246
Food service	-	-	-
Community education and services	-	-	-
Debt service			
Principal	834,110	14,605,000	-
Interest and fiscal charges	-	6,500,220	475
Total expenditures	<u>84,201,647</u>	<u>21,105,220</u>	<u>4,318,765</u>
Excess of revenues over (under) expenditures	4,222,344	591,706	(4,261,276)
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	<u>12,836</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,235,180	591,706	(4,261,276)
<b>Fund Balances</b>			
Beginning of year	<u>17,285,846</u>	<u>3,569,104</u>	<u>12,245,912</u>
End of year	<u><u>\$ 21,521,026</u></u>	<u><u>\$ 4,160,810</u></u>	<u><u>\$ 7,984,636</u></u>

See notes to basic financial statements.

Other Nonmajor Funds	Total Governmental Funds
\$ 1,410,219	\$ 28,896,803
2,311,635	4,468,188
731,202	76,380,122
2,122,385	5,944,727
197,680	1,261,687
<u>6,773,121</u>	<u>116,951,527</u>
-	3,299,619
-	3,340,055
-	39,990,526
-	1,151,171
-	16,198,251
-	4,418,381
-	7,410,707
-	6,725,233
-	336,241
2,106,977	2,106,977
4,594,921	4,594,921
-	6,261
-	53,422
-	118,341
-	564
-	20,845
-	170,988
-	4,445,222
13,068	13,068
3,257	3,257
710,000	16,149,110
75,289	6,575,984
<u>7,503,512</u>	<u>117,129,144</u>
(730,391)	(177,617)
-	12,836
(730,391)	(164,781)
<u>1,623,159</u>	<u>34,724,021</u>
<u>\$ 892,768</u>	<u>\$ 34,559,240</u>

**Independent School District No. 192**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended June 30, 2021**

Net change in fund balances - total governmental funds	\$ (164,781)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlays 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.	5,210,679
	(8,918,501)

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

130,875

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.

16,149,110

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.

(319,300)

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.

874,882

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	1,863,816
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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.

(505,631)

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.

(4,423,504)

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.

3,376

Change in net position - governmental activities

\$ 9,901,021

**Independent School District No. 192**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local property taxes	\$ 10,652,463	\$ 10,652,463	\$ 11,379,811	\$ 727,348
Other local and county revenues	1,307,600	1,307,600	2,018,057	710,457
Revenue from state sources	71,247,209	71,279,092	70,139,774	(1,139,318)
Revenue from federal sources	1,554,900	3,663,380	3,822,342	158,962
Sales and other conversion of assets	-	-	1,064,007	1,064,007
Total revenues	<u>84,762,172</u>	<u>86,902,535</u>	<u>88,423,991</u>	<u>1,521,456</u>
<b>Expenditures</b>				
Current				
Administration	3,311,195	3,311,195	3,299,619	(11,576)
District support services	3,404,564	3,462,164	3,340,055	(122,109)
Elementary and secondary regular instruction	40,765,704	40,765,704	39,990,526	(775,178)
Vocational education instruction	1,042,472	1,146,587	1,151,171	4,584
Special education instruction	15,812,989	16,076,089	16,198,251	122,162
Instructional support services	4,043,939	4,365,383	4,418,381	52,998
Pupil support services	8,230,544	8,230,544	7,410,707	(819,837)
Sites and buildings	7,674,290	7,674,290	6,599,189	(1,075,101)
Fiscal and other fixed cost programs	300,000	300,000	336,241	36,241
Capital outlay				
Administration	4,100	4,100	6,261	2,161
District support services	1,353,796	1,353,796	53,422	(1,300,374)
Elementary and secondary regular instruction	159,681	159,681	118,341	(41,340)
Special education instruction	41,252	41,252	564	(40,688)
Instructional support services	4,550	4,550	20,845	16,295
Pupil support services	-	-	170,988	170,988
Sites and buildings	7,200	7,200	252,976	245,776
Debt service				
Principal	-	-	834,110	834,110
Total expenditures	<u>86,156,276</u>	<u>86,902,535</u>	<u>84,201,647</u>	<u>(2,700,888)</u>
Excess of revenues over (under) expenditures	(1,394,104)	-	4,222,344	4,222,344
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	-	-	12,836	12,836
Net change in fund balance	<u>\$ (1,394,104)</u>	<u>\$ -</u>	<u>4,235,180</u>	<u>\$ 4,235,180</u>
<b>Fund Balance</b>				
Beginning of year			<u>17,285,846</u>	
End of year			<u>\$ 21,521,026</u>	

**Independent School District No. 192**  
**Statement of Net Position - Proprietary Funds**  
**As of June 30, 2021**

	Governmental Activities - Internal Service Funds
<b>Assets</b>	
Current assets	
Cash and cash equivalents	<u>\$ 3,473,243</u>
<b>Current Liabilities</b>	
Accounts payable	\$ 494,527
Due to other governmental units	<u>4,420</u>
Total liabilities	498,947
<b>Net Position</b>	
Unrestricted	<u>2,974,296</u>
Total liabilities and net position	<u>\$ 3,473,243</u>

**Independent School District No. 192**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**Year Ended June 30, 2021**

	Governmental Activities - Internal Service Funds
<b>Operating Revenue</b>	
District contribution	\$ 10,296,109
<b>Operating Expenses</b>	
Employee claims paid	<u>10,803,082</u>
Operating income	(506,973)
<b>Nonoperating Revenue</b>	
Interest revenue	<u>1,342</u>
Change in net position	(505,631)
<b>Net Position</b>	
Beginning of year	<u>3,479,927</u>
End of year	<u><u>\$ 2,974,296</u></u>

**Independent School District No. 192**  
**Statement of Cash Flows - Proprietary Funds**  
**As of June 30, 2021**

	Governmental Activities - Internal Service Funds
<b>Cash Flows - Operating Activities</b>	
Receipts from district contributions	\$ 10,296,109
Employee claims paid	<u>(10,856,591)</u>
Net cash flows - operating activities	<u>(560,482)</u>
<b>Cash Flows - Investment Activities</b>	
Interest received	<u>1,342</u>
Net change in cash and cash equivalents	(559,140)
<b>Cash and Cash Equivalents</b>	
Beginning of year	<u>4,032,383</u>
End of year	<u><u>\$ 3,473,243</u></u>
<b>Reconciliation of Operating Income to Net Cash Flows - Operating Activities</b>	
Operating income	\$ (506,973)
Increase in accounts payable	(53,953)
Increase in due to other governmental units	<u>444</u>
Net cash flows - operating activities	<u><u>\$ (560,482)</u></u>



**Independent School District No. 192**  
**Statement of Fiduciary Net Position**  
**Year Ended June 30, 2021**

	Post Employment Benefits Irrevocable Trust Fund	Custodial Fund
<b>Assets</b>		
Current		
Cash	\$ 52,428	\$ 802
Certificates of deposit	1,512,000	-
Brokered money market accounts	514,395	-
Government bonds	822,509	-
Total assets	<u>\$ 2,901,332</u>	<u>\$ 802</u>
<b>Liabilities</b>		
Accounts payable	<u>\$ -</u>	<u>\$ 802</u>
<b>Net Position</b>		
Held in trust for OPEB	<u>\$ 2,901,332</u>	<u>\$ -</u>

**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2021**

	Post Employment Benefits Irrevocable Trust Fund	Custodial Fund
<b>Additions</b>		
Contributions	\$ -	\$ 455
Interest revenue	52,678	-
Less investment management fees	(250)	-
Total additions	<u>52,428</u>	<u>455</u>
<b>Deductions</b>		
Administrative expenses	<u>-</u>	<u>455</u>
Change in net position	52,428	-
<b>Net Position</b>		
Beginning of year	<u>2,848,904</u>	<u>-</u>
End of year	<u>\$ 2,901,332</u>	<u>\$ -</u>

**Farmington**  
AREA PUBLIC SCHOOLS



**Independent School District No. 192**  
**Notes to Basic 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 basic 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 basic 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 under board control and are not reported separately.

**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 Basic 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 Private Purpose Trust and Custodial 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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1. Recording of Expenditures (Continued)**

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

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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fiduciary Funds: (Continued)

Custodial 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 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.

**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, 2021, were comprised of deposits and shares in the Minnesota School District Liquid Asset Fund (MSDLAF), certificates of deposit, 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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**District Governmental Funds (Continued)**

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, 2021, they were comprised of mutual funds. The District's investment policy extends to the OPEB Trust Fund investments.

*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 2020, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2021. The remaining portion of the levy will be recognized when measurable and available.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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 basic 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.



**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

In addition to assets, the Statement of Financial 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 two items that qualify for reporting in this category. Deferred outflows of resources related to pensions are reported in the government-wide Statement of Net Position. Deferred outflows of resources related to pensions and OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Financial 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 five types of items which qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. 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 is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. Deferred inflows of resources related to pensions is recorded on the government-wide statements 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. The fifth, Deferred inflows of resources related to OPEB, is recorded for various estimate differences that will be amortized and recognized over future years.

**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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.
- **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 8-12% of the annual budget.

**R. Net Position**

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

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Use of Estimates**

The preparation of basic 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 basic financial statements:

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

**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, 2021, the District had a bank balance of \$11,193,008.

Checking accounts	\$ 4,300,587
Cerficates of deposit	3,491,800
Cerficates of deposit - OPEB	1,205,800
Scholarship account	14,590
Petty cash	<u>1,677</u>
Total deposits	<u><u>\$ 9,014,454</u></u>

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

**District Funds Other than OPEB Trust Fund**

As of June 30, 2021, the District had the following investments:

	Amount	Weighted Average Maturity (Years)	Credit Rating	Level
Brokered Money Market Accounts	\$ 35,410,062	N/A	N/A	N/A
Term Series	5,000,000	0.07	AAAm	N/A
MSDLAF + Liquid Class	851,786	N/A	AAAm	N/A
MSDLAF + Max Class	<u>2</u>	N/A	AAAm	N/A
Total Investments	<u>\$ 41,261,850</u>			

At June 30, 2021, 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, 2021, 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. None of the District's investments were exposed to concentration of credit risk at June 30, 2021.

**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 protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**District Funds Other than OPEB Trust Fund (Continued)**

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.

**1. OPEB Trust Fund**

As of June 30, 2021, the market values, duration, and percent allocation of the District's OPEB Trust investments was as follows:

Investment Type	Amount	Weighted Average Maturity (Years)	Credit Rating	Level
OPEB Investments				
Brokered Money Market	\$ 217,726	N/A	N/A	N/A
Municipal Bonds	<u>1,477,806</u>	1.36	Aa3	2
Total Investments	<u>\$ 1,695,532</u>			

The District has the following recurring fair value measurements as of June 30, 2021:

- \$1,477,806 of investments are valued using a quoted market prices (Level 2 inputs)

**C. Deposits and Investments**

Summary of cash, deposits, and investments as of June 30, 2021:

District Governmental Funds	
Deposits (Note 3.A.)	\$ 7,808,654
Investments (Note 3.B.)	41,261,850
OPEB Trust Fund	
Deposits (Note 3.A.)	1,205,800
Investments (Note 3.B.)	<u>1,695,532</u>
Total deposits and investments	<u>\$ 51,971,836</u>

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Deposits and Investments (Continued)**

Cash, deposits, and investments are presented in the June 30, 2021, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 49,069,702
Statement of Fiduciary Net Position	
Post employment benefits trust fund	
Cash and investments	2,901,332
Custodial fund	
Cash and investments	<u>802</u>
Total deposits and investments	<u><u>\$ 51,971,836</u></u>

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021, 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	8,350,707	4,855,491	11,839,240	1,366,958
Total capital assets not being depreciated	<u>22,459,848</u>	<u>4,855,491</u>	<u>11,839,240</u>	<u>15,476,099</u>
Capital assets being Depreciated				
Buildings	232,098,061	10,826,831	-	242,924,892
Improvements other than buildings	22,373,981	924,088	-	23,298,069
Machinery and equipment	17,940,516	443,509	-	18,384,025
Total capital assets being depreciated	<u>272,412,558</u>	<u>12,194,428</u>	<u>-</u>	<u>284,606,986</u>
Less accumulated depreciation for				
Buildings	92,905,803	6,688,956	-	99,594,759
Improvements other Than buildings	10,181,638	1,019,816	-	11,201,454
Machinery and equipment	12,343,336	1,209,729	-	13,553,065
Total accumulated depreciation	<u>115,430,777</u>	<u>8,918,501</u>	<u>-</u>	<u>124,349,278</u>
Total capital assets being depreciated, net	<u>156,981,781</u>	<u>3,275,927</u>	<u>-</u>	<u>160,257,708</u>
Governmental activities, capital assets net	<u>\$ 179,441,629</u>	<u>\$ 8,131,418</u>	<u>\$ 11,839,240</u>	<u>\$ 175,733,807</u>



**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 3 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense of \$8,918,500 for the year ended June 30, 2021, was charged to the following governmental functions:

Administration	\$ 765
District support services	4,768
Elementary and secondary regular instruction	43,389
Special education instruction	656
Instructional support services	4,660
Pupil support services	9,387
Sites and buildings	1,121,114
Food service	24,671
Community service	182
Unallocated	<u>7,708,909</u>
Total depreciation expense	<u><u>\$ 8,918,501</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						
2013A Alternative Facilities Bonds	03/06/13	2.00%-2.75%	\$ 2,260,000	02/01/28	\$ 1,220,000	\$ 160,000
2013C OPEB Refunding	12/05/13	0.65%-3.40%	5,840,000	02/01/23	1,610,000	790,000
2014A Refunding Bonds	06/04/14	3.00%-4.00%	71,220,000	02/01/27	52,055,000	4,140,000
2015A Crossover Refunding Bonds	02/05/15	4.00%-5.00%	20,475,000	02/01/27	15,515,000	1,250,000
2015C Refunding Bonds	12/16/15	2.00%-3.00%	28,640,000	02/01/24	24,630,000	8,360,000
2016A Building Bonds	02/03/16	2.00%-3.00%	43,730,000	02/01/31	43,730,000	-
2019A LTFM Bonds	06/13/19	3.00%-5.00%	9,220,000	02/01/27	8,690,000	310,000
2020A Refunding Bonds	01/07/20	5.00%	5,715,000	02/01/23	3,825,000	1,885,000
Plus Unamortized Premium					<u>7,935,832</u>	<u>1,813,752</u>
Total G.O. bonds					159,210,832	18,708,752
Capital lease					1,668,220	834,110
Compensated absences					<u>819,447</u>	<u>696,226</u>
Total all long-term liabilities					<u><u>\$ 161,698,499</u></u>	<u><u>\$ 20,239,088</u></u>

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

**Independent School District No. 192**  
**Notes to Basic 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	\$ 166,590,000	\$ -	\$ 15,315,000	\$ 151,275,000
Bond premiums	9,799,648	-	1,863,816	7,935,832
Capital Lease	2,502,330	-	834,110	1,668,220
Compensated absences	950,322	765,939	896,814	819,447
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total long-term liabilities	<u>\$ 179,842,300</u>	<u>\$ 765,939</u>	<u>\$ 18,909,740</u>	<u>\$ 161,698,499</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. The General Fund typically liquidates the liability related to the capital lease.

**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	
2022	\$ 16,895,000	\$ 5,844,491	\$ 22,739,491
2023	17,780,000	5,060,161	22,840,161
2024	17,330,000	4,233,175	21,563,175
2025	15,345,000	3,542,750	18,887,750
2026	16,550,000	2,888,794	19,438,794
2027-2031	64,750,000	6,174,681	70,924,681
2032-2034	2,625,000	159,000	2,784,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 151,275,000</u>	<u>\$ 27,903,052</u>	<u>\$ 179,178,052</u>
Plus Net Bond Premium	<u>7,935,832</u>	<u>-</u>	<u>7,935,832</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 159,210,832</u>	<u>\$ 27,903,052</u>	<u>\$ 187,113,884</u>

**D. Capital Lease Liability**

The District entered into a lease purchase agreement on October 23, 2019, with Apple, Inc. for computer equipment. The capital lease liability and corresponding capital assets totaled \$3,336,440. The capital lease agreement includes annual principal payments of \$834,110 with the final payment due on July 11, 2022. The agreement provides 0% interest. The capital lease liability at June 30, 2021 is \$1,668,220 and the net book value of related computer equipment is \$1,946,257.

**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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

**Fund Equity**

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

**A. Restricted Fund Balance**

	General Fund	Debt Service	Capital Projects	Other Nonmajor Funds	Total
Nonspendable for					
Inventory	\$ 46,744	\$ -	\$ -	\$ 77,211	\$ 123,955
Prepaid items	773,911	-	-	32,095	806,006
	<u>820,655</u>	<u>-</u>	<u>-</u>	<u>109,306</u>	<u>929,961</u>
Restricted for					
Student Activities	94,212				94,212
Safe School Levy	262,101	-	-	-	262,101
Staff Development	491,686	-	-	-	491,686
Medical Assistance	463,010	-	-	-	463,010
Operating Capital	1,461,630	-	-	-	1,461,630
Long-Term Facilities					
Maintenance	804,325	-	241,193	-	1,045,518
School Readiness	-	-	-	60,001	60,001
Food Service	-	-	-	709,281	709,281
Community Service	-	-	-	36,942	36,942
Debt Service	-	4,160,810	-	182,441	4,343,251
Capital Projects	-	-	7,743,443	-	7,743,443
	<u>3,576,964</u>	<u>4,160,810</u>	<u>7,984,636</u>	<u>988,665</u>	<u>16,711,075</u>
Assigned for					
Classroom Technology	2,343,111	-	-	-	2,343,111
Donations	397,095	-	-	-	397,095
Long-Term Facilities					
Maintenance	100,000	-	-	-	100,000
Building and Grounds	700,000				700,000
Self Insurance	500,000				500,000
Community Education	200,000				200,000
Maintain class size	4,900,000	-	-	-	4,900,000
	<u>9,140,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,140,206</u>
Unassigned for					
General purposes	7,983,201	-	-	-	7,983,201
Community Education	-	-	-	(164,888)	(164,888)
Early Childhood and Family					
Education	-	-	-	(40,315)	(40,315)
	<u>7,983,201</u>	<u>-</u>	<u>-</u>	<u>(205,203)</u>	<u>7,777,998</u>
Total fund balance	<u>\$ 21,521,026</u>	<u>\$ 4,160,810</u>	<u>\$ 7,984,636</u>	<u>\$ 892,768</u>	<u>\$ 34,559,240</u>

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

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

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 Student Activities – This balance represents available resources to be used for the extracurricular activity funds raised by the students.

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).

Restricted for Medical Assistance – This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statutes* 125A.21, subd. 3).

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

Restricted 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 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 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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

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

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. 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 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.

**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.

**NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

The District participates in various pension plans, total pension expense for the year ended June 30, 2021, was \$9,113,917. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the Liability related to the pensions.

**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.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Define Contribution Plan (DCR) administered by the Minnesota State.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided**

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

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

*Tier I Benefits*

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

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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

*Tier II Benefits (Continued)*

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.

**C. Contribution Rate**

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2019, June 30, 2020, and June 30, 2021, were:

	<u>June 30, 2019</u>		<u>June 30, 2020</u>		<u>June 30, 2021</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
Basic	11.0%	11.7%	11.0%	11.92%	11.0%	12.13%
Coordinated	7.5%	7.7%	7.5%	7.92%	7.5%	8.13%

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**C. Contribution Rate (Continued)**

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. Amounts are reported in thousands.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 425,223
Deduct employer contributions not related to future contribution efforts	(56)
Deduct TRA's contributions not included in allocation	<u>(508)</u>
Total employer contributions	424,659
Total non-employer contributions	<u>35,587</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	<u><u>\$ 460,246</u></u>

Amounts reported in the allocation schedules may not precisely agree with basic 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 Basic 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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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Key Methods and Assumptions Used in Valuation of Total Pension Liability

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**Actuarial Information**

Valuation date	July 1, 2020
Experience study	June 5, 2015
	November 6, 2017, (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.50%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

**Mortality Assumptions**

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 the 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 Basic 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.5 %	5.10 %
International equity	17.5	5.30
Private markets	25.0	5.90
Fixed income	20.0	0.75
Unallocated cash	2.0	0.00
Total	<u>100 %</u>	

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.

Changes in actuarial assumptions and methods for the July 1, 2020, valuation:

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years, and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**E. Discount Rate**

The discount rate used to measure the total pension liability was 7.5%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2020 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 not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**F. Net Pension Liability**

On June 30, 2021, the District reported a liability of \$52,374,482 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 0.7089% at the end of the measurement period and 0.6975% 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	\$ 52,374,482
State's proportionate share of the net pension liability associated with the District	4,389,088

For the year ended June 30, 2021, the District recognized pension expense of \$8,724,177. Included in this amount, the District recognized \$402,070 as pension expense for the support provided by direct aid.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

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

On June 30, 2021, 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	\$ 1,050,320	\$ 769,528
Net difference between projected and actual earnings on plan investment	945,468	-
Changes of assumptions	16,948,211	42,411,474
Changes in proportion	4,888,450	121,657
Contributions to TRA subsequent to the measurement date	3,470,101	-
	<u>\$ 27,302,550</u>	<u>\$ 43,302,659</u>
Total	<u>\$ 27,302,550</u>	<u>\$ 43,302,659</u>

The \$3,470,101 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, 2022.

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

Year Ended June 30,	Pension Expense Amount
2022	\$ 1,817,146
2023	(13,147,866)
2024	(9,911,336)
2025	1,432,786
2026	339,060
Total	<u>\$ (19,470,210)</u>

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**G. Pension Liability Sensitivity**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5%) and 1 percent higher (8.5%) than the current rate.

District proportionate share of NPL		
1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
\$ 80,184,778	\$ 52,374,482	\$ 29,460,204

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](http://www.MinnesotaTRA.org), or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000, or by calling (651) 296-2409 or (800) 657-3669.

**Public Employees' Retirement Association**

**A. Plan Description**

The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plan is established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plan is tax qualified plan under Section 401(a) of the Internal Revenue Code.

**General Employees Retirement Plan**

The General Employees Retirement Plan covers certain full time and part time employees of the District. 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. 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.

**Independent School District No. 192  
Notes to Basic Financial Statements**

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

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

**B. Benefits Provided (Continued)**

**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. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1 the annuity accrual rate for a Coordinated Plan member is 1.2% for each of the first 10 years of service 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years 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.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**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 2021 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2021, were \$794,376. The District's contributions were equal to the required contributions as set by state statute.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

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

**D. Pension Costs**

General Employees Fund Pension Costs

At June 30, 2021, the District reported a liability of \$8,891,263 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 \$16 million. 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 \$274,223. The net pension liability was measured as of June 30, 2020, 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 proportionate share 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.1483% at the end of the measurement period and 0.1418% for the beginning of the period.

School's proportionate share of net pension liability	\$ 8,891,263
State of Minnesota's proportionate share of the net pension liability associated with the School	<u>274,223</u>
Total	<u><u>\$ 9,165,486</u></u>

For the year ended June 30, 2021, the District recognized pension expense of \$389,740 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized an additional \$23,866 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2021, 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 sources on the following page.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

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

**D. Pension Costs (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 77,650	\$ 33,640
Changes in actuarial assumptions	-	325,597
Difference between projected and actual investments earnings	150,973	-
Change in proportion	269,529	185,922
Contributions paid to PERA subsequent to the measurement date	<u>794,376</u>	<u>-</u>
Total	<u>\$ 1,292,528</u>	<u>\$ 545,159</u>

The \$794,376 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2022	\$ (514,188)
2023	(5,941)
2024	258,307
2025	<u>214,815</u>
Total	<u>\$ (47,007)</u>

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25 % Per year
Active member payroll growth	3.00 % Per year
Investment rate of return	7.50 %



**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

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

**E. Actuarial Assumptions (Continued)**

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based the Pub-2010 General Employee Mortality table. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year.

Actuarial assumptions used in the June 30, 2020, 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 2020. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

**Changes in Actuarial Assumptions**

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was change from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**Changes in Plan Provisions**

- Augmentation or current privatized members was reduced to 2.0% for the period July 1, 2020, through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

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

**E. Actuarial Assumptions (Continued)**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis 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.

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

<u>Asset Class</u>	<u>Final Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.5 %	5.10 %
Private markets	25.0	5.90
Fixed income	20.0	0.75
International equity	17.5	5.90
Cash equivalents	2.0	0.00
Total	<u>100 %</u>	

**F. Discount Rates**

The discount rate used to measure the total pension liability in 2020 was 7.5%. 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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

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

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

**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%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	\$ 14,249,610	\$ 8,891,263	\$ 4,471,057

**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 basic financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://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, 2021.

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 basic financial statements indicates it is probable a liability has been incurred at the date of the basic 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, 2021, was \$10,393 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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 7 – RISK MANAGEMENT (CONTINUED)**

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

Year	Beginning Balance	Claims Expense and Estimates	Claims Payments	Ending Balance
2019	\$ 8,816	\$ 485,143	\$ 485,870	\$ 8,089
2020	8,089	448,895	449,733	7,251
2021	7,251	535,263	532,121	10,393

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 basic financial statements indicates it is probable a liability has been incurred at the date of the basic 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, 2021, was \$488,554 which is comprised of the liability for known claims as well as an estimate for claims incurred but not yet reported.

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
2019	\$ 425,933	\$ 7,283,200	\$ 7,035,973	\$ 673,160
2020	673,160	7,718,712	7,850,643	541,229
2021	541,229	10,267,819	10,320,494	488,554

**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 Plan C for retired employees until they reach the age 65 up to a maximum of ten years. For employees meeting a certain length of service experience requirements, the amounts to be paid is equal to the same insurance premium benefit as a full-time employee in the retiring employee's respective bargaining unit. The General Fund, Food Service Fund, and Community Service Fund typically liquidate the Liability related to OPEB.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**C. Members**

As of July 1, 2020 the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	117
Active employees	<u>804</u>
Total	<u><u>921</u></u>

**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 2021, the District contributed \$1,116,917 to the plan.

**E. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation measured as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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Key Methods and Assumptions Used in Valuation of Total OPEB Liability

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Investment rate of return	2.40%, net of investment expense
Salary increases	Service graded table
Inflation	2.50%
Healthcare cost trend increases	6.50% in 2020 grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

Changes in actuarial assumptions for the fiscal year ending June 30, 2021:

- The expected long-term return investment return was changed from 2.90% to 2.40%.
- The discount rate was changed from 2.40% to 2.10%
- The discount rate used to measure the total OPEB liability was 2.10% based on the 20-year municipal bond rate.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

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 table on the following page.

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	95.0 %	2.5 %
Cash	5.0	1.0
Total	100.0 %	2.4 %

The details of the investments and the investment policy are described in Note 3. of the District's basic financial statements. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 2.40%. 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 2.10%. 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.

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**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, 2020	\$ 19,154,822	\$ 2,848,904	\$ 16,305,918
Changes for the year			
Service cost	845,827	-	845,827
Interest	466,692	-	466,692
Assumption changes	(228,714)	-	(228,714)
Plan changes	-	-	-
Employer Contributions	-	1,116,917	(1,116,917)
Projected investment return	-	68,374	(68,374)
Differences between expected and actual			
economic experience	839,760	(15,696)	855,456
Benefit Payment	(1,116,917)	(1,116,917)	-
Administrative expense	-	(250)	250
Other changes	-	-	-
Net changes	806,648	52,428	754,220
Balances at June 30, 2021	\$ 19,961,470	\$ 2,901,332	\$ 17,060,138

Plan fiduciary net position as a percentage of the total OPEB liability 14.53%

**H. OPEB Liability Sensitivity**

The following presents the District's net OPEB liability calculated using the discount rate of 2.10% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% Decrease in Discount Rate (1.10%)	Current Discount Rate (2.10%)	1% Increase in Discount Rate (3.10%)
Net OPEB liability (asset)	\$ 18,547,652	\$ 17,060,138	\$ 15,650,258

**Independent School District No. 192**  
**Notes to Basic Financial Statements**

**NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**H. OPEB Liability Sensitivity (Continued)**

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 (5.50% decreasing to 4.00%)	Current (6.50% decreasing to 5.00%)	1% increase (7.50% decreasing to 6.00%)
Net OPEB liability (asset)	\$ 14,778,635	\$ 17,060,138	\$ 19,748,129

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,436,217. At June 30, 2021, 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
Liability losses	\$ 858,718	\$ -
Investment gains/losses	34,163	-
Changes of assumptions	1,031,976	598,683
Total	<u>\$ 1,924,857</u>	<u>\$ 598,683</u>



**Independent School District No. 192**  
**Notes to Basic 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
2022	\$ 190,655
2023	196,555
2024	193,975
2025	186,527
2026	283,018
Thereafter	275,444
Total	<u>\$ 1,326,174</u>

**NOTE 9 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Deficit Fund Balance**

The Community Service Fund had a negative fund balance of \$83,261 at June 30, 2021.

**NOTE 10 – COMMITMENTS**

As of June 30, 2021, the District had various commitments with contractors totaling \$590,020 for building and construction activity.

**NOTE 11 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending June 30, 2022.

**Farmington**  
AREA PUBLIC SCHOOLS



## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service cost	\$ 726,831	\$ 665,222	\$ 647,172
Interest	482,025	493,708	586,482
Differences between expected and actual experience	-	-	198,289
Changes of assumptions	-	(797,123)	473,406
Changes in plans	-	-	(377,313)
Benefit payments	(751,247)	(708,461)	(746,305)
Other changes	-	-	-
Net change in total OPEB liability	<u>457,609</u>	<u>(346,654)</u>	<u>781,731</u>
Beginning of year	<u>16,861,384</u>	<u>17,318,993</u>	<u>16,972,339</u>
End of year	<u><u>\$ 17,318,993</u></u>	<u><u>\$ 16,972,339</u></u>	<u><u>\$ 17,754,070</u></u>
Plan Fiduciary Net Pension (FNP)			
Employer contributions	\$ 751,247	\$ 708,461	\$ 746,305
Net investment income	28,682	34,909	68,737
Differences between expected and actual experience	-	29,523	(12,892)
Benefit payments	(751,247)	(708,461)	(746,305)
Administrative expense	(250)	(250)	(250)
Net change in plan fiduciary net position	<u>28,432</u>	<u>64,182</u>	<u>55,595</u>
Beginning of year	<u>2,656,859</u>	<u>2,685,291</u>	<u>2,749,473</u>
End of year	<u><u>\$ 2,685,291</u></u>	<u><u>\$ 2,749,473</u></u>	<u><u>\$ 2,805,068</u></u>
Net OPEB liability	<u><u>\$ 14,633,702</u></u>	<u><u>\$ 14,222,866</u></u>	<u><u>\$ 14,949,002</u></u>
Plan FNP as a percentage of the total OPEB liability	15.50%	16.20%	15.80%
Covered-employee payroll	\$ 41,917,312	\$ 43,174,831	\$ 46,206,251
Net OPEB liability as a percentage of covered-employee payroll	34.91%	32.94%	32.35%

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

<u>June 30, 2020</u>	<u>June 30, 2021</u>
\$ 767,241	\$ 845,827
560,192	466,692
-	839,760
981,466	(228,714)
-	-
(908,147)	(1,116,917)
-	-
<u>1,400,752</u>	<u>806,648</u>
<u>17,754,070</u>	<u>19,154,822</u>
<u>\$ 19,154,822</u>	<u>\$ 19,961,470</u>
\$ 908,147	\$ 1,116,917
81,347	68,374
(37,261)	(15,696)
(908,147)	(1,116,917)
(250)	(250)
<u>43,836</u>	<u>52,428</u>
<u>2,805,068</u>	<u>2,848,904</u>
<u>\$ 2,848,904</u>	<u>\$ 2,901,332</u>
<u>\$ 16,305,918</u>	<u>\$ 17,060,138</u>
14.87%	14.53%
\$ 47,592,439	\$ 49,646,775
34.26%	34.36%

**Independent School District No. 192**  
**Schedule of Investment Returns**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Annual money-weighted rate of return, net of investment expense	1.10%	2.40%	2.00%	1.60%	1.80%

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**  
**General Employees Retirement Fund**  
**Last Ten Years**

For Plan's 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 State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1622%	\$ 7,619,343	\$ -	\$ 7,619,343	\$ 8,515,752	89.5%	78.7%
2015	0.1530%	7,929,254	-	7,929,254	8,842,627	89.7%	78.2%
2016	0.1483%	12,041,224	157,224	12,198,448	9,202,187	132.6%	68.9%
2017	0.1488%	9,499,294	119,427	9,618,721	9,584,547	100.4%	75.9%
2018	0.1481%	8,215,981	269,573	8,485,554	9,954,400	85.2%	79.5%
2019	0.1418%	7,839,804	243,656	8,083,460	10,037,213	80.5%	80.2%
2020	0.1483%	8,891,263	274,223	9,165,486	10,579,533	86.6%	79.1%

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**  
**TRA Retirement Fund**  
**Last Ten Years**

For Plan's 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 State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.6781%	\$ 31,246,360	\$ 2,198,129	\$ 33,444,489	\$ 30,951,565	101.0%	81.5%
2015	0.6510%	40,270,788	4,939,925	45,210,713	33,040,653	121.9%	76.8%
2016	0.6392%	152,464,451	15,304,345	167,768,796	33,247,107	458.6%	44.9%
2017	0.6789%	135,520,755	13,099,880	148,620,635	36,546,720	370.8%	51.6%
2018	0.6849%	43,019,915	4,041,951	47,061,866	37,841,587	113.7%	78.1%
2019	0.6975%	44,458,796	3,934,331	48,393,127	39,597,808	112.3%	78.2%
2020	0.7089%	52,374,482	4,389,088	56,763,570	41,193,826	127.1%	75.5%

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

**Independent School District No. 192  
Schedule of District Contributions  
General Employees Retirement Fund  
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
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	718,841	718,841	-	9,584,547	7.50%
2018	746,580	746,580	-	9,954,400	7.50%
2019	752,791	752,791	-	10,037,213	7.50%
2020	793,465	793,465	-	10,579,533	7.50%
2021	794,376	794,376	-	10,591,680	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 Fund  
Last Ten Years**

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
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	2,741,004	2,741,004	-	36,546,720	7.50%
2018	2,838,119	2,838,119	-	37,841,587	7.50%
2019	3,052,991	3,052,991	-	39,597,808	7.71%
2020	3,262,551	3,262,551	-	41,193,826	7.92%
2021	3,470,101	3,470,101	-	42,682,669	8.13%

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**

**2020 Changes**

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

**2019 Changes**

Changes in Actuarial Assumptions

- None

**2018 Changes**

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**2017 Changes**

Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.

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

**TRA Retirement Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

**2016 Changes**

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- 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.

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

**TRA Retirement Fund (Continued)**

**2015 Changes (Continued)**

Changes in Actuarial Assumption

- 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%.

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

**General Employees Fund**

**2020 Changes**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**2019 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

**2018 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

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

**General Employees Fund (Continued)**

**2018 Changes (Continued)**

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

**General Employees Fund (Continued)**

**2015 Changes**

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.

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; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

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

**Post-Employment Health Care Plan**

**2021 Changes**

Changes in Actuarial Assumptions

- The expected long-term investment return was changed from 2.90% to 2.40%.
- The discount rate was changed from 2.40% to 2.10%.

**2020 Changes**

Changes in Actuarial Assumptions

- The expected long-term investment return was changed from 2.50% to 2.90%.
- The discount rate was changed from 3.10% to 2.40%.

**2019 Changes**

Changes in Actuarial Assumptions

- The health care trend rates and mortality tables were updated.
- The expected long-term investment return was changed from 1.30% to 2.50%.
- The discount rate was changed from 3.40% to 3.10%.

**2018 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 2.8% to 3.4%.

**Farmington**  
AREA PUBLIC SCHOOLS





## **SUPPLEMENTARY INFORMATION**

**Independent School District No. 192**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue			Debt Service	Total Nonmajor Funds
	Food Service	Community Service	Total	Post Employment Benefits Debt Service	
<b>Assets</b>					
Cash and investments	\$ 468,166	\$ 522,771	\$ 990,937	\$ 555,515	\$ 1,546,452
Current property taxes receivables	-	362,735	362,735	471,266	834,001
Delinquent property taxes receivable	-	11,421	11,421	13,338	24,759
Accounts receivable	49,551	200	49,751	-	49,751
Due from Department of Education	-	70,101	70,101	242	70,343
Due from Federal Government through Department of Education	433,744	6,271	440,015	-	440,015
Inventory	77,211	-	77,211	-	77,211
Prepaid items	7,096	24,999	32,095	-	32,095
Total assets	<u>\$ 1,035,768</u>	<u>\$ 998,498</u>	<u>\$ 2,034,266</u>	<u>\$ 1,040,361</u>	<u>\$ 3,074,627</u>
<b>Liabilities</b>					
Accounts payable	\$ 90,679	\$ 51,836	\$ 142,515	\$ -	\$ 142,515
Salaries and benefits payable	4,912	254,527	259,439	-	259,439
Due to other Minnesota Districts	-	13,977	13,977	-	13,977
Unearned revenue	146,589	100,106	246,695	-	246,695
Total liabilities	<u>242,180</u>	<u>420,446</u>	<u>662,626</u>	<u>-</u>	<u>662,626</u>
<b>Deferred Inflows of Resources</b>					
Property taxes levied for subsequent year's expenditures	-	653,081	653,081	848,483	1,501,564
Unavailable revenue - delinquent property taxes	-	8,232	8,232	9,437	17,669
Total deferred inflows of resources	<u>-</u>	<u>661,313</u>	<u>661,313</u>	<u>857,920</u>	<u>1,519,233</u>
<b>Fund Balances</b>					
Nonspendable	84,307	24,999	109,306	-	109,306
Restricted	709,281	96,943	806,224	182,441	988,665
Unassigned	-	(205,203)	(205,203)	-	(205,203)
Total fund balances	<u>793,588</u>	<u>(83,261)</u>	<u>710,327</u>	<u>182,441</u>	<u>892,768</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,035,768</u>	<u>\$ 998,498</u>	<u>\$ 2,034,266</u>	<u>\$ 1,040,361</u>	<u>\$ 3,074,627</u>

**Independent School District No. 192**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances -**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2021**

	Special Revenue Funds			Debt Service	
				Post	
	Food Service	Community Service	Total	Employment Benefits Debt Service	Total Nonmajor Funds
<b>Revenues</b>					
Local property taxes	\$ -	\$ 632,067	\$ 632,067	\$ 778,152	\$ 1,410,219
Other local and county revenues	5,582	2,306,053	2,311,635	-	2,311,635
Revenue from state sources	2,647	726,055	728,702	2,500	731,202
Revenue from federal sources	1,738,276	384,109	2,122,385	-	2,122,385
Sales and other conversion of assets	197,680	-	197,680	-	197,680
Total revenues	<u>1,944,185</u>	<u>4,048,284</u>	<u>5,992,469</u>	<u>780,652</u>	<u>6,773,121</u>
<b>Expenditures</b>					
Current					
Food service	2,106,977	-	2,106,977	-	2,106,977
Community education and services	-	4,594,921	4,594,921	-	4,594,921
Capital outlay					
Food service	13,068	-	13,068	-	13,068
Community education and services	-	3,257	3,257	-	3,257
Debt service					
Principal	-	-	-	710,000	710,000
Interest and fiscal charges	-	-	-	75,289	75,289
Total expenditures	<u>2,120,045</u>	<u>4,598,178</u>	<u>6,718,223</u>	<u>785,289</u>	<u>7,503,512</u>
Excess of revenues (under) expenditures	(175,860)	(549,894)	(725,754)	(4,637)	(730,391)
<b>Fund Balances</b>					
Beginning of year	<u>969,448</u>	<u>466,633</u>	<u>1,436,081</u>	<u>187,078</u>	<u>1,623,159</u>
End of year	<u>\$ 793,588</u>	<u>\$ (83,261)</u>	<u>\$ 710,327</u>	<u>\$ 182,441</u>	<u>\$ 892,768</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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Other local and county revenues	\$ 33,000	\$ 33,000	\$ 5,582	\$ (27,418)
Revenue from state sources	197,728	197,728	2,647	(195,081)
Revenue from federal sources	1,182,319	1,182,319	1,738,276	555,957
Sales and other conversion of assets	2,024,721	2,024,721	197,680	(1,827,041)
Total revenues	<u>3,437,768</u>	<u>3,437,768</u>	<u>1,944,185</u>	<u>(1,493,583)</u>
<b>Expenditures</b>				
Current				
Food service	3,257,366	3,257,366	2,106,977	(1,150,389)
Capital outlay				
Food service	57,000	57,000	13,068	(43,932)
Total expenditures	<u>3,314,366</u>	<u>3,314,366</u>	<u>2,120,045</u>	<u>(1,194,321)</u>
Excess of revenues over (under) expenditures	<u>\$ 123,402</u>	<u>\$ 123,402</u>	(175,860)	<u>\$ (299,262)</u>
<b>Fund Balance</b>				
Beginning of year			<u>969,448</u>	
End of year			<u>\$ 793,588</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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Local property taxes	\$ 694,705	\$ 694,705	\$ 632,067	\$ (62,638)
Other local and county revenues	3,903,538	3,903,538	2,306,053	(1,597,485)
Revenue from state sources	720,432	720,432	726,055	5,623
Revenue from federal sources	5,950	5,950	384,109	378,159
Total revenues	<u>5,324,625</u>	<u>5,324,625</u>	<u>4,048,284</u>	<u>(1,276,341)</u>
<b>Expenditures</b>				
Current				
Community education and services	5,247,729	5,247,729	4,594,921	(652,808)
Capital outlay				
Community education and services	9,429	9,429	3,257	(6,172)
Total expenditures	<u>5,257,158</u>	<u>5,257,158</u>	<u>4,598,178</u>	<u>(658,980)</u>
Excess of revenues over (under) expenditures	<u>\$ 67,467</u>	<u>\$ 67,467</u>	(549,894)	<u>\$ (617,361)</u>
<b>Fund Balance</b>				
Beginning of year			<u>466,633</u>	
End of year			<u>\$ (83,261)</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, 2021**

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
<b>Revenues</b>			
Local property taxes	\$ 16,790,768	\$ 16,106,773	\$ (683,995)
Other local and county revenues	-	81,007	81,007
Revenue from state sources	4,185,028	5,509,146	1,324,118
Total revenues	<u>20,975,796</u>	<u>21,696,926</u>	<u>721,130</u>
<b>Expenditures</b>			
Debt service			
Principal	16,745,000	14,605,000	(2,140,000)
Interest and fiscal charges	6,563,631	6,500,220	(63,411)
Total expenditures	<u>23,308,631</u>	<u>21,105,220</u>	<u>(2,203,411)</u>
Excess of revenues over (under) expenditures	<u>\$ (2,332,835)</u>	591,706	<u>\$ 2,924,541</u>
<b>Fund Balance</b>			
Beginning of year		<u>3,569,104</u>	
End of year		<u>\$ 4,160,810</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, 2021**

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
<b>Revenues</b>			
Local property taxes	\$ 776,725	\$ 778,152	\$ 1,427
Revenue from state sources	-	2,500	2,500
Total revenues	<u>776,725</u>	<u>780,652</u>	<u>3,927</u>
<b>Expenditures</b>			
Debt service			
Principal	710,000	710,000	-
Interest and fiscal charges	74,815	75,289	474
Total expenditures	<u>784,815</u>	<u>785,289</u>	<u>474</u>
Excess of revenues over (under) expenditures	<u>\$ (8,090)</u>	(4,637)	<u>\$ 3,453</u>
<b>Fund Balance</b>			
Beginning of year		<u>187,078</u>	
End of year		<u>\$ 182,441</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, 2021**

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
<b>Revenues</b>			
Other local and county revenues	\$ -	\$ 57,489	\$ 57,489
<b>Expenditures</b>			
Current			
Sites and buildings	-	126,044	126,044
Capital outlay			
Sites and buildings	-	4,192,246	4,192,246
Total expenditures	-	4,318,765	4,318,765
Excess of revenues over (under) expenditures	\$ -	(4,261,276)	\$ (4,261,276)
<b>Fund Balance</b>			
Beginning of year		12,245,912	
End of year		\$ 7,984,636	



**Independent School District No. 192**  
**Combining Statement of**  
**Net Position - Internal Service Funds**  
**June 30, 2021**

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
<b>Assets</b>			
Cash and cash equivalents	<u>\$ 2,704,346</u>	<u>\$ 768,897</u>	<u>\$ 3,473,243</u>
<b>Liabilities</b>			
Accounts payable	484,134	10,393	494,527
Due to other governmental units	<u>4,420</u>	<u>-</u>	<u>4,420</u>
Total liabilities	488,554	10,393	498,947
<b>Net Position</b>			
Unrestricted	<u>2,215,792</u>	<u>758,504</u>	<u>2,974,296</u>
Total liabilities and net position	<u>\$ 2,704,346</u>	<u>\$ 768,897</u>	<u>\$ 3,473,243</u>

**Independent School District No. 192**  
**Combining Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Internal Service Funds**  
**Year Ended June 30, 2021**

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
<b>Operating Revenues</b>			
Contribution	\$ 9,738,648	\$ 557,461	\$ 10,296,109
<b>Operating Expenses</b>			
Employee claims paid	10,267,819	535,263	10,803,082
Operating income	(529,171)	22,198	(506,973)
<b>Nonoperating Revenues</b>			
Interest revenue	1,342	-	1,342
Change in net position	(527,829)	22,198	(505,631)
<b>Net Position</b>			
Beginning of year	2,743,621	736,306	3,479,927
End of year	<u>\$ 2,215,792</u>	<u>\$ 758,504</u>	<u>\$ 2,974,296</u>

**Independent School District No. 192**  
**Combining Statement of Cash Flows -**  
**Internal Service Funds**  
**As of June 30, 2021**

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
<b>Cash Flows - Operating Activities</b>			
Receipts from district contributions	\$ 9,738,648	\$ 557,461	\$ 10,296,109
Employee claims paid	(10,324,470)	(532,121)	(10,856,591)
Net cash flows - operating activities	<u>(585,822)</u>	<u>25,340</u>	<u>(560,482)</u>
<b>Cash Flows - Investment Activities</b>			
Interest received	<u>1,342</u>	<u>-</u>	<u>1,342</u>
Net change in cash and cash equivalents	(584,480)	25,340	(559,140)
<b>Cash and Cash Equivalents</b>			
Beginning of year	<u>3,288,826</u>	<u>743,557</u>	<u>4,032,383</u>
End of year	<u><u>\$ 2,704,346</u></u>	<u><u>\$ 768,897</u></u>	<u><u>\$ 3,473,243</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities</b>			
Operating income (loss)	\$ (529,171)	\$ 22,198	\$ (506,973)
Adjustments to reconcile operating Income (loss) to net cash Flows - operating activities			
Accounts payable	(57,095)	3,142	(53,953)
Due to other governmental units	444	-	444
Net adjustments	<u>(56,651)</u>	<u>3,142</u>	<u>(53,509)</u>
Net cash flows - operating activities	<u><u>\$ (585,822)</u></u>	<u><u>\$ 25,340</u></u>	<u><u>\$ (560,482)</u></u>

**Independent School District No. 192**  
**Uniform Financial Accounting and Reporting Standards**  
**Compliance Table**  
**Year Ended June 30, 2021**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION FUND</b>			
Total revenue	\$ 88,423,991	\$ 88,423,985	\$ 6	Total revenue	\$ 57,489	\$ 57,489	\$ -
Total expenditures	84,201,647	84,201,647	-	Total expenditures	4,318,765	4,318,764	1
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable fund balance	820,655	820,655	-	460 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
401 Student Activities	94,212	94,212	-	407 Capital Projects Levy	-	-	-
402 Scholarships	-	-	-	413 Building Projects Funded by COP	-	-	-
403 Staff Development	491,686	491,686	-	467 Long-term Facilities Maintenance	241,193	241,193	-
407 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
408 Cooperative Programs	-	-	-	464 Restricted fund balance	7,743,443	7,743,444	(1)
409 Alternative Facility Program	-	-	-	<i>Unassigned:</i>			
414 Operating Debt	-	-	-	463 Unassigned fund balance	-	-	-
416 Levy Reduction	-	-	-				
417 Taconite Building Maintenance	-	-	-	<b>07 DEBT SERVICE FUND</b>			
424 Operating Capital	1,461,630	1,461,630	-	Total revenue	\$ 21,696,926	\$ 21,696,924	\$ 2
426 \$25 Taconite	-	-	-	Total expenditures	21,105,220	21,105,219	1
427 Disabled Accessibility	-	-	-	<i>Nonspendable:</i>			
428 Learning and Development	-	-	-	460 Nonspendable fund balance	-	-	-
434 Area Learning Center	-	-	-	<i>Restricted/reserved:</i>			
435 Contracted Alternative Programs	-	-	-	425 Bond refundings	-	-	-
436 State Approved Alternative Program	-	-	-	433 Maximum effort loan aid	-	-	-
438 Gifted and Talented	-	-	-	451 QZAB payments	-	-	-
440 Teacher Development and Evaluation	-	-	-	467 LTFM	-	-	-
441 Basic Skills Programs	-	-	-	<i>Restricted:</i>			
445 Career Technical Programs	-	-	-	464 Restricted fund balance	4,160,810	4,160,809	1
448 Achievement of Integration Revenue	-	-	-	<i>Unassigned:</i>			
449 Safe School Crime	262,101	262,101	-	463 Unassigned fund balance	-	-	-
451 QZAB payments	-	-	-				
452 OPEB Liabilities not Held in Trust	-	-	-	<b>08 TRUST FUND</b>			
453 Unfunded Severance and Retirement Levy	-	-	-	Total revenue	\$ -	\$ -	\$ -
459 Basic Skills Extended Time	-	-	-	Total expenditures	-	-	-
467 Long-term Facilities Maintenance	804,325	804,325	-	<i>Unassigned:</i>			
<i>Restricted:</i>				401 Student Activities	-	-	-
472 Medical Assistance	463,010	463,010	-	402 Scholarships	-	-	-
464 Restricted fund balance	-	-	-	422 Net position	-	-	-
475 Title VII - Impact Aid	-	-	-				
476 Payments in Lieu of Taxes	-	-	-	<b>18 CUSTODIAL FUND</b>			
<i>Committed:</i>				Total revenue	\$ 455	\$ 455	\$ -
418 Committed for separation	-	-	-	Total expenditures	455	455	-
461 Committed for separation	-	-	-	<i>Restricted/Reserved</i>			
<i>Assigned:</i>				401 Student Activities	-	-	-
462 Assigned fund balance	9,140,206	9,140,207	(1)	402 Scholarships	-	-	-
<i>Unassigned:</i>				448 Achievement and Integration	-	-	-
422 Unassigned fund balance	7,983,201	7,983,196	5	464 Restricted	-	-	-
<b>02 FOOD SERVICES FUND</b>				<b>20 INTERNAL SERVICE FUND</b>			
Total revenue	\$ 1,944,185	\$ 1,944,186	\$ (1)	Total revenue	\$ 10,297,451	\$ 10,297,450	\$ 1
Total expenditures	2,120,045	2,120,047	(2)	Total expenditures	10,803,082	10,803,080	2
<i>Nonspendable:</i>				<i>Unassigned:</i>			
460 Nonspendable fund balance	84,307	84,308	(1)	422 Net position	2,974,296	2,974,297	(1)
<i>Restricted/reserved:</i>							
452 OPEB Liabilities not Held in Trust	-	-	-	<b>25 OPEB REVOCABLE TRUST</b>			
<i>Restricted:</i>				Total revenue	\$ -	\$ -	\$ -
464 Restricted fund balance	709,281	709,281	-	Total expenditures	-	-	-
<i>Unassigned:</i>				<i>Unassigned:</i>			
463 Unassigned fund balance	-	-	-	422 Net position	-	-	-
<b>04 COMMUNITY SERVICE FUND</b>				<b>45 OPEB IRREVOCABLE TRUST</b>			
Total revenue	\$ 4,048,284	\$ 4,048,284	\$ -	Total revenue	\$ 52,678	\$ 52,678	\$ -
Total expenditures	4,598,178	4,598,174	4	Total expenditures	250	250	-
<i>Nonspendable:</i>				<i>Unassigned:</i>			
460 Nonspendable fund balance	24,999	24,999	-	422 Net position	2,901,332	2,901,332	-
<i>Restricted/reserved:</i>							
426 \$25 Taconite	-	-	-	<b>47 OPEB DEBT SERVICE</b>			
431 Community Education	(164,888)	(164,888)	-	Total revenue	\$ 780,652	\$ 780,653	\$ (1)
432 ECFE	(40,315)	(40,315)	-	Total expenditures	785,289	785,290	(1)
444 School Readiness	60,001	60,001	-	<i>Nonspendable:</i>			
447 Adult Basic Education	-	-	-	460 Nonspendable fund balance	-	-	-
452 OPEB Liabilities not Held in Trust	-	-	-	<i>Restricted:</i>			
<i>Restricted:</i>				425 Bond refundings	-	-	-
464 Restricted fund balance	36,942	36,945	(3)	464 Restricted fund balance	182,441	182,440	1
<i>Unassigned:</i>				<i>Unassigned:</i>			
463 Unassigned fund balance	-	-	-	463 Unassigned fund balance	-	-	-

## **STATISTICAL SECTION**



**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 basic financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	114
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	122
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	128
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	133
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	137

**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			
	2012	2013	2014	2015
<b>Governmental Activities</b>				
Net investment in capital assets	\$ (19,484,672)	\$ (18,029,060)	\$ (20,728,015)	\$ (17,838,292)
Restricted	599,394	378,099	695,172	5,854,618
Unrestricted	(15,382,070)	(16,788,565)	(11,659,904)	(60,668,164)
Total governmental activities net assets	<u>\$ (34,267,348)</u>	<u>\$ (34,439,526)</u>	<u>\$ (31,692,747)</u>	<u>\$ (72,651,838)</u>



Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ (12,801,800)	\$ (8,069,026)	\$ 425,114	\$ 8,165,318	\$ 16,918,117	\$ 23,470,541
3,795,807	4,358,909	4,868,518	5,126,117	4,938,228	6,402,986
(58,647,696)	(78,929,855)	(95,371,519)	(73,037,547)	(75,525,762)	(73,641,923)
<u>\$ (67,653,689)</u>	<u>\$ (82,639,972)</u>	<u>\$ (90,077,887)</u>	<u>\$ (59,746,112)</u>	<u>\$ (53,669,417)</u>	<u>\$ (43,768,396)</u>

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities				
Administration	\$ 3,039,382	\$ 2,861,239	\$ 3,020,958	\$ 2,945,067
District support services	2,410,921	2,979,027	3,236,185	3,814,841
Elementary and secondary regular instruction	29,617,751	30,149,009	29,608,354	32,092,433
Vocational education instruction	592,817	591,705	526,164	552,403
Special education instruction	10,885,818	10,979,602	11,412,057	12,081,345
Instructional support services	3,644,676	3,022,306	3,498,036	3,396,174
Pupil support services	5,812,966	5,753,865	5,793,138	6,051,082
Sites and buildings	8,437,907	6,086,373	6,278,475	6,334,689
Fiscal and other fixed cost programs	235,465	311,549	269,291	239,595
Food service	2,939,948	3,096,756	3,005,615	3,115,176
Community education and services	4,038,348	4,621,956	4,652,640	4,526,854
Depreciation not included in other functions	5,310,623	5,324,013	5,038,359	5,478,238
Interest and fiscal charges on long-term debt	10,010,468	9,491,794	9,115,861	9,851,134
Total governmental activities expenses	<u>86,977,090</u>	<u>85,269,194</u>	<u>85,455,133</u>	<u>90,479,031</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
Administration	-	-	-	-
District support services	-	369	113,615	125,134
Elementary and secondary regular instruction	694,908	633,563	670,614	711,626
Vocational education instruction	-	-	-	-
Special education instruction	180,078	147,138	92,262	37,412
Instructional support services	-	1,402	1,000	-
Pupil support services	-	-	-	-
Sites and buildings	106,463	110,149	108,440	105,453
Fiscal and other fixed cost programs	-	-	-	-
Food service	2,039,120	2,013,403	1,932,980	2,096,665
Community education and services	3,031,376	3,484,233	3,832,157	3,440,651
Depreciation not included in other functions	-	-	-	-
Interest and fiscal charges on long-term debt	-	-	-	-
Operating grants and contributions	12,650,254	11,322,874	13,079,334	14,271,128
Capital grants and contributions	895,304	947,931	988,310	1,224,893
Total governmental activities program revenues	<u>19,597,503</u>	<u>18,661,062</u>	<u>20,818,712</u>	<u>22,012,962</u>
Net expense	(67,379,587)	(66,608,132)	(64,636,421)	(68,466,069)
<b>General Revenues</b>				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	5,619,114	6,169,145	3,960,769	5,034,575
Property taxes, levied for community service	399,820	476,237	281,363	521,005
Property taxes, levied for debt service	12,411,603	12,552,765	12,642,712	12,912,421
General grants and aids	45,746,433	47,033,816	50,270,485	52,931,208
Gain on sale of capital assets	-	-	-	3,555
Other general revenues	317,307	351,280	208,794	510,934
Investment earnings	541,878	36,416	19,077	34,790
Special item	13,335,651	-	-	-
Total governmental activities	<u>78,371,806</u>	<u>66,619,659</u>	<u>67,383,200</u>	<u>71,948,488</u>
Change in net position	<u>\$ 10,992,219</u>	<u>\$ 11,527</u>	<u>\$ 2,746,779</u>	<u>\$ 3,482,419</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,958,510	\$ 3,817,460	\$ 3,797,396	\$ 2,282,813	\$ 3,320,897	\$ 3,508,185
7,655,043	4,116,111	3,340,002	3,030,690	3,500,480	3,367,370
33,572,184	48,716,860	49,600,564	24,283,952	42,706,404	43,531,993
865,574	1,353,886	1,429,015	698,178	1,169,614	1,262,305
12,223,981	16,443,427	17,315,543	10,086,755	16,839,789	17,317,401
3,775,815	4,569,688	4,710,788	3,005,139	4,223,607	4,752,815
6,033,961	6,991,027	7,554,557	6,692,043	8,329,587	7,774,320
5,570,230	7,148,603	6,034,967	6,432,662	6,979,393	7,022,658
226,217	223,268	239,650	272,153	263,177	336,241
3,131,432	3,095,761	3,356,498	3,282,084	2,606,119	2,145,086
4,634,178	5,417,532	5,708,637	4,790,371	5,150,692	4,631,554
5,689,030	6,064,152	6,693,814	7,291,316	7,472,086	7,708,909
5,243,100	4,678,177	5,112,703	5,252,869	4,442,603	3,837,286
91,579,255	112,635,952	114,894,134	77,401,025	107,004,448	107,196,123
-	-	-	-	-	-
37,691	174,517	254,187	133,790	137,037	1,160,935
686,549	746,927	733,267	727,073	486,202	423,644
-	-	-	-	-	-
-	7,219	11,754	197,476	195,708	290,390
-	-	-	-	-	-
-	-	-	-	-	-
147,836	147,461	142,288	166,647	161,223	137,612
-	-	-	-	-	-
2,148,910	2,069,202	2,107,185	2,108,984	1,610,254	197,680
3,533,478	3,516,502	3,490,150	3,797,738	3,118,375	2,286,816
-	-	-	-	-	-
-	-	-	-	-	-
13,982,338	15,009,901	15,091,950	15,852,573	17,353,360	20,780,363
1,221,191	1,788,466	2,301,979	2,638,231	2,509,390	2,958,606
21,757,993	23,460,195	24,132,760	25,622,512	25,571,549	28,236,046
(69,821,262)	(89,175,757)	(90,761,374)	(51,778,513)	(81,432,899)	(78,960,077)
6,085,082	8,143,426	8,862,586	9,206,685	10,042,819	11,383,203
501,239	573,217	664,062	749,594	793,238	631,668
13,001,115	15,147,240	15,119,738	15,092,514	15,798,477	16,885,308
54,541,170	56,658,190	56,760,080	55,237,723	58,542,662	58,782,787
-	-	-	-	1,555	12,836
603,999	1,013,822	1,422,961	910,368	1,001,156	852,053
86,806	340,087	494,032	907,834	783,190	313,243
-	-	-	5,570	-	-
74,819,411	81,875,982	83,323,459	82,110,288	86,963,097	88,861,098
\$ 4,998,149	\$ (7,299,775)	\$ (7,437,915)	\$ 30,331,775	\$ 5,530,198	\$ 9,901,021

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

	Fiscal Year			
	2012	2013	2014	2015
<b>General Fund</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	647,965	633,768	641,407	608,024
Restricted	268,338	62,952	87,929	236,924
Committed	12,370	-	-	-
Assigned	-	-	-	86,124
Unassigned	1,601,105	1,248,451	2,167,828	2,579,697
Total general fund	<u>\$ 2,529,778</u>	<u>\$ 1,945,171</u>	<u>\$ 2,897,164</u>	<u>\$ 3,510,769</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 118,061	\$ 140,088	\$ 105,175	\$ 74,271
Restricted	10,404,021	11,503,067	81,951,552	30,200,598
Reserved	-	-	-	-
Unassigned/ unreserved, reported in				
Special revenue funds	(6,573)	(11,146)	-	-
Capital projects fund	-	-	-	-
Debt service fund	-	-	-	-
Total all other governmental funds	<u>\$ 10,515,509</u>	<u>\$ 11,632,009</u>	<u>\$ 82,056,727</u>	<u>\$ 30,274,869</u>
Unreserved / Unassigned - operating account as a percentage of total expenditures	<u>2.7%</u>	<u>2.1%</u>	<u>3.5%</u>	<u>3.9%</u>

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

Only year 2011 through 2019 are reported in compliance with GASB Statement No. 54. Year 2010 reported as previously stated.

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
635,193	744,270	686,020	825,479	798,664	820,655
337,954	478,437	743,427	1,382,176	2,271,054	3,576,964
-	-	-	-	-	-
1,600,250	3,609,331	5,425,725	6,190,923	6,354,882	9,140,206
2,854,896	5,356,285	6,219,857	7,141,709	7,861,246	7,983,201
<u>\$ 5,428,293</u>	<u>\$ 10,188,323</u>	<u>\$ 13,075,029</u>	<u>\$ 15,540,287</u>	<u>\$ 17,285,846</u>	<u>\$ 21,521,026</u>
\$ 107,168	\$ 117,749	\$ 124,406	\$ 105,690	\$ 154,156	\$ 109,306
44,554,547	29,319,309	20,054,760	26,878,742	17,422,849	13,134,111
-	-	-	-	-	-
-	-	(92,703)	(131,884)	(138,830)	(205,203)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 44,661,715</u>	<u>\$ 29,437,058</u>	<u>\$ 20,086,463</u>	<u>\$ 26,852,548</u>	<u>\$ 17,438,175</u>	<u>\$ 13,038,214</u>
<u>4.0%</u>	<u>7.5%</u>	<u>8.2%</u>	<u>9.0%</u>	<u>9.9%</u>	<u>10.1%</u>

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Revenues</b>				
Local sources				
Taxes	\$ 18,604,245	\$ 19,447,043	\$ 17,011,473	\$ 18,435,002
Investment earnings	541,878	36,416	19,077	41,404
Other	6,381,291	6,762,590	6,977,896	7,038,338
State sources	56,222,625	56,960,408	61,867,230	65,949,189
Federal sources	3,057,327	2,323,160	2,452,865	2,464,518
Total revenues	<u>84,807,366</u>	<u>85,529,617</u>	<u>88,328,541</u>	<u>93,928,451</u>
<b>Expenditures</b>				
Current				
Administration	2,936,329	2,757,084	2,863,077	2,927,621
District support services	2,133,558	1,902,112	2,055,614	2,617,365
Elementary and secondary regular instruction	28,583,029	29,071,218	28,671,604	31,487,224
Vocational education instruction	592,817	591,705	532,579	559,061
Special education instruction	10,469,268	10,558,288	11,141,882	11,882,109
Instructional support services	3,543,324	2,887,935	3,352,488	3,404,650
Pupil support services	5,755,556	5,725,205	5,783,144	6,031,581
Sites and buildings	5,579,524	5,397,762	5,530,645	5,366,707
Fiscal and other fixed cost programs	235,465	311,549	269,291	239,589
Food service	2,833,874	3,019,151	2,932,891	3,048,119
Community service	3,971,963	4,595,830	4,638,784	4,535,037
Capital outlay	4,031,726	3,558,018	8,210,974	2,732,131
Debt service				
Principal	16,432,160	14,030,000	13,905,000	83,860,000
Interest and fiscal charges	10,225,384	9,935,729	9,451,173	10,191,851
Total expenditures	<u>97,323,977</u>	<u>94,341,586</u>	<u>99,339,146</u>	<u>168,883,045</u>
Excess of revenues over (under) expenditures	(12,516,611)	(8,811,969)	(11,010,605)	(74,954,594)
Other financing sources (uses)				
Bonds issued	19,210,000	25,765,000	77,060,000	20,475,000
Premium on bonds issued	1,315,357	853,862	5,326,810	3,753,037
Capital lease/certificates of participation	-	-	-	-
Proceeds from sale of assets	-	-	506	-
Debt retirement from escrow account	(38,569,121)	(17,275,000)	-	-
Total other financing sources (uses)	<u>(18,043,764)</u>	<u>9,343,862</u>	<u>82,387,316</u>	<u>24,228,037</u>
Net change in fund balances	<u>\$ (30,560,375)</u>	<u>\$ 531,893</u>	<u>\$ 71,376,711</u>	<u>\$ (50,726,557)</u>
Debt services as a percentage of noncapital expenditures	<u>27.83%</u>	<u>26.07%</u>	<u>25.28%</u>	<u>55.96%</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 19,760,259	\$ 23,872,061	\$ 24,531,942	\$ 25,064,312	\$ 26,636,206	\$ 28,896,803
51,795	130,339	6,515,297	6,832,092	6,191,693	4,468,188
7,211,671	7,913,479	2,108,886	2,109,144	1,611,480	1,261,687
67,133,709	68,836,128	71,502,100	74,205,860	75,415,465	76,380,122
2,590,661	2,665,713	2,686,517	2,566,048	2,640,226	5,944,727
96,748,095	103,417,720	107,344,742	110,777,456	112,495,070	116,951,527
2,881,456	3,014,364	3,057,692	3,050,987	3,154,498	3,299,619
2,821,314	2,790,420	2,943,915	2,883,246	3,326,760	3,340,055
33,102,929	34,449,272	35,975,764	37,859,808	39,309,609	39,990,526
884,011	966,774	1,050,905	1,103,808	1,075,642	1,151,171
12,086,043	12,315,722	13,254,089	14,405,762	15,745,990	16,198,251
3,678,163	3,554,687	3,821,769	3,846,494	3,935,603	4,418,381
6,003,798	6,350,383	6,937,898	7,479,573	8,129,445	7,410,707
6,959,701	7,020,755	7,320,516	7,634,719	7,110,805	6,725,233
226,217	223,268	239,653	272,153	263,177	336,241
3,042,965	3,037,950	3,237,249	3,302,254	2,622,766	2,106,977
4,571,286	4,780,764	5,181,735	5,345,270	5,026,040	4,594,921
10,779,865	16,140,491	10,176,905	3,087,031	12,421,891	4,831,968
68,610,000	23,105,000	12,987,303	14,115,738	15,079,110	16,149,110
8,361,414	8,049,807	7,633,625	7,246,463	6,905,075	6,575,984
164,009,162	125,799,657	113,819,018	111,633,306	124,106,411	117,129,144
(67,261,067)	(22,381,937)	(6,474,276)	(855,850)	(11,611,341)	(177,617)
72,370,000	10,665,000	-	9,220,000	5,715,000	-
7,620,929	1,251,580	-	861,623	448,035	-
3,574,508	-	-	-	3,336,440	-
-	730	10,387	5,570	1,555	12,836
-	-	-	-	(6,105,000)	-
83,565,437	11,917,310	10,387	10,087,193	3,396,030	12,836
\$ 16,304,370	\$ (10,464,627)	\$ (6,463,889)	\$ 9,231,343	\$ (8,215,311)	\$ (164,781)
49.24%	26.38%	19.43%	20.55%	18.88%	20.76%

**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	
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
2018	8,816,612	1,565,378	14,149,952	24,531,942
2019	9,207,652	1,742,792	14,113,868	25,064,312
2020	10,039,393	1,570,026	15,026,787	26,636,206
2021	11,379,811	1,410,219	16,106,773	28,896,803



**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	
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
2018	8,862,586	664,062	15,119,738	24,646,386
2019	9,206,685	749,594	15,092,514	25,048,793
2020	\$10,042,819	\$793,238	\$15,798,477	26,634,534
2021	\$11,383,203	\$631,668	\$16,885,308	28,900,179

**Independent School District No. 192**  
**Principal Property Tax Payers**  
**Last Ten Years**

Taxpayer	2021			2012		
	Net Tax Capacity	Rank	Percentage Total City Tax Valuation	Net Tax Capacity	Rank	Percentage Total City Tax Valuation
Northern Natural Gas Company	\$ 741,910	1	2.56%	\$ 648,078	1	2.42%
Northern States Power Co	534,360	2	1.85%	124,704	6	0.47%
Fulford Group LLC	343,281	3	1.19%	123,862	8	-
Minnesota Pipeline Co	316,586	4	1.09%	255,564	2	0.96%
Lakeville 222nd 207 LLC	274,430	5	0.95%	-		-
Dakota Electric	184,188	6	0.64%	169,902	3	0.64%
MN Energy Resources Corp	183,866	7	0.64%	124,298	7	-
Country View LMTD PTNSHP	139,143	8	0.48%	-		-
Ardmor mHC, LLC	107,808	9	0.37%	-		-
Legacy Partners of Farmington LLC	107,724	10	0.37%	-		0.00%
Country View Limited Partnership	-	-	-	134,133	4	0.50%
Uniprop Manufactured Housing Community	-	-	-	121,447	9	0.45%
St. Francis Health Services	-	-	-	129,831	5	0.49%
Northern States Power Co	-	-	-	120,596	10	0.45%
	-	-	-	-		0.00%
	-	-	-	-		0.00%
	-	-	-	-		0.00%
	-	-	-	-		0.00%
Total for ten largest principal taxpayers	<u>\$ 2,933,296</u>			<u>\$ 1,952,415</u>		

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

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

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Proposed 2021-22</u>
<b>Governmental Unit</b>										
ISD No. 192 ( Farmington)	57.226%	56.326%	53.474%	57.584%	54.269%	52.825%	51.401%	53.150%	50.805%	48.969%
<b>Overlapping Governments</b>										
Dakota County	33.421%	31.827%	29.633%	28.570%	28.004%	26.580%	25.386%	24.133%	22.716%	21.557%
City of Farmington	66.821%	65.876%	61.455%	59.239%	58.760%	57.161%	54.372%	50.971%	49.251%	50.242%
City of Lakeville	41.234%	40.696%	38.948%	38.669%	37.510%	36.419%	35.607%	34.615%	34.351%	48.969%
ISD No. 192 Market Value Referendum Rate	0.151%	0.111%	0.115%	0.191%	0.185%	0.185%	0.190%	0.189%	0.184%	0.183%
Source: Dakota County										

**Independent School District No. 192**  
**Property Tax Levies and Collections**  
**Last Ten Years**  
**Last Ten Fiscal Years**

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
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%	13,727,775	24,214,821	99.36%
2018	25,287,109	11,012,620	43.55%	13,901,862	24,914,482	98.53%
2019	26,587,320	11,928,042	44.86%	14,508,219	26,436,261	99.43%
2020	28,755,982	12,556,781	43.67%	15,991,259	28,548,040	99.28%
2021	29,993,594	13,552,794	45.19%	N/A	13,552,794	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
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	0.54269	2,795,558,853	1.03%
2018	25,677,167	5,391,450	1,680,089	119,002	1,807,620	30,822,084	0.52825	2,982,321,475	1.03%
2019	28,292,433	5,752,085	1,724,491	377,619	1,928,640	33,462,750	0.51401	3,250,838,925	1.03%
2020	30,405,648	5,925,261	1,559,414	390,469	1,976,668	35,523,186	0.53105	3,446,815,150	1.03%
2021	32,731,554	6,248,060	1,645,414	403,563	1,820,280	38,401,185	0.50805	3,686,206,800	1.04%

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
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	10.83%
2018	198,361,229	-	-	-	-	198,361,229	36,125	5,491	9.55%
2019	193,582,515	-	-	-	-	193,582,515	36,206	5,347	9.09%
2020	176,389,648	-	-	-	2,502,330	178,891,978	38,382	4,661	7.52%
2021	159,210,832	-	-	-	1,668,220	160,879,052	37,595	4,279	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
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
2018	198,361,229	4,975,216	193,386,013	35,663,908	542.25%	36,125	5,353
2019	193,582,515	4,502,263	189,080,252	38,555,985	490.40%	36,206	5,222
2020	176,389,648	3,569,104	172,820,544	41,065,314	420.84%	38,382	4,503
2021	159,210,832	4,160,810	155,050,022	44,274,123	350.20%	37,595	4,124

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**  
**Last Ten Years**  
**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>
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%
2018	12,050,000	7,616,578	19,666,578	76,019,242	25.9%
2019	13,170,000	7,100,361	20,270,361	79,433,409	25.5%
2020	20,350,000	800,075	21,150,075	83,356,885	25.4%
2021	16,149,110	6,575,984	22,725,094	84,201,645	27.0%

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**  
**Last Ten Years**  
**Last Ten Fiscal Years**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt Repaid with Property Taxes</b>			
City of Farmington	\$ 8,515,000	99.97%	\$ 8,512,182
City of Lakeville	32,445,000	8.53%	2,768,856
Metropolitan Council	193,320,000	0.78%	1,500,743
Town of Empire	2,225,000	85.87%	1,910,556
Subtotal, overlapping debt	236,505,000		14,692,337
<b>Independent School District No. 192 - Direct Debt</b>	151,275,000	100.00%	<u>151,275,000</u>
Total direct and overlapping debt			<u><u>\$ 165,967,337</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the government's ability of issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Debt outstanding for Dakota County, Metropolitan Council, town of empire and the cities of Farmington and Lakeville is as of August 2016.

Dakota County has no applicable outstanding debt to include-they called their 2007 bonds in 2016

Town of Empire-issued new debt

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

	Fiscal Year										
	2012	2013	2014	2015	2016	2017	2018	2018	2019	2020	2021
Debt limit	\$ 344,461,499	\$ 326,622,379	\$ 386,941,701	\$ 386,203,545	\$ 413,801,133	\$ 435,863,771	\$ 462,330,681	\$ (75,525,762)	\$ 502,550,114	\$ 538,158,452	\$ 574,989,246
Total net debt											
Applicable to limit	<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>	<u>185,175,000</u>	<u>185,175,000</u>	<u>181,225,000</u>	<u>166,590,000</u>	<u>151,275,000</u>
Legal debt margin	<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>	<u>\$ 277,155,681</u>	<u>\$ (260,700,762)</u>	<u>\$ 321,325,114</u>	<u>\$ 371,568,452</u>	<u>\$ 423,714,246</u>
Total net debt applicable to the to the limit as a percentage of debt limit	61.45%	63.11%	69.59%	53.32%	50.67%	45.21%	40.05%	-245.18%	36.06%	30.96%	26.31%

Legal debt margin calculation for year 2021

Market value	\$ 3,833,261,638
Debt limit (15% of market value)	574,989,246
Debt applicable to limit	
G.O. Bonds	<u>151,275,000</u>
Total net debt applicable to limit	<u>151,275,000</u>
Legal debt margin	<u>\$ 423,714,246</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**  
**Last Ten Years**  
**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>
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%
2018	235,627	2.00%	2.80%
2019	231,535	2.50%	2.50%
2020	232,186	4.00%	4.60%
2021	235,921	2.40%	2.50%

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

**Independent School District No. 192  
Principal Employers-City of Farmington  
Last Ten Years**

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Farmington Public Schools	900	1	30.44%	844	1	35.39%
Federal Aviation Administration	498	2	16.84%	500	2	20.96%
Installed Building Solutions	290	3	9.81%			0.00%
Trinity Care Center and Trinity Terrace	234	4	7.91%	120	7	5.03%
City of Farmington	232	5	7.85%	100	5	4.19%
Dakota Electric Association	196	6	6.63%	209	3	8.76%
R & L Carriers	175	7	5.92%			0.00%
Marschall Line Inc	160	8	5.41%	193	4	8.09%
Valmont Industries	142	9	4.80%	129	6	5.41%
Kemps LLC	130	10	4.40%	120	8	5.03%
Peerless Plastics	-	-	-	60	10	2.52%
River Valley Home Care	-	-	-	110	9	4.61%
Total	2,957			2,385		

Source: City of Farmington Community Development Department.  
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>
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	1,962,142,464	54,359
2018	36,125	2,077,729,375	57,515
2019	36,206	2,130,143,804	58,834
2020	38,382	2,379,875,910	62,005
2021	37,595	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**  
**Meals Served 2021**

Meals	Number of Meals Served
Elementary full paid lunch	21,489
Secondary full paid lunch	81,606
Reduced price lunch	6,747
Free lunch	16,325
Adult lunch	4,964
	<hr/>
Total lunches served	131,131
	<hr/> <hr/>
Elementary full paid breakfast	10,667
Secondary full paid breakfast	2,770
Reduced price breakfast	1,021
Free breakfast	3,183
Adult breakfast	29
	<hr/>
Total breakfasts served	17,670
	<hr/> <hr/>

Data Source: Independent School District No. 192 District Office

**Independent School District No. 192**  
**School Facilities**  
**Last Ten Years**

Facility	Year Constructed	Years Of Addition	Grades Housed	Square Footage
Akin Road Elementary	1988	2017	K-5	95,275
Farmington Elementary	1954	1965, 1997, 2017	K-5	95,433
North Trail Elementary	1997		K-5	104,580
Meadowview Elementary	2002	2003, 2016	K-5	143,550
Riverview Elementary	1999		K-5	161,000
Dodge Middle School	1993	1997, 2006	G6-8	217,000
Boeckman Middle School	1973	1996, 2004	G6-8	266,000
Farmington High School (new facility)	2010		G9-12	470,000
Tiger Legacy and Learning Center	1913	1929, 1961		95,320
District Services Center	1972			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	
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
2018	150.97	437.25	3,388.03	3,250.28	7,226.53	7,876.59
2019	165.56	460.28	3,309.09	3,360.34	7,295.27	7,967.35
2020	180.24	420.87	3,263.26	3,425.45	7,289.82	7,974.90
2021	192.51	406.79	3,083.44	3,402.43	7,085.17	7,765.68

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:

	<u>Pre-kindergarten</u>	<u>Handicapped Kindergarten</u>	<u>Kindergarten</u>	<u>Elementary 3-Jan</u>	<u>Elementary 6-Apr</u>	<u>Secondary</u>
2010 through 2014	1.250	1.000	0.612	1.115	1.060	1.300
2015 through 2020	1.000	1.000	1.000	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
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%
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%
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%
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%
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%
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%
2018	3,057,692 4.0%	2,943,915 3.9%	35,975,764 47.3%	1,050,905 1.4%	13,254,089 17.4%	3,821,769 5.0%
2019	3,050,987 3.8%	2,883,246 3.6%	37,859,808 47.7%	1,103,808 1.4%	14,405,762 18.1%	3,846,494 4.8%
2020	3,154,498 3.6%	3,326,760 3.8%	39,309,609 45.3%	1,075,642 1.2%	15,745,990 18.2%	3,935,603 4.5%
2021	3,299,619 3.9%	3,340,055 4.0%	39,990,526 47.5%	1,151,171 1.4%	16,198,251 19.2%	4,418,381 5.2%

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Debt Service	Food Service	Capital Outlay	Total	Percent Increase (Decrease) from Prior Year
5,755,556 9.5%	5,337,706 8.8%	235,465 0.4%	- 0.0%	- 0.0%	965,584 1.6%	60,838,578 100.0%	3.13%
5,725,205 9.4%	5,201,116 8.6%	311,549 0.5%	- 0.0%	- 0.0%	1,622,840 2.7%	60,629,052 100.0%	-0.34%
5,783,144 9.4%	5,356,602 8.7%	269,291 0.4%	- 0.0%	- 0.0%	1,569,993 2.5%	61,596,274 85.6%	1.60%
6,031,581 9.1%	5,285,123 8.0%	239,589 0.4%	- 0.0%	- 0.0%	1,778,328 2.7%	66,212,651 100.0%	7.49%
6,003,798 8.3%	5,187,913 7.2%	226,217 0.3%	- 0.0%	- 0.0%	5,057,606 7.0%	71,929,450 100.0%	8.63%
6,350,383 8.9%	5,576,882 7.9%	223,268 0.3%	- 0.0%	- 0.0%	1,733,077 2.4%	70,974,849 100.0%	-1.33%
6,937,898 9.1%	6,849,376 9.0%	239,653 0.3%	954,250 1.3%	- 0.0%	933,933 1.2%	76,019,244 100.0%	7.11%
7,479,573 9.4%	6,975,597 8.8%	272,153 0.3%	954,250 1.2%	36,039 0.0%	565,691 0.7%	79,433,408 100.0%	4.49%
8,129,445 9.4%	6,169,035 7.1%	263,177 0.3%	834,110 1.0%	- 0.0%	4,749,459 5.5%	86,693,328 100.0%	9.14%
7,410,707 8.8%	6,599,189 7.8%	336,241 0.4%	834,110 1.0%	- 0.0%	623,397 0.7%	84,201,647 100.0%	-2.87%

**Independent School District No. 192**  
**Revenue and Expenditures - Governmental Funds**  
**Last Ten Years**  
**(unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
<b>Revenues</b>				
General fund				
Operating account	\$ 59,753,701	\$ 60,044,445	\$ 62,547,761	\$ 67,267,949
Special revenue funds				
Food service fund	2,935,710	2,959,723	2,921,134	3,288,477
Community service fund	4,055,920	4,578,216	4,962,197	4,710,170
Other nonmajor	386,001	407,649	604,468	454,784
Capital projects fund	68,104	31,628	1,759	20,527
Debt service fund - G.O. Bonds	17,607,930	17,507,956	17,291,222	18,186,544
Total revenues	<u>\$ 84,807,366</u>	<u>\$ 85,529,617</u>	<u>\$ 88,328,541</u>	<u>\$ 93,928,451</u>
<b>Expenditures</b>				
Current				
Operating account	\$ 60,838,578	\$ 60,629,052	\$ 61,596,274	\$ 66,212,648
Special revenue funds				
Food service fund	2,861,842	3,019,151	2,933,774	3,048,639
Community service fund	4,017,144	4,642,123	4,654,550	4,585,869
Other nonmajor	352,990	352,539	6,419,213	461,520
Capital projects fund	3,234,811	2,154,791	6,798,375	984,038
Debt service fund - G.O. Bonds	26,018,612	23,543,930	16,936,960	93,590,331
Total expenditures	<u>\$ 97,323,977</u>	<u>\$ 94,341,586</u>	<u>\$ 99,339,146</u>	<u>\$ 168,883,045</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 70,272,466	\$ 75,734,149	\$ 78,895,563	\$ 81,893,096	\$ 84,554,395	\$ 88,421,991
3,356,767	3,305,150	3,296,858	3,288,152	2,824,984	1,944,185
4,853,691	4,992,301	5,052,018	5,484,415	4,680,514	4,048,284
441,421	762,420	908,874	997,304	779,739	780,652
3,155	284,836	311,946	288,362	280,822	57,489
17,820,595	18,338,864	18,879,483	18,826,127	19,374,616	21,696,926
<u>\$ 96,748,095</u>	<u>\$ 103,417,720</u>	<u>\$ 107,344,742</u>	<u>\$ 110,777,456</u>	<u>\$ 112,495,070</u>	<u>\$ 116,949,527</u>
\$ 71,929,450	\$ 70,974,849	\$ 76,019,244	\$ 79,433,408	\$ 86,693,328	\$ 84,201,647
3,066,599	3,038,739	3,311,297	3,501,533	2,622,766	2,120,045
4,629,918	4,866,071	5,233,069	5,357,429	5,034,655	4,598,178
473,278	735,765	867,965	968,930	784,265	785,289
7,701,856	15,765,191	9,588,730	3,070,575	8,605,587	4,318,765
76,208,061	30,419,042	18,798,713	19,301,431	20,365,810	21,105,220
<u>\$ 164,009,162</u>	<u>\$ 125,799,657</u>	<u>\$ 113,819,018</u>	<u>\$ 111,633,306</u>	<u>\$ 124,106,411</u>	<u>\$ 117,129,144</u>



**Independent School District No. 192**  
**Expenditures Per Student**  
**Last Ten Years**  
**(with Comparative Amounts for the Year Ended June 30, 2020)**  
**(unaudited)**

	State Average	ISD No. 192	
	2020	2019	2020
<b>Expenditures Per Student (ADM) (1)</b>			
<b>General Fund - Operating Account</b>			
District and school administration	\$ 640	\$ 459	\$ 509
District support services	514	428	457
Elementary and secondary regular instruction	5,498	4,881	5,055
Vocational education instruction	174	150	146
Special education instruction	2,510	1,953	2,137
Student Activities and Athletics	332	247	277
Instructional support services	662	440	451
Pupil support services	410	330	360
Sites and buildings, food service, and fiscal and other fixed Cost programs	1,735	1,443	1,462
Total general fund - operating account	12,475	10,333	10,853
Food service special revenue fund	553	477	357
Total pk - 12 operating expenditures	13,028	10,810	11,210
General fund - capital expenditure account	838	437	467
Community service special revenue fund	622	729	686
Capital projects fund	2,085	418	1,173
Debt service fund	1,344	2,760	2,882
Total expenditures per student	\$ 17,918	\$ 15,154	\$ 16,418
ADM Served	882,198	7,345	7,338

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 Years**  
**(Modified Accrual Basis of Accounting)**  
**(unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
District and school administration	\$ 2,941,589	\$ 2,759,636	\$ 2,866,365	\$ 2,930,774
District support services	2,625,824	2,894,569	3,086,200	3,833,572
Elementary and secondary regular instruction	28,704,749	29,221,257	28,821,609	31,687,670
Vocational education instruction	592,817	591,705	532,579	559,061
Special education instruction	10,480,975	10,582,999	11,148,251	11,890,967
Instructional support services	3,550,964	2,888,185	3,360,385	3,411,008
Pupil support services	5,755,556	5,725,205	5,783,144	6,031,581
Sites, buildings and equipment	5,950,639	5,653,947	5,728,450	5,628,426
Food Service, debt service, fiscal and other fixed cost programs	235,465	311,549	269,291	239,589
Total	<u>\$ 60,838,578</u>	<u>\$ 60,629,052</u>	<u>\$ 61,596,274</u>	<u>\$ 66,212,648</u>
Weighted ADM	7,579	7,700	6,915	7,690
District and school administration	\$ 388	\$ 358	\$ 415	\$ 381
District support services	346	376	446	499
Elementary and secondary regular instruction	3,787	3,795	4,168	4,121
Vocational education instruction	78	77	77	73
Special education instruction	1,383	1,374	1,612	1,546
Instructional support services	469	375	486	444
Pupil support services	759	744	836	784
Sites, buildings and equipment	785	734	828	732
Food Service, fiscal and other fixed cost programs	31	40	39	31
Total	<u>\$ 8,027</u>	<u>\$ 7,874</u>	<u>\$ 8,908</u>	<u>\$ 8,610</u>

Note: Includes all Governmental Funds.



Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,883,950	\$ 3,018,672	\$ 3,069,552	\$ 3,057,850	\$ 3,163,856	\$ 3,305,880
7,608,508	4,017,005	3,292,442	3,108,593	6,795,421	3,393,477
33,184,413	34,658,925	36,243,033	38,033,218	39,454,780	40,108,867
884,011	966,774	1,050,905	1,103,808	1,075,642	1,151,171
12,100,803	12,330,895	13,300,567	14,413,719	15,751,492	16,198,815
3,696,104	3,555,074	3,822,709	3,852,531	3,939,278	4,439,226
6,003,798	6,350,383	6,937,898	7,479,573	8,129,445	7,581,695
5,341,646	5,853,853	7,108,235	7,121,674	7,286,127	6,852,165
226,217	223,268	1,193,903	1,262,442	1,097,287	1,170,351
<u>\$ 71,929,450</u>	<u>\$ 70,974,849</u>	<u>\$ 76,019,244</u>	<u>\$ 79,433,408</u>	<u>\$ 86,693,328</u>	<u>\$ 84,201,647</u>
7,759	7,798	7,877	7,967	7,975	7,766
\$ 372	\$ 387	\$ 390	\$ 384	\$ 397	\$ 426
981	515	418	390	\$ 852	\$ 437
4,277	4,445	4,601	4,774	4,947	5,165
114	124	133	139	135	148
1,560	1,581	1,689	1,809	1,975	2,086
476	456	485	484	494	572
774	814	881	939	1,019	976
688	751	902	894	914	882
29	29	152	158	138	151
<u>\$ 9,270</u>	<u>\$ 9,102</u>	<u>\$ 9,651</u>	<u>\$ 9,970</u>	<u>\$ 10,871</u>	<u>\$ 10,843</u>

**Independent School District No. 192**  
**Employees by Program Expense**  
**Last Ten Fiscal Years**

	Fiscal Year										
	2012	2013	2014	2015	2016	2017	2018	2018	2019	2020	2021
District and school administration	31	34	35	37	36	36	29	29	28	30	35
District support services	24	22	23	27	21	30	27	27	28	30	28
Elementary and secondary regular instruction	339	346	336	375	365	359	393	393	393	392	409
Vocational education instruction	9	9	8	7	8	12	16	16	13	12	12
Special education instruction	211	214	218	212	216	206	228	228	245	267	256
Community education and services	103	117	105	102	120	120	139	139	130	124	101
Instructional support services	26	31	31	31	36	33	31	31	38	34	34
Pupil support services	46	34	31	39	53	50	70	70	64	67	67
Sites, buildings and equipment	49	50	56	48	52	52	53	53	53	56	62
Food service	6	4	4	3	2	1	1	1	1	1	1
Total	844	861	847	881	909	899	987	987	993	1,013	1,005

Data Source: Independent School District No. 192 District Office

Note: Includes all governmental funds.