



COMPREHENSIVE
Annual Financial Report
For the Fiscal Year Ended June 30, 2016

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

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

**Comprehensive Annual
Financial Report**

June 30, 2016

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

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**Independent School District No. 192
Board of Education and Administration
June 30, 2016**

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

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Farmington Independent School District 192

Excellence, Integrity, Innovation

Business Office
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Phone: (651) 463-5043
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November 29, 2016

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, 2016. This report fairly presents the District's financial position and results of operations and cash flows in accordance with national and state standards. The District is responsible for its contents and has made every effort to ensure the accuracy and completeness of this presentation. An independent firm of certified public accountants audits this report.

REPORT FORMAT

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

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

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The District is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act amendments of 1996 and the U.S. Office of Management and Budget's 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.

REPORTING ENTITY AND ITS SERVICES (CONTINUED)

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 7,140 students in 2015-2016 from a population of 35,943 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 2015-2016, the District operated one high school, two middle schools, five elementary schools, one 3-8 innovative school, an Instruction Services Center and the District Service Center. The instructional program is organized on the basis of K-5, 6-8, and grades 9-12.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The District is dependent on the state of Minnesota for its revenue authority with exceptions for the voter approved operating and bond referenda. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. The State General Education Basic revenue formula provides approximately 56% of General Fund revenue. Since 2004-2005 the Basic per pupil revenue formula has increased by an average of only 1.5% per year.

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

STRATEGIC PLANNING AND MISSION STATEMENT

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

District Belief statements

We believe that:

Each person has the capacity and desire to learn.

Each person has inherent, immeasurable worth.

All people develop best in a nurturing environment.

All people deserve to be treated with respect.

The well-being of future generations depends on our stewardship of the environment. Communities thrive when all members are informed and involved

Each person is responsible to serve his or her community.

Mutual communication is fundamental to effective relationships.

Each person is responsible to do his or her best.

Innovation and risk ignites learning.

Diversity enriches both the individual and community.

Integrity is critical for trusting relationships.

STRATEGIC PLANNING AND MISSION STATEMENT (CONTINUED)

Mission Statement

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

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

Strategies

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

Strategy 2. We will continuously organize solely to respond to the needs and highest aspirations of each student.

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

Strategy 4. We will grow our culture in which staff act by using their talents, passions, and creativity for the worthy purpose of nourishing each student's spark.

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

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

Strategy 7. We will ensure all students and staff effectively engage in the global society.

STUDENT ASSESSMENT AND TESTING

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

State Standardized Tests – The MCAs and NCLB

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

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

Trends:

- Farmington's Reading results have consistently been at least 3 percent above the State averages for the past 7 years with 2016 results 3.9% above the state. (Farmington-63.6%, State-59.7%)

STUDENT ASSESSMENT AND TESTING (CONTINUED)

State Standardized Tests – The MCAs and NCLB (Continued)

- Farmington's Math results have been above state average, and continues to increase at a faster pace than the rest of the state for the past 8 years. In 2015 Farmington's overall proficiency was 65.6%, 6.0 percentage points above the State average.
- Farmington students have performed above state average in Science for the past 4 years. In 2016 Farmington's overall proficiency was 56.0% which is 1.3 percentage point above the State average.

MANAGEMENT SYSTEMS AND CONTROLS

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

Budget and Financial Management

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

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

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

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

Budget 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.

MANAGEMENT SYSTEMS AND CONTROLS (CONTINUED)

Budget and Financial Management (Continued)

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.

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 eighth year the District has prepared a CAFR. The District was awarded a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for their 2015 CAFR.

ACCOMPLISHMENTS

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Jane A. Houska
Director of Finance

**Independent School District No. 192
ASBO Certificate of Excellence
June 30, 2016**



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

Farmington Area Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

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



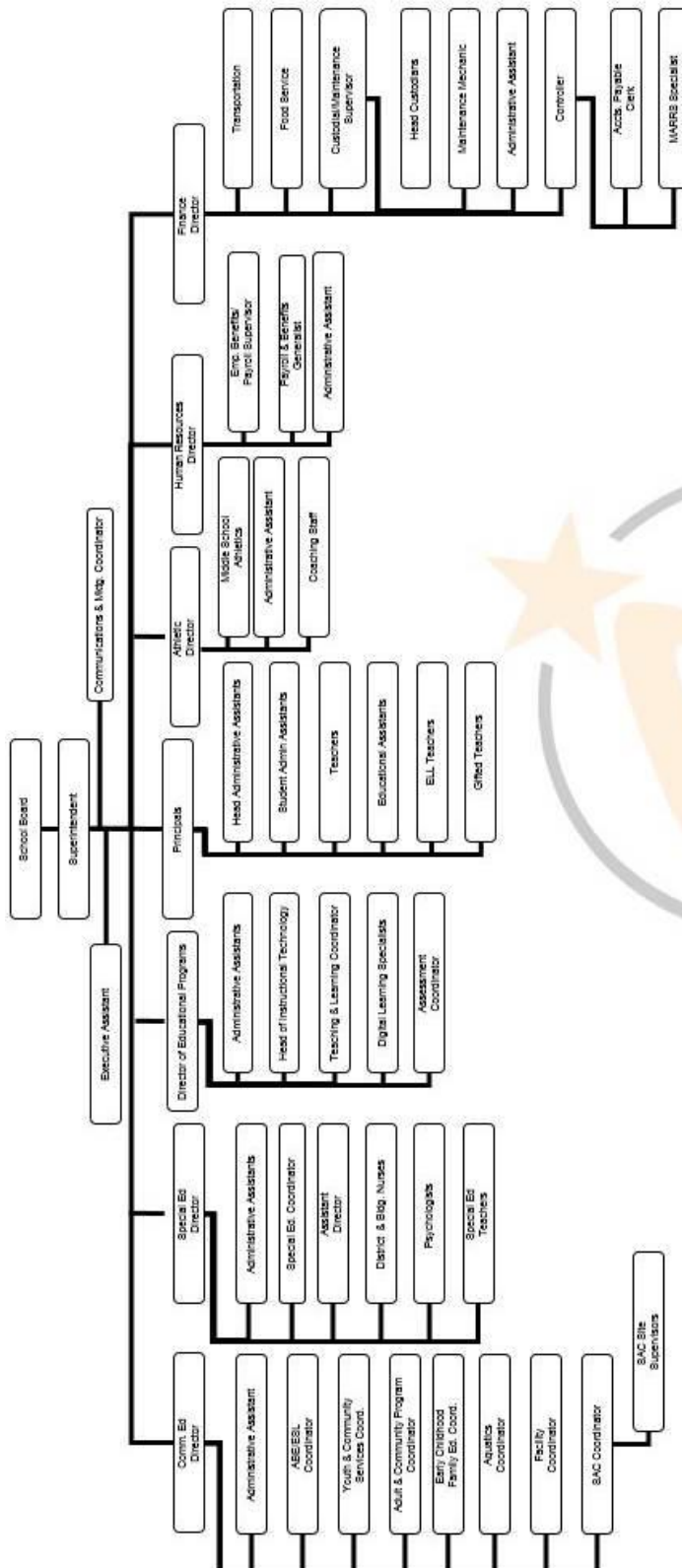
Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

Independent School District No. 192
Organizational Chart
June 30, 2016



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Independent Auditor's Report

BerganKDV, Ltd.

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 192, Farmington, Minnesota, as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 192, Farmington, Minnesota, as of June 30, 2016, 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 Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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.



Other Matters

Other Information

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 November 29, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
November 29, 2016

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

This section of the District's annual financial report presents a discussion and analysis of the District's financial performance during fiscal year ended June 30, 2016. 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The District's net position increased \$5.0 million from current year activity ending the year at \$(67.6 million).
- The School Board approved the sale of \$6 million of General Obligation (G.O). Taxable Other Post Employment Benefits (OPEB) Bonds in March of 2009, which was half of the amount needed to fund the \$12 million liability at the time. As of June 30, 2016 the District currently has an OPEB liability of \$6,512,160.
- The General Fund net change in fund balance increased by approximately \$1,917,524, with an end of year balance of \$5.4 million.
- The Special Revenue Funds, which include Food Service and Community Service Funds, ended the year with positive fund balances of \$728,639 and \$748,609, respectively.
- The Capital Projects Fund reflects the spend down of the 2013A Alternative Facilities Bonds, related expenditures for building remodeling projects and a capital lease for iPads of \$7,701,856 and revenue of approximately \$3,155 resulting from investment interest. Additionally, the District was successful in the fall of 2015 in passing a referendum which will bring approximately an additional \$2.9 million to the district.

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.

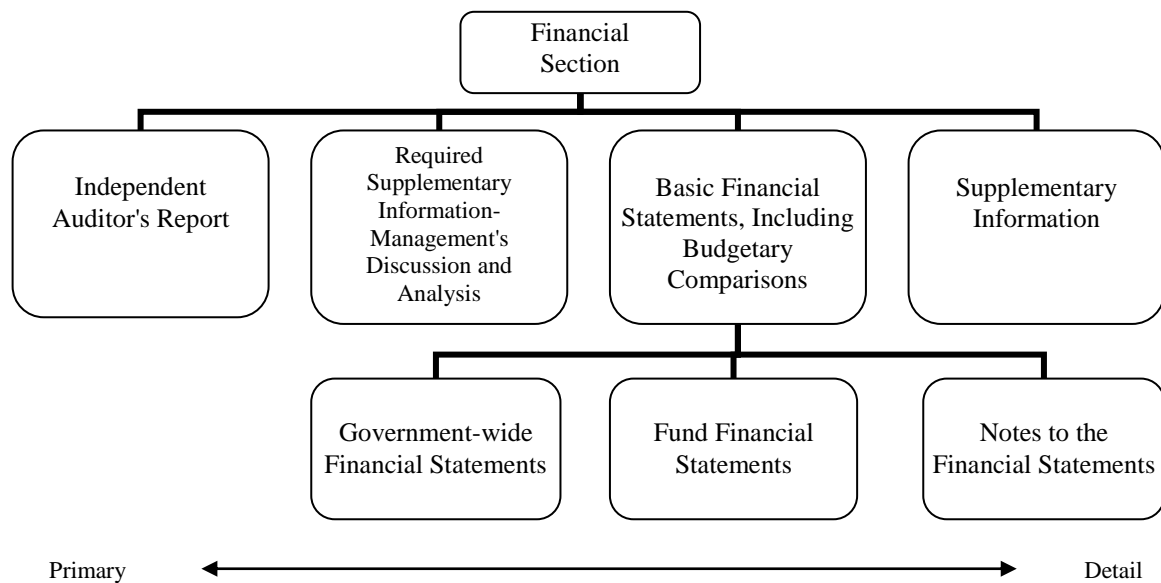
Independent School District No. 192 Management's Discussion and Analysis

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.

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

Government-wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Statements (Continued)

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

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

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- **Business-Type Activities:** The District charges fees to help it cover the costs of certain services it provides. For fiscal year 2015-2016, none of the District's financial activities were included in this category.

FUND FINANCIAL STATEMENTS

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

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

The District has three kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided between the governmental funds and the government-wide statements, which do present a long-term focus.

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

FUND FINANCIAL STATEMENTS (CONTINUED)

- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others such as the Agency Fund. The District established an agency fund in fiscal year 2004 and recorded fundraising activity in this Fund. In fiscal year 2009, the District established the Post Employment Benefits Irrevocable Trust Fund. This Fund was funded by the bond proceeds issued to fund the District's OPEB obligation. Payments due to employees will be paid out of the General Fund and are reimbursed by this Trust Fund. The District is responsible for ensuring the assets reported in the Agency Fund are used only for their intended purposes and by those to whom the assets belong. The District cannot use these funds to finance operations.
- **Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District uses internal service funds to report activities that provide supplies and services for its other programs and activities. The District currently has two internal service funds; the Self-Insured Dental Fund and Self-Insured Medical Fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's total net position as of June 30, 2016 was \$(67,653,689) which is summarized in Figure A-3 below. During the 2014-15 school year, the district implemented GASB Statement #68. This statement is an all-encompassing and sweeping change to financial reporting requirements for governments. Public school districts are required to report liabilities for future pensions that are provided through pension plans administered as trusts or equivalent arrangements.

Figure A-3 -Net Position – Governmental Activities

	2015-2016	2014-2015	Percentage Change
Current and other assets	\$ 86,804,340	\$ 63,390,158	36.94%
Capital assets	165,737,413	164,307,295	0.87%
Total assets	<u>\$ 252,541,753</u>	<u>\$ 227,697,453</u>	10.91%
Deferred outflows related to Pensions	\$ 9,295,180	\$ 7,161,283	0.00%
Long-term liabilities	\$ 270,369,722	\$ 225,741,712	19.77%
Other liabilities	30,063,136	50,037,043	-39.92%
Total liabilities	<u>\$ 300,432,858</u>	<u>\$ 275,778,755</u>	8.94%
Property taxes levied for subsequent Year's expenditures	\$ 22,756,124	\$ 18,499,269	23.01%
Other deferred inflows	6,301,640	13,232,550	0.00%
Total deferred inflows Of resources	<u>\$ 29,057,764</u>	<u>\$ 31,731,819</u>	-8.43%
Net Position			
Net investment in capital assets	\$ (12,801,800)	\$ (17,838,292)	28.23%
Restricted	3,795,807	1,210,069	213.69%
Unrestricted	<u>(58,647,696)</u>	<u>(56,023,615)</u>	-4.68%
Total net position	<u>\$ (67,653,689)</u>	<u>\$ (72,651,838)</u>	6.88%

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Net Position (Continued)

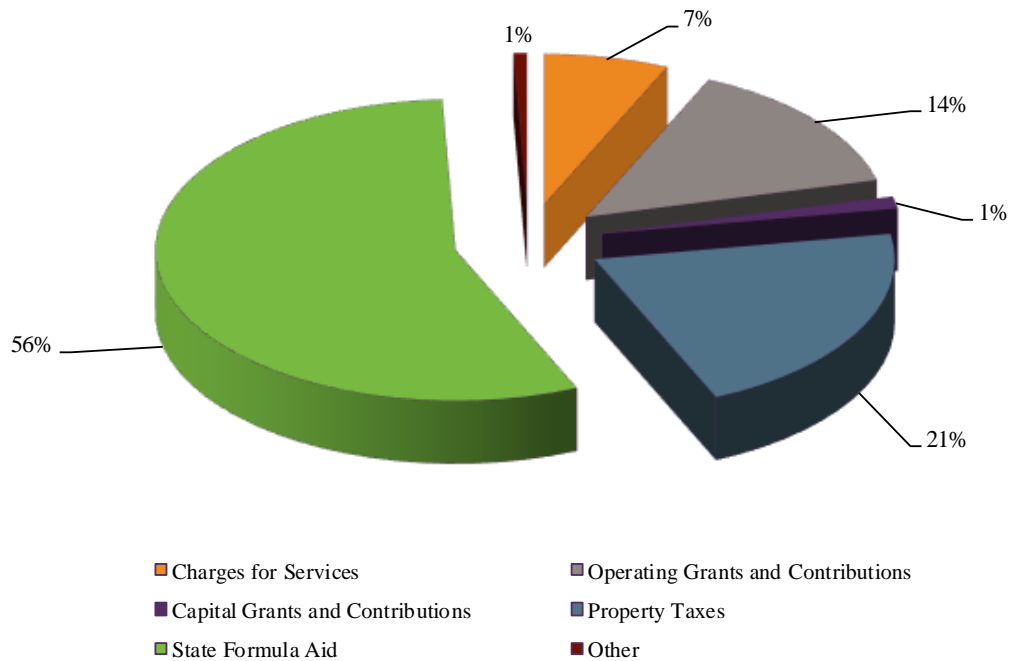
The change in net position for 2015-2016 was \$4,998,149. The change is based on total revenues of \$96,577,404 and total expenses of \$91,579,255. Figure A-4 below shows the breakdown into the various revenue and expense categories. Comparisons are made to the prior year in an effort to quantify and explain changes that took place in the current fiscal year.

Figure A-4

	Change in Net Position		Percentage
Revenues	2015-2016	2014-2015	Change
Program revenues			
Charges for services	\$ 6,554,464	\$ 6,516,941	0.58%
Operating grants and contributions	13,982,338	14,271,128	-2.02%
Capital grants and contributions	1,221,191	1,224,893	-0.30%
General revenues			
Property taxes	19,587,436	18,468,001	6.06%
State formula aid	54,541,170	52,931,208	3.04%
Other	690,805	549,279	25.77%
Total revenues	<u>96,577,404</u>	<u>93,961,450</u>	2.78%
Expenses			
District and school administration	\$ 2,958,510	2,945,067	0.46%
District support services	7,655,043	3,814,841	100.66%
Regular instruction	33,572,184	32,092,433	4.61%
Vocational instruction	865,574	552,403	56.69%
Special education instruction	12,223,981	12,081,345	1.18%
Instructional support services	3,775,815	3,396,174	11.18%
Pupil support services	6,033,961	6,051,082	-0.28%
Sites, buildings, and equipment	5,570,230	6,334,689	-12.07%
Fiscal and other fixed cost programs	226,217	239,595	-5.58%
Food service	3,131,432	3,115,176	0.52%
Community education and services	4,634,178	4,526,854	2.37%
Unallocated depreciation	5,689,030	5,478,238	3.85%
Interest and fiscal charges on long-term debt	5,243,100	9,851,134	-46.78%
Total expenses	<u>91,579,255</u>	<u>90,479,031</u>	1.22%
Excess of revenues over expenses	4,998,149	3,482,419	-43.53%
Change in accounting principle - GASB 68	-	(44,441,510)	
Net position - beginning	<u>(72,651,838)</u>	<u>(31,692,747)</u>	-129.24%
Net position - ending	<u>\$ (67,653,689)</u>	<u>\$ (72,651,838)</u>	6.88%

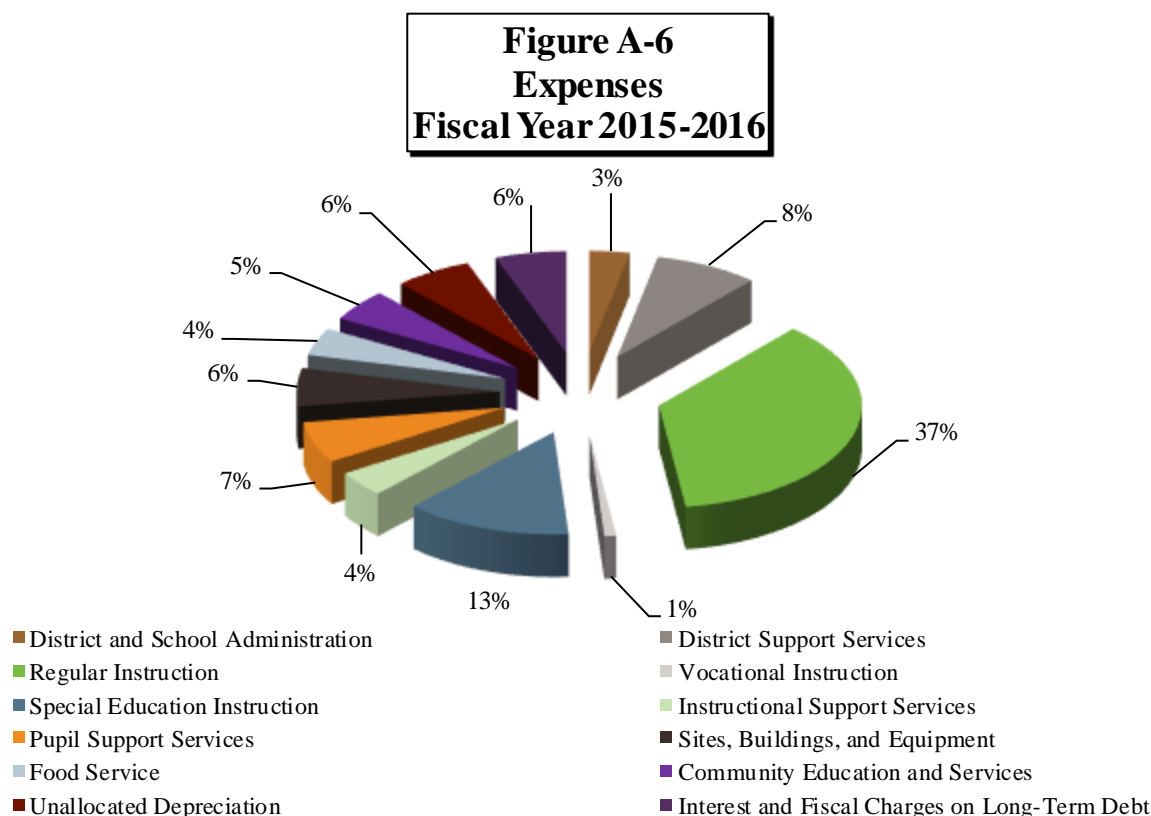
**Independent School District No. 192
Management's Discussion and Analysis**

**Figure A-5
Sources of Revenue
Fiscal Year 2015-2016**



As you can see in Figure A-5, state aid, operating grants and contributions and property taxes accounted for most of the District's revenue, with state aid representing 56%, operating grants and contributions 14% and property taxes 21%. The remainder comes from fees charged for services and other sources.

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



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 51% of the total expenses. The expenses for sites, buildings, and equipment amount to 6% and interest and fiscal charges on long-term debt amount to 6% which reflect costs for a building program designed to meet increasing enrollment each year. The indirect categories of instructional and pupil support (which includes student transportation) amount to about 11% and administration and District support services combined represented 11% of the total expenses for the year. The increase in costs related to administration and District support services relates to the capital lease for iPads. Other major categories of expense included food service, community service, and unallocated depreciation.

GOVERNMENTAL ACTIVITIES

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

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

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

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

Figure A-7

Net Cost of Governmental Activities

	Total Cost of Services 2015-2016	Net Cost of Services 2015-2016	Total Cost of Services 2014-2015	Net Cost of Services 2014-2015
Administration	\$ 2,958,510	\$ 2,958,510	\$ 2,945,067	\$ 2,945,067
District support services	7,655,043	7,617,352	3,814,841	3,689,707
Elementary and secondary regular instruction	33,572,184	27,467,748	32,092,433	26,052,508
Vocational education instruction	865,574	614,316	552,403	294,792
Special education instruction	12,223,981	5,951,228	12,081,345	5,305,264
Instructional support services	3,775,815	3,772,935	3,396,174	3,395,471
Pupil support services	6,033,961	5,984,609	6,051,082	6,009,173
Sites and buildings	5,570,230	4,201,203	6,334,689	5,004,343
Fiscal and other fixed cost programs	226,217	226,217	239,595	239,595
Food service	3,131,432	(222,119)	3,115,176	(167,448)
Community education and services	4,634,178	317,133	4,526,854	368,225
Interest and fiscal charges				
On long-term debt/depreciation	10,932,130	10,932,130	15,329,372	15,329,372
Total	<u>\$ 91,579,255</u>	<u>\$ 69,821,262</u>	<u>\$ 90,479,031</u>	<u>\$ 68,466,069</u>

The cost of all governmental activities this year was \$91,579,255.

- The users of the District's programs through fees and other charges financed \$6,554,464, or 7%, of the cost.
- The federal and state governments subsidized specific programs with grants and contributions totaling \$15,203,529, or 16%, of the cost.
- State and local taxpayers, however, financed the majority of the costs. State aid and local property taxes as determined by the State Legislature through the state-wide funding formulas, amounted to \$54,541,170 and \$19,587,436, respectively, for a total of \$74,128,606, or 77%, of the District's total costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$50,090,008.

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

The General Fund operations of the District showed an unassigned fund balance increase of \$275,199. The increase in the District's financial position is largely attributable to increase in revenue related to the District's Special Education coming in above the projections. The District's operating capital showed an increase of \$69,942.

The Debt Service Fund operations showed a fund balance decrease of \$23,880,545, mostly attributable to the crossover advance refunding of our 2006B General Obligation bonds which was sitting in escrow during the previous fiscal year until the call date in the 2015-16 school year.

The Capital Project Fund showed an increase in fund balance of \$37,785,307 resulting from a successful Building Bond election in November 2015.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue – Actual General Fund revenue was \$2,685,825 more than the projected budget. Of this total, revenue from state sources was more than projected due a change in the funding formula for Special Education, the recording of the District's share of the State Pension and to enrollment growth. The original budget was amended during the year for known changes in funding estimates.

Expenditures – Actual General Fund expenditures were \$4,449,157 greater than projected. The District entered into a capital lease for iPad totaling \$3.5 million. Additionally, the District recorded \$850,000 of expenditures to cover their share of the State Pension costs. The original budget was amended during the year for known changes in current year obligations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2016, the District had invested \$251,706,078 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices (See Figure A-8 on the following page). Depreciation expense for the year was \$6,254,276 with total accumulated depreciation amounting to \$85,968,665 (more detailed information for capital assets can be found in Note 4 to the financial statements).

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

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Figure A-8

Capital Assets

	Governmental Activities		Percentage Change
	2015-2016	2014-2015	
Land	\$ 14,109,141	\$ 14,109,141	0.00%
Construction in Progress	7,478,554	81,060	9125.95%
Buildings	199,962,970	199,962,970	0.00%
Improvements Other Than Buildings	18,107,974	17,953,388	0.86%
Equipment and Furnishing	12,047,439	11,915,125	1.11%
Less Accumulated Depreciation	<u>(85,968,665)</u>	<u>(79,714,389)</u>	<u>7.85%</u>
Total	<u>\$ 165,737,413</u>	<u>\$ 164,307,295</u>	<u>0.87%</u>

LONG-TERM DEBT

At year-end, the District had \$236,334,565 in G.O. bonds and other long-term liabilities outstanding, a increase of 6% from last year, as shown in Figure A-9 (more detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.)

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Percentage Change
	2014-2015	2013-2014	
G.O. Bonds	\$ 225,851,900	\$ 216,014,017	4.55%
Compensated Absences	1,158,522	1,156,345	0.19%
Net Other Post Employment Benefits (OPEB) Obligation	6,512,160	5,713,211	13.98%
Capital Lease	2,811,983	-	
Net Pension Liability	48,200,042	38,865,703	24.02%
Amount Due Within One Year	<u>(14,164,885)</u>	<u>(36,007,564)</u>	<u>-60.66%</u>
Total	<u>\$ 270,369,722</u>	<u>\$ 225,741,712</u>	<u>19.77%</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 District sold \$10.7 million of G.O. Refunding bonds in October 2016 to refund 2007A G.O Bonds for a savings of \$844,000.

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, 2016

	Governmental activities
Assets	
Cash and investments	\$ 62,748,500
Current property taxes receivable	13,019,244
Delinquent property taxes receivable	351,247
Accounts receivable	13,215
Due from Department of Education	8,401,630
Due from Federal Government through Department of Education	1,279,742
Due from other governmental units	248,401
Inventory	112,495
Prepaid items	629,866
Capital assets, not being depreciated	
Land	14,109,141
Construction in progress	7,478,554
Capital assets, net of accumulated depreciation	
Buildings	130,945,039
Improvements other than buildings	11,559,629
Machinery and equipment	1,645,050
Total assets	<u>252,541,753</u>
Deferred outflows of resources related to pensions	<u>9,295,180</u>
Total assets and deferred outflows of resources	<u><u>\$ 261,836,933</u></u>
Liabilities	
Accounts payable	\$ 6,022,987
Contracts payable	276,086
Salaries and benefits payable	5,607,557
Interest payable	3,336,755
Due to other minnesota school districts	161,584
Due to other governmental units	105,086
Unearned revenue	388,196
Bond principal net of premium	
Payable within one year	12,607,770
Payable after one year	213,244,130
Capital Lease Payable:	
Payable within one year	954,250
Payable after one year	1,857,733
Compensated absences payable	
Payable within one year	602,865
Payable after one year	555,657
Net other post employment benefits (OPEB) obligation	
Payable after one year	6,512,160
Net pension liability	<u>48,200,042</u>
Total liabilities	<u>300,432,858</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	22,756,124
Deferred inflows of resources related to pensions	4,878,272
Deferral on refunding	1,423,368
Total deferred inflows of resources	<u>29,057,764</u>
Net Position	
Net investment in capital assets	(12,801,800)
Restricted for	
Debt service	1,974,849
Other purposes	1,820,958
Unrestricted	<u>(58,647,696)</u>
Total net position	<u>(67,653,689)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 261,836,933</u></u>

Independent School District No. 192
Statement of Activities
Year Ended June 30, 2016

Functions/programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenues and
		Services	Grants and	and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental activities					
Administration	\$ 2,958,510	\$ -	\$ -	\$ -	\$ (2,958,510)
District support services	7,655,043	37,691	-	-	(7,617,352)
Elementary and secondary regular instruction	33,572,184	686,549	5,417,887	-	(27,467,748)
Vocational education instruction	865,574	-	251,258	-	(614,316)
Special education instruction	12,223,981	-	6,272,753	-	(5,951,228)
Instructional support services	3,775,815	-	2,880	-	(3,772,935)
Pupil support services	6,033,961	-	49,352	-	(5,984,609)
Sites and buildings	5,570,230	147,836	-	1,221,191	(4,201,203)
Fiscal and other fixed cost programs	226,217	-	-	-	(226,217)
Food service	3,131,432	2,148,910	1,204,641	-	222,119
Community education and services	4,634,178	3,533,478	783,567	-	(317,133)
Unallocated depreciation (excludes direct depreciation expense of various programs)	5,689,030	-	-	-	(5,689,030)
Interest and fiscal charges on long-term debt	5,243,100	-	-	-	(5,243,100)
Total governmental activities	<u>\$ 91,579,255</u>	<u>\$ 6,554,464</u>	<u>\$ 13,982,338</u>	<u>\$ 1,221,191</u>	(69,821,262)
General revenues					
Taxes					
Property taxes, levied for general purposes					6,085,082
Property taxes, levied for community service					501,239
Property taxes, levied for debt service					13,001,115
State aid-formula grants					54,541,170
Other general revenues					603,999
Investment income					86,806
Total general revenues					<u>74,819,411</u>
Change in net position					4,998,149
Net position - beginning					<u>(72,651,838)</u>
Net position - ending					<u>\$ (67,653,689)</u>

Independent School District No. 192
Balance Sheet - Governmental Funds
June 30, 2016

	General	Debt Service	Capital Projects	Other nonmajor funds	Total governmental funds
Assets					
Cash and investments	\$ 4,288,855	\$ 11,018,867	\$ 43,409,381	\$ 2,504,535	\$ 61,221,638
Current property taxes receivable	4,357,741	7,927,756	-	733,747	13,019,244
Delinquent property taxes receivable	105,661	228,963	-	16,623	351,247
Accounts receivable	6,476	-	-	6,739	13,215
Due from Department of Education	7,816,123	512,390	-	73,117	8,401,630
Due from Federal Government through Department of Education	1,259,551	-	-	20,191	1,279,742
Due from other governmental units	248,401	-	-	-	248,401
Inventory	39,397	-	-	73,098	112,495
Prepaid items	595,796	-	-	34,070	629,866
Total assets	<u>\$ 18,718,001</u>	<u>\$ 19,687,976</u>	<u>\$ 43,409,381</u>	<u>\$ 3,462,120</u>	<u>\$ 85,277,478</u>
Liabilities					
Accounts payable	\$ 429,511	\$ -	\$ 5,101,508	\$ 127,687	\$ 5,658,706
Contracts payable	-	-	276,086	-	276,086
Salaries and benefits payable	5,365,903	-	1,030	240,624	5,607,557
Due to other Minnesota school districts	161,177	-	-	407	161,584
Due to other governmental units	102,404	-	-	-	102,404
Unearned revenue	218,727	-	-	169,469	388,196
Total liabilities	<u>6,277,722</u>	<u>-</u>	<u>5,378,624</u>	<u>538,187</u>	<u>12,194,533</u>
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	6,938,823	14,477,359	-	1,339,942	22,756,124
Unavailable revenue - delinquent property taxes	73,163	152,573	-	11,077	236,813
Total deferred inflows of resources	<u>7,011,986</u>	<u>14,629,932</u>	<u>-</u>	<u>1,351,019</u>	<u>22,992,937</u>
Fund Balances					
Nonspendable	635,193	-	-	107,168	742,361
Restricted	337,954	5,058,044	38,030,757	1,465,746	44,892,501
Assigned	1,600,250	-	-	-	1,600,250
Unassigned	2,854,896	-	-	-	2,854,896
Total fund balances	<u>5,428,293</u>	<u>5,058,044</u>	<u>38,030,757</u>	<u>1,572,914</u>	<u>50,090,008</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,718,001</u>	<u>\$ 19,687,976</u>	<u>\$ 43,409,381</u>	<u>\$ 3,462,120</u>	<u>\$ 85,277,478</u>

Independent School District No. 192
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2016

Total fund balances - governmental funds	\$ 50,090,008
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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	251,706,078
Less accumulated depreciation	(85,968,665)

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	(209,665,000)
Unamortized bond premium and discount	(16,186,900)
Deferred charge on refunding	(1,423,368)
Capital lease payable	(2,811,983)
Compensated absences payable	(1,158,522)
Net OPEB obligation	(6,512,160)
Net pension liability	(48,200,042)

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	9,295,180
Deferred inflows of resources related to pensions	(4,878,272)

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.

236,813

The self insured medical and dental internal service funds are used by management to charge the costs of the self-insured plans. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position and interfund activity is removed.

1,159,899

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

(3,336,755)

Total net position - governmental activities

\$ (67,653,689)

Independent School District No. 192
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2016

	General	Debt Service	Capital Projects	Other Nonmajor Funds	Total Governmental Funds
Revenues					
Local property taxes	\$ 6,133,285	\$ 12,683,205	\$ -	\$ 943,769	\$ 19,760,259
Other local and county revenues	1,480,748	60,483	3,155	3,560,508	5,104,894
Revenue from state sources	61,062,407	5,076,907	-	994,395	67,133,709
Revenue from federal sources	1,586,364	-	-	1,004,297	2,590,661
Sales and other conversion of assets	9,662	-	-	2,148,910	2,158,572
Total revenues	<u>70,272,466</u>	<u>17,820,595</u>	<u>3,155</u>	<u>8,651,879</u>	<u>96,748,095</u>
Current					
Administration	2,881,456	-	-	-	2,881,456
District support services	2,821,314	-	-	-	2,821,314
Elementary and secondary regular instruction	33,102,929	-	-	-	33,102,929
Vocational education instruction	884,011	-	-	-	884,011
Special education instruction	12,086,043	-	-	-	12,086,043
Instructional support services	3,678,163	-	-	-	3,678,163
Pupil support services	6,003,798	-	-	-	6,003,798
Sites and buildings	5,187,913	-	1,771,788	-	6,959,701
Fiscal and other fixed cost programs	226,217	-	-	-	226,217
Food service	-	-	-	3,042,965	3,042,965
Community education and services	-	-	-	4,571,286	4,571,286
Capital outlay					
Administration	2,494	-	-	-	2,494
District support services	4,787,194	-	-	-	4,787,194
Elementary and secondary regular instruction	81,484	-	-	-	81,484
Special education instruction	14,760	-	-	-	14,760
Instructional support services	17,941	-	-	-	17,941
Sites and buildings	153,733	-	5,639,993	-	5,793,726
Food service	-	-	-	23,634	23,634
Community education and services	-	-	-	58,632	58,632
Debt service					
Principal	-	68,275,000	-	335,000	68,610,000
Interest and fiscal charges	-	7,933,061	290,075	138,278	8,361,414
Total expenditures	<u>71,929,450</u>	<u>76,208,061</u>	<u>7,701,856</u>	<u>8,169,795</u>	<u>164,009,162</u>
Excess of revenues over (under) expenditures	(1,656,984)	(58,387,466)	(7,698,701)	482,084	(67,261,067)
Other financing sources (uses)					
Bond issuance	-	-	43,558,263	-	43,558,263
Bond issuance - refunding	-	28,811,737	-	-	28,811,737
Bond premium	-	5,695,184	1,925,745	-	7,620,929
Capital lease issuance	3,574,508	-	-	-	3,574,508
Total other financing sources (uses)	<u>3,574,508</u>	<u>34,506,921</u>	<u>45,484,008</u>	<u>-</u>	<u>83,565,437</u>
Net change in fund balances	1,917,524	(23,880,545)	37,785,307	482,084	16,304,370
Fund balances					
Beginning of year	<u>3,510,769</u>	<u>28,938,589</u>	<u>245,450</u>	<u>1,090,830</u>	<u>33,785,638</u>
End of year	<u>\$ 5,428,293</u>	<u>\$ 5,058,044</u>	<u>\$ 38,030,757</u>	<u>\$ 1,572,914</u>	<u>\$ 50,090,008</u>

See notes to financial statements.

Independent School District No. 192
Reconciliation of the Statement of Revenues, Expenditures,
and changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ 16,304,370

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	7,684,394
Depreciation expense	(6,254,276)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(2,177)
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Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	69,372,525
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Net post employment benefit obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(798,949)
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	1,028,018
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Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Net premium on new debt issuance and related amortization	(6,293,158)

The issuance of long-term debt provides current financial resources to governmental funds and has no effect on net position. These amounts are reported in the governmental funds as a source of financing. These amounts are not shown as revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net position.	
Bond issuance	(72,370,000)
Certificates of participation issuance	(3,574,508)

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.	271,167
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Governmental funds recognized pension contributions as expenditures at the time of payment whereas the statement of activities factors in items related to pensions on a full accrual perspective.	
Pension expense	(196,434)

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.	(172,823)
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Change in net position - governmental activities	\$ 4,998,149
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Independent School District No. 192
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended June 30, 2016

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance With Final Budget - Over (under)
	Original	Final		
Revenues				
Local property taxes	\$ 6,939,755	\$ 6,939,755	\$ 6,133,285	\$ (806,470)
Other local and county revenues	1,340,169	1,340,169	1,480,748	140,579
Revenue from state sources	57,814,687	57,754,687	61,062,407	3,307,720
Revenue from federal sources	1,476,662	1,552,030	1,586,364	34,334
Sales and other conversion of assets	-	-	9,662	9,662
Total revenues	<u>67,571,273</u>	<u>67,586,641</u>	<u>70,272,466</u>	<u>2,685,825</u>
Expenditures				
Current				
Administration	2,842,164	2,846,644	2,881,456	34,812
District support services	2,840,973	2,829,553	2,821,314	(8,239)
Elementary and secondary regular instruction	32,278,770	32,357,246	33,102,929	745,683
Vocational education instruction	533,141	533,141	884,011	350,870
Special education instruction	11,608,365	11,733,173	12,086,043	352,870
Instructional support services	3,011,701	3,014,621	3,678,163	663,542
Pupil support services	6,597,129	6,596,379	6,003,798	(592,581)
Sites and buildings	5,757,729	5,757,729	5,187,913	(569,816)
Fiscal and other fixed cost programs	260,734	260,734	226,217	(34,517)
Capital outlay				
Administration	2,250	2,250	2,494	244
District support services	1,317,778	1,317,778	4,787,194	3,469,416
Elementary and secondary regular instruction	156,486	156,486	81,484	(75,002)
Special education instruction	70,809	70,809	14,760	(56,049)
Instructional support services	3,750	3,750	17,941	14,191
Sites and buildings	-	-	153,733	153,733
Total expenditures	<u>67,281,779</u>	<u>67,480,293</u>	<u>71,929,450</u>	<u>4,449,157</u>
Excess of revenues over expenditures	\$ 289,494	106,348	(1,656,984)	(1,763,332)
Other financing sources				
Capital lease issuance	-	-	3,574,508	3,574,508
Net change in fund balance	<u>\$ 289,494</u>	<u>\$ 106,348</u>	1,917,524	<u>\$ 1,811,176</u>
Fund balance				
Beginning of year			<u>3,510,769</u>	
End of year			<u>\$ 5,428,293</u>	

See notes to financial statements.

Independent School District No. 192
Statement of Net Position - Proprietary Funds
June 30, 2016

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Cash and cash equivalents	\$ 1,526,862
Current Liabilities	
Accounts payable	\$ 364,281
Due to other governmental units	2,682
Total Liabilities	366,963
Net Position	
Unrestricted	1,159,899
Total liabilities and net position	\$ 1,526,862

Independent School District No. 192
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2016

	Governmental Activities - Internal Service Funds
Operating Revenue	
District contribution	\$ 7,494,846
Operating Expenses	
Employee Claims Paid	<u>7,225,811</u>
Operating income	269,035
Nonoperating Revenue	
Interest revenue	<u>2,132</u>
Change in net position	271,167
Net Position	
Beginning of year	<u>888,732</u>
End of year	<u><u>\$ 1,159,899</u></u>

Independent School District No. 192
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2016

	Governmental Activities - Internal Service Funds
Cash Flows - Operating Activities	
Receipts from district contributions	\$ 7,494,846
Employee claims paid	(7,361,796)
Net cash flows - operating activities	<u>133,050</u>
 Cash Flows - Investment Activities	
Interest received	<u>2,132</u>
 Net change in cash and cash equivalents	 135,182
 Cash and Cash Equivalents	
Beginning of year	<u>1,391,680</u>
 End of year	 <u><u>\$ 1,526,862</u></u>
 Reconciliation of Operating Income to	
Net cash flows - operating activities	
Operating income	\$ 269,035
Increase in accounts payable	(138,667)
Increase in due to other governmental units	<u>2,682</u>
 Net cash flows - operating activities	 <u><u>\$ 133,050</u></u>

Independent School District No. 192
Statement of Fiduciary Net Position
June 30, 2016

	Post Employment Benefits Irrevocable Trust Fund	Agency fund
Assets		
Current		
Cash	\$ -	\$ 679,637
Certificates of deposit	886,100	-
Brokered money market accounts	837,857	-
Brokered certificates of deposit	1,181,303	-
Other Assets	-	1,172
	<u>-</u>	<u>1,172</u>
Total assets	<u>\$ 2,905,260</u>	<u>\$ 680,809</u>
Liabilities		
Accounts payable	\$ -	\$ 680,809
Due to other governments	248,401	-
	<u>248,401</u>	<u>-</u>
Total liabilities	<u>\$ 248,401</u>	<u>\$ 680,809</u>
Net Position		
Held in trust for OPEB	<u>\$ 2,656,859</u>	

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2016

	Post Employment Benefits Irrevocable Trust Fund
Additions	
Interest revenue	\$ 30,459
Less investment management fees	(250)
Total additions	<u>30,209</u>
Deductions	
Employee benefits	<u>238,401</u>
Change in net position	(208,192)
Net Position	
Beginning of year	<u>2,865,051</u>
End of year	<u>\$ 2,656,859</u>

Independent School District No. 192

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

B. Basic Financial Statement Information

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

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

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

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and Post Employment Benefits Irrevocable Trust Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Agency Fund is reported using the accrual basis of accounting. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner.

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

2. Recording of Expenditures

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

Description of Funds:

Major Funds:

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

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

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

Nonmajor Funds:

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

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

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

Fiduciary Funds:

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

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

Proprietary Funds:

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments

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

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. Investment held by a 2.a.7 and/or a 2.a.7 like investment pool are measured at amortized cost.

District Governmental Funds

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and investments with maturity of less than three months at purchase.

Cash and investments include balances from all funds, with the exception of the investments related to the OPEB trust fund, 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.

Cash and investments at June 30, 2016, were comprised of deposits and shares in the Minnesota School District Liquid Asset Fund (MSDLAF) including certificates of deposit and government securities and shares in the Minnesota Trust (MNTrust) Term Series.. The MSDLAF is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares. The MNTrust Investment Share is a money market fund registered under the Investment Act of 1940, meets conditions of Rule 2.a.7 of SEC and holds investments with final maturities less than 13 months.

Minnesota Statutes requires all deposits be protected by federal deposit 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.

OPEB Trust Fund

These funds represent investments administered by the District's OPEB fund investment managers. As of June 30, 2016, 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.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2015, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2016. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

H. Prepaid Items

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

I. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. Dakota County is the collecting agency for the levy and remits the collections to the District three times a year. The Tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

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

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

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

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has one item that qualifies for reporting in this category. A deferred outflow related to pension activity, reported in the government-wide statement of net position. A deferred outflow of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items which qualify for reporting in this category. The first item, delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item, property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is deferred inflows related to pension activity for various estimate differences that will be amortized and recognized over future years. The fourth, a deferred charge on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt is recorded on the government-wide.

L. Long-Term Obligations

In the government-wide financial statements long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expenditure/expense in the period the bond is issued.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations (Continued)

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

M. Compensated Absences

1. Vacation and Sick Pay

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

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

N. Post Employment Severance Benefits

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

1. Convertible Sick Leave

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

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.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions (Continued)

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in TRA Note 7.

P. 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 6% of the annual budget.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows in the government-wide financial statements. Net investments in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net Position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

R. Use of Estimates

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

S. Budgetary Information

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

Budgetary control for governmental funds is established by each fund's total appropriations. Expenditures exceeded appropriations in the following Funds for the year ended June 30, 2016.

	<u>Appropriations</u>	<u>Expenditures</u>
Major funds		
General Fund	\$ 67,480,293	\$ 71,929,450
Debt Service	17,711,132	76,208,061
Capital Projects	-	7,701,856
Nonmajor funds		
Community Service	4,336,105	4,629,918
Post Employment Benefits Debt Service	472,828	473,278

Independent School District No. 192
Notes to Financial Statements

NOTE 3 – 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: This is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover deposits or collateral securities that are in possession of an outside party. *Minnesota Statutes* 118A requires all deposits be protected by federal deposit insurance, corporate security 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. The District has a policy that requires the District's deposits be collateralized as required by Minnesota Statutes for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of June 30, 2016, the District's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institutions' trust department or agent in the District's name. The District's deposits had a book balance as follows:

Checking accounts	\$ 1,288,518
Cerificates of deposit	38,187,770
Scholarship account	16,449
Savings deposit accounts	127,231
Petty cash	<u>1,677</u>
Total deposits	<u><u>\$ 39,621,645</u></u>

B. Investments

1. District Funds Other than OPEB Trust Fund

Investments at June 30, 2016, were comprised of shares in the MSDLAF, including certificates of deposit and government securities at MSDLAF.

As of June 30, 2016, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>
Brokered Money Market Accounts	\$ 9,916,918	N/A	N/A
Term Series	7,500,000	0.15	AAAm
MSDLAF + Liquid Class	641,483	N/A	AAAm
MSDLAF + Max Class	2	N/A	AAAm
Brokered CDs	1,491,756	0.94	AAAm
SEC	<u>4,256,333</u>	0.47	N/A
Total investments	<u><u>\$ 23,806,492</u></u>		

Independent School District No. 192
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The District has a formal deposit and investment policy in place as of June 30, 2016, 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, 2016, the District's investments in MSDLAF and MSDLAF+ Max were rated AAA by Standard & Poor's (S&P). The District's investments in certificates of deposit are not rated.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy states the District will diversify its investment to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The District's investments were exposed to concentration of credit risk at June 30, 2016, as FHLB and US Treasury Securities represented more than 5% of total investments.

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

Custodial Credit Risk – Investments: This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy on custodial credit risk states securities will be held in third party safekeeping by an institution designated as custodial agent. The custodial agent shall issue a safe keeping receipt to the District listing pertinent information related to the securities held.

The District has the following recurring fair value measurements as of June 30, 2016:

- \$23,806,492 of \$23,806,492 are valued using a quoted market prices (Level 1 inputs)
- \$0 of \$23,806,492 are valued using a matrix pricing model (Level 2 inputs)

Independent School District No. 192
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

2. OPEB Trust Fund

As of June 30, 2016, the market values, duration, and percent allocation of the District's OPEB Trust investments was as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>
OPEB Investments			
Brokered money market	837,857	N/A	N/A
Certificates of deposit	886,100	1.30	N/A
Brokered certificates of deposit	<u>1,181,303</u>	1.67	N/A
Total investments	<u><u>\$ 2,905,260</u></u>		

The District has the following recurring fair value measurements as of June 30, 2016:

- \$2,905,260 of \$2,905,260 are valued using a quoted market prices (Level 1 inputs)
- \$0 of \$2,905,260 are valued using a matrix pricing model (Level 2 inputs)

C. Deposits and Investments

Summary of cash, deposits, and investments as of June 30, 2016:

District Funds	
Deposits	\$ 39,621,645
Investments	23,806,492
OPEB Trust Fund	
Investments	<u>2,905,260</u>
Total	<u><u>\$ 66,333,397</u></u>

Cash, deposits, and investments are presented in the June 30, 2016, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 62,748,500
Statement of Fiduciary Net Position	
Post employment benefits trust fund	
Cash and investments	2,905,260
Agency fund	
Cash and investments	<u>679,637</u>
Total deposits and investments	<u><u>\$ 66,333,397</u></u>

Independent School District No. 192
Notes to Financial Statements

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Reclassified Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,109,141	\$ -	\$ -	\$ 14,109,141
Construction in progress	81,060	7,478,554	81,060	7,478,554
Total capital assets not being depreciated	<u>14,190,201</u>	<u>7,478,554</u>	<u>81,060</u>	<u>21,587,695</u>
Capital assets being depreciated				
Buildings	199,962,970	-	-	199,962,970
Improvements other than buildings	17,953,388	154,586	-	18,107,974
Machinery and equipment	<u>11,915,125</u>	<u>132,314</u>	<u>-</u>	<u>12,047,439</u>
Total capital assets being depreciated	<u>229,831,483</u>	<u>286,900</u>	<u>-</u>	<u>230,118,383</u>
Less accumulated depreciation for				
Buildings	64,134,323	4,883,608	-	69,017,931
Improvements other Than buildings	5,742,979	805,366	-	6,548,345
Machinery and equipment	<u>9,837,087</u>	<u>565,302</u>	<u>-</u>	<u>10,402,389</u>
Total accumulated depreciation	<u>79,714,389</u>	<u>6,254,276</u>	<u>-</u>	<u>85,968,665</u>
Total capital assets being depreciated, net	<u>150,117,094</u>	<u>(5,967,376)</u>	<u>-</u>	<u>144,149,718</u>
Governmental activities, capital assets net	<u>\$ 164,307,295</u>	<u>\$ 1,511,178</u>	<u>\$ 81,060</u>	<u>\$ 165,737,413</u>

Independent School District No. 192
Notes to Financial Statements

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$6,254,276 for the year ended June 30, 2016, was charged to the following governmental functions:

Administration	\$ 326
District support services	2,031
Elementary and secondary regular instruction	18,479
Special education instruction	280
Instructional support services	1,984
Pupil support services	3,998
Sites and buildings	477,474
Food service	60,597
Community service	77
Unallocated	<u>5,689,030</u>
Total depreciation expense	<u><u>\$ 6,254,276</u></u>

NOTE 5 – 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						
2007A Refunding Bonds	02/15/07	4.00%-5.00%	18,425,000	02/01/21	\$ 13,665,000	\$ 1,840,000
2011B Refunding Building Bonds	12/19/11	2.00%-4.00%	19,210,000	02/01/23	13,610,000	1,820,000
2012D Refunding Bonds	11/27/12	4.00%	14,945,000	06/01/20	13,875,000	3,170,000
2013A Alternative Facilities Bonds	03/06/13	2.00%-2.75%	2,260,000	02/01/28	1,975,000	145,000
2013C OPEB Refunding	12/05/13	0.65%-3.40%	5,840,000	02/01/23	5,205,000	600,000
2014A Refunding Bonds	06/04/14	3.00%-4.00%	71,220,000	02/01/27	68,490,000	2,745,000
2015A Crossover Refunding Bonds	02/05/15	4.00%-5.00%	20,475,000	02/01/27	20,475,000	850,000
2015C Refunding Bonds	12/16/15	2.00%-3.00%	28,640,000	02/01/24	28,640,000	110,000
2016A Building Bonds	02/03/16	2.00%-3.00%	43,730,000	02/01/31	43,730,000	-
Plus Unamortized Premium					<u>16,186,900</u>	<u>1,327,770</u>
Total G.O. Bonds					<u>225,851,900</u>	<u>12,607,770</u>
Compensated absences					<u>1,158,522</u>	<u>602,865</u>
Total all long-term liabilities					<u><u>\$ 227,010,422</u></u>	<u><u>\$ 13,210,635</u></u>

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

During 2016, \$28,640,000 G.O. School Building Refunding Bonds, Series 2015C, were issued to refund the Series 2006A bonds. The refunding resulted in \$ 5,351,716 of cash flow savings to the District and a present value economic benefit of \$ 4,921,348.

Independent School District No. 192
Notes to Financial Statements

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance
Long-Term Liabilities				
G.O. bonds	\$ 205,905,000	\$ 72,370,000	\$ 68,610,000	\$ 209,665,000
Bond premiums	10,109,017	7,620,929	1,543,046	16,186,900
Capital Lease	-	3,574,508	762,525	2,811,983
Compensated absences	1,156,345	759,064	756,887	1,158,522
	<u>1,156,345</u>	<u>759,064</u>	<u>756,887</u>	<u>1,158,522</u>
Total Long-Term Liabilities	<u>\$ 217,170,362</u>	<u>\$ 84,324,501</u>	<u>\$ 71,672,458</u>	<u>\$ 229,822,405</u>

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

C. Minimum Debt Payments for Bonds

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

Year Ending June 30,	G.O. Bonds		
	Principal	Interest	Total
2017	\$ 11,280,000	\$ 7,959,352	\$ 19,239,352
2018	12,410,000	7,471,421	19,881,421
2019	13,445,000	7,039,086	20,484,086
2020	14,240,000	6,578,621	20,818,621
2021	15,440,000	6,077,896	21,517,896
2022-2026	81,890,000	20,062,471	101,952,471
2027-2031	60,960,000	5,414,132	66,374,132
	<u>60,960,000</u>	<u>5,414,132</u>	<u>66,374,132</u>
Total	<u>\$ 209,665,000</u>	<u>\$ 60,602,979</u>	<u>\$ 270,267,979</u>
Plus Net Bond Premium	<u>16,186,900</u>	<u>-</u>	<u>16,186,900</u>
Total	<u>\$ 225,851,900</u>	<u>\$ 60,602,979</u>	<u>\$ 286,454,879</u>

D. Capital Lease Obligations

The District entered into a lease purchase option agreement on July 10, 2015, with Apple, Inc. for Macbooks. The capital lease obligation and corresponding improvements totaled \$3,625,274. The capital lease agreement includes annual principal and interest payments of \$765,525 for the first year and \$954,250 for the remaining three years of the agreement.

Independent School District No. 192
Notes to Financial Statements

NOTE 5 – LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

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

Year Ending June 30,	
2017	\$ 954,250
2018	954,250
2019	954,250
Total minimum lease payments	<u>2,862,750</u>
Less amount representing interest	<u>(50,767)</u>
Present value of minimum lease payments	<u><u>\$ 2,811,983</u></u>

The assets purchased with the Apple, Inc. lease are classified as equipment and totaled \$3,574,508. The associated accumulated depreciations for these assets is \$893,627 for a net value of \$2,680,881 at June 30, 2016.

E. Operating Lease Obligations

The District leases Macbook Pros from Apple, Inc. which are classified as operating leases, the last of which expires June 30, 2017. Total lease expense for 2016 was \$55,204.

Minimum future rental payments under the noncancelable operating leases having remaining terms in excess of one year for each of the next five years and in aggregate are:

Year Ending June 30,	
2017	\$ 55,204

NOTE 6 – FUND BALANCES/NET POSITION

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities or as required by other outside parties.

Fund Equity

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

Independent School District No. 192
Notes to Financial Statements

NOTE 6 – FUND BALANCES/NET POSITION (CONTINUED)

A. Restricted Fund Balance

	General Fund	Debt Service	Capital Projects	Other Nonmajor Funds	Total
Nonspendable for					
Inventory	\$ 39,397	\$ -	\$ -	\$ 73,098	\$ 112,495
Prepaid items	595,796	-	-	34,070	629,866
	<u>635,193</u>	<u>-</u>	<u>-</u>	<u>107,168</u>	<u>742,361</u>
Restricted for					
Safe school crime - crime levy	26,883	-	-	-	26,883
Staff development	144,711	-	-	-	144,711
Operating capital	166,360	-	-	-	166,360
Community education	-	-	-	522,196	522,196
Early childhood and family education	-	-	-	89,859	89,859
School readiness	-	-	-	90,135	90,135
Adult basic education	-	-	-	430	430
Food service	-	-	-	654,752	654,752
Community service	-	-	-	12,708	12,708
Debt service	-	5,058,044	-	95,666	5,153,710
Capital projects	-	-	38,030,757	-	38,030,757
	<u>337,954</u>	<u>5,058,044</u>	<u>38,030,757</u>	<u>1,465,746</u>	<u>44,892,501</u>
Assigned for					
Classroom technology	284,462	-	-	-	284,462
Donations	93,101	-	-	-	93,101
Health and safety	222,687	-	-	-	222,687
Maintain class size	1,000,000	-	-	-	1,000,000
	<u>1,600,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600,250</u>
Unassigned	2,854,896	-	-	-	2,854,896
Total fund balance	<u>\$ 5,428,293</u>	<u>\$ 5,058,044</u>	<u>\$ 38,030,757</u>	<u>\$ 1,572,914</u>	<u>\$ 50,090,008</u>

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

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

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

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 6 – 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.

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

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

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

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

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

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

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

B. Net Position

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

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Teachers' Retirement Association

A. Plan Description

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

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

A. Plan Description (Continued)

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

B. Benefits Provided

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

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

Tier I Benefits

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

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).

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

B. Benefits Provided

Tier II Benefits

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

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

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

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

C. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for years ended June 30, 2015 and June 30, 2016, were:

	<u>Employee</u>	<u>Employer</u>
Basic	11.0%	11.5%
Coordinated	7.5%	7.5%

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – 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.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 340,207,590
Deduct Employer contributions not related to future contribution efforts	(704,635)
Deduct TRA's contributions not included in allocation	<u>(435,999)</u>
Total employer contributions	339,066,956
Total non-employer contributions	<u>41,587,410</u>
Total contributions reported in schedule of employer and non-employer pension allocations	<u><u>\$ 380,654,366</u></u>

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

D. Merger of DTRFA

Legislation enacted in 2014 merged the DTRFA with TRA effective June 30, 2015. The beginning balances of total pension liability and fiduciary net position were adjusted to reflect the merger of DTRFA.

	<u>6/30/14 CAFR</u>	<u>Restated</u>
Total pension liability	\$ 24,901,612,000	\$ 25,299,564,000
Plan fiduciary net position	<u>20,293,684,000</u>	<u>20,519,756,000</u>
Net pension liability	<u><u>\$ 4,607,928,000</u></u>	<u><u>\$ 4,779,808,000</u></u>

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Measurement date	June 30, 2015
Valuation date	July 1, 2015
Experience study	October 30, 2009
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	8.00%
Wage inflation	3.00%
Projected salary increase	3.5-12%, based on years of service
Cost of living adjustment	2.00%

Mortality Assumption

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

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB 67 valuation.

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

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

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

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2015 is 5.73 years. The "Difference between Expected and Actual Experience" and "Changes of Assumptions" use the amortization period of 5.73 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 5 years as required by GASB 68. The "Changes in Proportion" uses a rounded amortization period of 5.0 years.

F. Discount Rate

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%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2016 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

G. Net Pension Liability

On June 30, 2016, the District reported a liability of \$40,270,788 for its proportionate share of the net pension liability. The net pension liability was measure as of June 30, 2015, 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 0.6510% at the end of the measurement period and 0.6781% 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	\$ 40,270,788
State's proportionate share of the net pension liability associated with the District	4,939,925

There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date. Post-retirement benefit adjustments are now assumed to be 2.0% annually with no increase to 2.5% projected. The prior year valuation assumed a 2.5% increase commencing July 1, 2034.

For the year ended June 30, 2016, the District recognized pension expense of \$2,689,575. It also recognized \$873,315 as an increase to pension expense for the support provided by direct aid.

On June 30, 2016, the District had deferred resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,063,470	\$ -
Net difference between projected and actual earnings on plan investment	-	3,079,996
Changes of assumptions	3,095,752	-
Changes in proportion	317,239	319,329
Contributions to TRA subsequent to the measurement date	2,566,000	-
Total	<u>\$ 8,042,461</u>	<u>\$ 3,399,325</u>

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Teachers' Retirement Association (Continued)

G. Net Pension Liability (Continued)

\$2,566,000 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, 2017.

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

2017	\$ (146,299)
2018	(146,299)
2019	(146,301)
2020	2,081,641
2021	434,394

H. Pension Liability Sensitivity

The following presents the district's proportionate share of the net pension liability calculated using the discount rate of 8.0% as well as the liability measured using 1% lower and 1% higher.

District proportionate share of NPL		
1% decrease (7.0%)	Current (8.0%)	1% increase (9.0%)
\$ 61,297,353	\$ 40,270,788	\$ 22,753,513

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

I. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

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

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

A. Plan Description (Continued)

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the District other than teachers are covered by the GERF. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

B. Benefits Provided

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

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

GERF Benefits

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

C. Contributions

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

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions (Continued)

GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5% of pay, respectively, in fiscal year 2016. In fiscal year 2016, the District was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2016, were \$685,380. The District's contributions were equal to the required contributions as set by state statute

D. Pension Costs

GERF Pension Costs

At June 30, 2016, the District reported a liability of \$7,929,254 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the District's proportion was 0.1530%, which was a decrease of 0.0092% from its proportion measured as of June 30, 2014.

GERF Pension Costs (Continued)

GERF benefit provision changes during the measurement period include (1) the merger of the former Minneapolis Employees Retirement Fund division into GERF, effective January 1, 2015, and (2) revisions to *Minnesota Statutes* to make changes to contribution rates less prescriptive and more flexible.

The discount rate used to calculate liabilities for the June 30, 2015, measurement date was 7.9%. The Legislature has since set the discount rate in statute at 8%. Beginning with the June 30, 2016, measurement date the discount rate used when calculating liabilities based on GASB 68 accounting requirements will be increased to 8% to be consistent with the rate set in statute used for funding purposes.

For the year ended June 30, 2016, the District recognized pension expense of \$743,953 for its proportionate share of GERF's pension expense.

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

At June 30, 2016, the District reported its proportionate share of GERP's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 73,533	\$ 399,769
Changes in actuarial assumptions	493,806	-
Difference between projected and actual investments earnings	-	705,850
Changes in proportion and differences between contributions made and District's proportion share of contributions	-	373,328
District's contributions to GERP subsequent to the measurement date	<u>685,380</u>	<u>-</u>
Total	<u><u>\$ 1,252,719</u></u>	<u><u>\$ 1,478,947</u></u>

\$685,380 reported as deferred outflows of resources related to pensions resulting from District contributions to GERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
<u> </u>	<u> </u>
2017	\$ (271,863)
2018	(271,866)
2019	(555,534)
2020	187,655

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

GERF

Assumptions	GERF
Inflation	2.75 % Per Year
Active member payroll growth	3.50 Per Year
Investment rate of return	7.90

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

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014.

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

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Discount Rates

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

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
District's proportionate share of the GERS net pension liability	\$ 12,467,606	\$ 7,929,254	\$ 4,181,273

H. Pension Plan Fiduciary Net Position

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

NOTE 8 – 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, 2016.

All funds of the District participate in the Dental Self-Insurance program. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The District self-insures for dental coverage up to certain limits. A stop-loss policy was purchased that limits the District's loss to \$1,000 per incident. The total claims liability reported in the fund at June 30, 2016 was \$6,093 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 Financial Statements

NOTE 8 – 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
2014	\$ 33,645	\$ 437,431	\$ 434,839	\$ 36,237
2015	36,237	392,157	395,441	32,953
2016	32,953	422,468	449,328	6,093

Beginning in 2014, the District has provided a health care self-insurance program. Under this program, the fund provides up to a maximum of \$125,000 for each health claim. All funds of the District participate in this program and make payments to the Health Insurance Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A stop-loss policy was purchased that limits the District's loss to 125% of premiums. The total claims liability reported in the fund at June 30, 2016 was \$358,188 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
2014	\$ -	\$ 7,098,090	\$ 6,654,874	\$ 443,216
2015	443,216	7,086,867	7,027,135	502,948
2016	502,948	6,910,191	7,054,951	358,188

NOTE 9 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 9 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

B. Funding Policy

Retirees and their spouses contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with BlueCross BlueShield. The required contributions are based on projected pay-as-you-go financing requirements. For 2016, the District made \$678,527 in contributions to the plan.

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

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

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

ARC	\$ 1,582,851
Interest on net OPEB obligation	199,962
Adjustment to ARC	(305,337)
Annual OPEB cost (expense)	<u>1,477,476</u>
Contributions made	<u>(678,527)</u>
Increase in net OPEB obligation	798,949
Net OPEB obligation - beginning of year	<u>5,713,211</u>
Net OPEB obligation - end of year	<u><u>\$ 6,512,160</u></u>

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

<u>Year Ended,</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/14	\$ 1,975,722	\$ -	0%	\$ 4,286,334
06/30/15	1,426,877	-	0%	5,713,211
06/30/16	1,477,476	678,527	46%	6,512,160

Independent School District No. 192
Notes to Financial Statements

NOTE 9 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the District had plan assets at fair value of \$3,517,794 deposited to fund the plan. The actuarial accrued liability for benefits was \$15,612,827 and the actuarial value of assets was \$3,517,794, resulting in a \$12,095,033 unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the plan) was \$36,500,015, and the ratio of the UAAL to the covered payroll was 33.1%. In April 2010, the District issued G.O. Taxable OPEB Bonds, established an irrevocable trust and contributed \$5,970,675 of bond proceeds into the trust to fund the plan. As of June 30, 2016, the ending market value of these assets was \$2,905,260.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress – Other Post Employment Benefits, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

E. Actuarial Methods and Assumptions

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 9 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Condensed Financial Statements

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

OPEB Plan
Statement of Plan Net Position
June 30, 2015

Assets

Current

Brokered money market accounts	\$ 837,857
Brokered certificates of deposit	1,181,303
Certificates of deposit	<u>886,100</u>

Total assets	<u><u>\$ 2,905,260</u></u>
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Liabilities

Due to other governments	<u>\$ 248,401</u>
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Net Position

Held in trust for OPEB	<u><u>\$ 2,656,859</u></u>
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Statement of Changes in Plan Net Position
June 30, 2015

Additions

Interest revenue	\$ 30,459
Less: investment management fees	<u>(250)</u>
Total additions	30,209

Deductions

Employee benefits	<u>238,401</u>
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Change in net position	(208,192)
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Net Position

Beginning of year	<u>2,865,051</u>
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End of year	<u><u>\$ 2,656,859</u></u>
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**Independent School District No. 192
Notes to Financial Statements**

NOTE 9 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Condensed Financial Statements (Continued)

1. Notes to the Condensed Financial Statements

a. Plan Provisions

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

2. Summary of Significant Accounting Policies

a. Basis of Accounting

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

b. Investments

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

c. Use of Estimates

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

NOTE 10 – COMMITMENTS

As of June 30, 2016, the District had various commitments with contractors totaling \$10,510,712 for building and construction activity.

NOTE 11 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB has issued GASB Statement 74 relating to postemployment benefit plans other than pension plans administered through trusts that meet certain criteria and includes requirements for OPEB plans not administered through trusts. This new statement requires additional note disclosures and additional required supplementary information. This statement is effective for financial statements for fiscal years beginning after June 15, 2016. We are recommending that a review of your actuarial study be completed with your actuarial firm to ensure compliance with the new standard.

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

Independent School District No. 192
Notes to Financial Statements

NOTE 12 – SUBSEQUENT EVENTS

On September 26, 2016, the School Board approved the sale of \$10,665,000 G.O. School Refunding Bonds, Series 2016B to provide for the refunding of G.O. School Building Refunding Bonds, Series 2007A. The refunding will save approximately \$ 880,000 in debt service payments.

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 192
Schedule of Funding Progress –
Other Post Employment Benefits
June 30, 2016

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

Schedule of Employer Contributions –
other Post Employment Benefits
June 30, 2016

Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Contributed	Net OPEB Obligation (Asset)
06/30/14	\$ 1,975,722	\$ -	0%	\$ 4,286,334
06/30/15	1,426,877	-	0%	5,713,211
06/30/16	1,477,476	678,527	46%	6,512,160

Independent School District No. 192
Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability
Last Ten Years GERS Retirement Funds

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1622%	\$ 7,619,343	\$ 8,515,752	89.5%	78.7%
2016	0.1530%	7,929,254	8,842,627	89.7%	78.2%

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

Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability
Last Ten Years TRA Retirement Funds

For Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.6781%	\$ 31,246,360	\$ 2,198,129	\$ 33,444,489	\$ 30,951,565	101.0%	81.5%
2016	0.6510%	40,270,788	4,939,925	45,210,713	33,040,653	121.9%	76.8%

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

Independent School District No. 192
Schedule of District Contributions
GERF Retirement Funds
Last Ten Years

<u>Fiscal Year Ending June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2014	\$ 617,392	\$ 617,392	\$ -	\$ 8,515,752	7.25%
2015	663,197	663,197	-	8,842,627	7.50%
2016	685,380	685,380	-	9,138,400	7.50%

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

Schedule Of District Contributions
TRA Retirement Funds
Last Ten Years

<u>Fiscal Year Ending June 30,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
2014	\$ 2,166,610	\$ 2,166,610	\$ -	\$ 30,951,565	7.00%
2015	2,478,049	2,478,049	-	33,040,653	7.50%
2016	2,566,000	2,566,000	-	34,213,333	7.50%

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

SUPPLEMENTARY INFORMATION

Independent School District No. 192
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			Debt Service	
				Post	
				Employment	
				Benefits Debt	
	Food Service	Community Service	Total	Service	Total nonmajor funds
Assets					
Cash and investments	\$ 753,946	\$ 1,312,536	\$ 2,066,482	\$ 438,053	\$ 2,504,535
Current property taxes receivables	-	315,825	315,825	417,922	733,747
Delinquent property taxes receivable	-	8,725	8,725	7,898	16,623
Accounts receivable	-	6,739	6,739	-	6,739
Due from Department of Education	(43)	72,853	72,810	307	73,117
Due from Federal Government					
Through department of education	20,191	-	20,191	-	20,191
Inventory	73,098	-	73,098	-	73,098
Prepaid items	789	33,281	34,070	-	34,070
Total assets	<u>\$ 847,981</u>	<u>\$ 1,749,959</u>	<u>\$ 2,597,940</u>	<u>\$ 864,180</u>	<u>\$ 3,462,120</u>
Liabilities					
Accounts payable	\$ 55,209	\$ 72,478	\$ 127,687	\$ -	\$ 127,687
Salaries and benefits payable	3,587	237,037	240,624	-	240,624
Due to Other Minnesota Districts	-	407	407	-	407
Unearned revenue	60,546	108,923	169,469	-	169,469
Total liabilities	<u>119,342</u>	<u>418,845</u>	<u>538,187</u>	<u>-</u>	<u>538,187</u>
Deferred Inflows of Resources					
Property taxes levied for subsequent					
Year's expenditures	-	576,749	576,749	763,193	1,339,942
Unavailable revenue - delinquent property taxes	-	5,756	5,756	5,321	11,077
Total deferred inflows of resources	<u>-</u>	<u>582,505</u>	<u>582,505</u>	<u>768,514</u>	<u>1,351,019</u>
Fund Balances					
Nonspendable	73,887	33,281	107,168	-	107,168
Restricted	654,752	715,328	1,370,080	95,666	1,465,746
Total fund balances	<u>728,639</u>	<u>748,609</u>	<u>1,477,248</u>	<u>95,666</u>	<u>1,572,914</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 847,981</u>	<u>\$ 1,749,959</u>	<u>\$ 2,597,940</u>	<u>\$ 864,180</u>	<u>\$ 3,462,120</u>

Independent School District No. 192
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Special Revenue Funds			Debt Service Post Employment Benefits Debt Service	Total Nonmajor Funds
	Food Service	Community Service	Total		
Revenues					
Local property taxes	\$ -	\$ 505,396	\$ 505,396	\$ 438,373	\$ 943,769
Other local and county revenues	3,216	3,557,292	3,560,508	-	3,560,508
Revenue from State Sources	206,376	784,971	991,347	3,048	994,395
Revenue from Federal Sources	998,265	6,032	1,004,297	-	1,004,297
Sales and other conversion of assets	2,148,910	-	2,148,910	-	2,148,910
Total revenues	<u>3,356,767</u>	<u>4,853,691</u>	<u>8,210,458</u>	<u>441,421</u>	<u>8,651,879</u>
Expenditures					
Current					
Food service	3,042,965	-	3,042,965	-	3,042,965
Community education and services	-	4,571,286	4,571,286	-	4,571,286
Capital outlay				-	-
Food service	23,634	-	23,634	-	23,634
Community education and services	-	58,632	58,632	-	58,632
Debt service					
Principal	-	-	-	335,000	335,000
Interest and fiscal charges	-	-	-	138,278	138,278
Total expenditures	<u>3,066,599</u>	<u>4,629,918</u>	<u>7,696,517</u>	<u>473,278</u>	<u>8,169,795</u>
Excess of revenues over (under) expenditures	290,168	223,773	513,941	(31,857)	482,084
Fund Balances					
Beginning of year	<u>438,471</u>	<u>524,836</u>	<u>963,307</u>	<u>127,523</u>	<u>1,090,830</u>
End of year	<u>\$ 728,639</u>	<u>\$ 748,609</u>	<u>\$ 1,477,248</u>	<u>\$ 95,666</u>	<u>\$ 1,572,914</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, 2016

	Budgeted Amounts <u>Original And Final</u>	Actual Amounts <u> </u>	Variance With Final Budget - Over (under) <u> </u>
Revenues			
Other local and county revenues	\$ -	\$ 3,216	\$ 3,216
Revenue from state sources	137,984	206,376	68,392
Revenue from federal sources	1,024,812	998,265	(26,547)
Sales and other conversion of assets	2,245,186	2,148,910	(96,276)
Total revenues	<u>3,407,982</u>	<u>3,356,767</u>	<u>(51,215)</u>
Expenditures			
Current			
Food service	3,224,369	3,042,965	(181,404)
Capital outlay			
Food service	-	23,634	23,634
Total expenditures	<u>3,224,369</u>	<u>3,066,599</u>	<u>(157,770)</u>
Net change in fund balance	<u>\$ 183,613</u>	290,168	<u>\$ 106,555</u>
Fund Balance			
Beginning of year		<u>438,471</u>	
End of year		<u>\$ 728,639</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, 2016

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance With Final Budget - Over (under)
	Original	Final		
Revenues				
Local property taxes	\$ 475,650	\$ 475,650	\$ 505,396	\$ 29,746
Other local and county revenues	3,177,986	3,173,986	3,557,292	383,306
Revenue from state sources	602,629	680,367	784,971	104,604
Revenue from federal sources	6,002	6,002	6,032	30
Total revenues	<u>4,262,267</u>	<u>4,336,005</u>	<u>4,853,691</u>	<u>517,686</u>
Expenditures				
Current				
Community education and services	4,243,078	4,315,774	4,571,286	255,512
Capital outlay				
Community education and services	<u>19,189</u>	<u>20,331</u>	<u>58,632</u>	<u>38,301</u>
Total expenditures	<u>4,262,267</u>	<u>4,336,105</u>	<u>4,629,918</u>	<u>293,813</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (100)</u>	223,773	<u>\$ 223,873</u>
Fund Balance				
Beginning of year			<u>524,836</u>	
End of year			<u>\$ 748,609</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, 2016

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget - Over (under)
Revenues			
Local property taxes	\$ 12,656,222	\$ 12,683,205	\$ 26,983
Other local and county revenues	-	60,483	60,483
Revenue from state sources	4,942,514	5,076,907	134,393
Total revenues	<u>17,598,736</u>	<u>17,820,595</u>	<u>221,859</u>
Expenditures			
Debt service			
Principal	11,005,000	68,275,000	57,270,000
Interest and fiscal charges	6,706,132	7,933,061	1,226,929
Total expenditures	<u>17,711,132</u>	<u>76,208,061</u>	<u>58,496,929</u>
Excess of revenues over (under) expenditures	(112,396)	(58,387,466)	(58,275,070)
Other financing sources			
Bond issuance	-	28,811,737	28,811,737
Bond premium	-	5,695,184	5,695,184
Total other financing sources	<u>-</u>	<u>34,506,921</u>	<u>34,506,921</u>
Net change in fund balance	<u>\$ (112,396)</u>	(23,880,545)	<u>\$ (23,768,149)</u>
Fund Balance			
Beginning of year		<u>28,938,589</u>	
End of year		<u>\$ 5,058,044</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, 2016

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget - Over
Revenues			
Local property taxes	\$ 436,425	\$ 438,373	\$ 1,948
Revenue from state sources	-	3,048	3,048
Total revenues	<u>436,425</u>	<u>441,421</u>	<u>4,996</u>
Expenditures			
Debt service			
Principal	335,000	335,000	-
Interest and fiscal charges	137,828	138,278	450
Total expenditures	<u>472,828</u>	<u>473,278</u>	<u>450</u>
Net change in fund balance	<u><u>\$ (36,403)</u></u>	(31,857)	<u><u>\$ 4,546</u></u>
Fund Balance			
Beginning of year		<u>127,523</u>	
End of year		<u><u>\$ 95,666</u></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, 2016

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u> </u>	Variance with final budget - over (under) <u> </u>
Revenues			
Other local and county revenues	\$ -	\$ 3,155	\$ 3,155
Expenditures			
Current			
Sites and buildings	-	1,771,788	1,771,788
Capital outlay			
Sites and buildings	-	5,639,993	5,639,993
Interest and fiscal charges	-	290,075	290,075
Total expenditures	<u>-</u>	<u>7,701,856</u>	<u>7,701,856</u>
 Excess of revenues over (under) expenditures	 -	 (7,698,701)	 (7,698,701)
Other financing sources			
Bond issuance	-	43,558,263	43,558,263
Bond premium	-	1,925,745	1,925,745
Total other financing sources	<u>-</u>	<u>45,484,008</u>	<u>45,484,008</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>37,785,307</u>	 <u>\$ 37,785,307</u>
Fund Balance			
Beginning of year		<u>245,450</u>	
End of year		<u>\$ 38,030,757</u>	

Independent School District No. 192
Combining Statement of
Net Position - Internal Service Funds
June 30, 2016

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Assets			
Cash and cash equivalents	\$ 1,022,215	\$ 504,647	\$ 1,526,862
Liabilities			
Accounts Payable	358,188	6,093	364,281
Due to other governmental units	2,682	-	2,682
Total Liabilities	360,870	6,093	366,963
Net Position			
Unrestricted	661,345	498,554	1,159,899
Total liabilities and net position	\$ 1,022,215	\$ 504,647	\$ 1,526,862

Independent School District No. 192
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2016

	Internal Service Funds		
	Self-insured Medical Internal Service Fund	Self-insured Dental Internal Service Fund	Total
Operating Revenues			
Contribution	\$ 7,019,167	\$ 475,679	\$ 7,494,846
Operating Expenses			
Employee Claims Paid	6,770,169	455,642	7,225,811
Operating income	248,998	20,037	269,035
Nonoperating Revenues			
Interest Revenue	2,132	-	2,132
Change In Net Position	251,130	20,037	271,167
Net Position			
Beginning of year	410,215	478,517	888,732
End of year	\$ 661,345	\$ 498,554	\$ 1,159,899

Independent School District No. 192
Combining Statement of Cash Flows -
Internal Service Funds
Year Ended June 30, 2016

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Cash Flows - Operating Activities			
Receipts from district contributions	\$ 7,019,167	\$ 475,679	\$ 7,494,846
Employee claims paid	(6,912,247)	(449,549)	(7,361,796)
Net cash flows - operating activities	106,920	26,130	133,050
Cash Flows - Investment Activities			
Interest received	2,132	-	2,132
Net change in cash and cash equivalents	109,052	26,130	135,182
Cash and Cash Equivalents			
Beginning of year	913,163	478,517	1,391,680
End of year	\$ 1,022,215	\$ 504,647	\$ 1,526,862
Reconciliation of Operating Income (loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ 248,998	\$ 20,037	\$ 269,035
Adjustments to reconcile operating Income (loss) to net cash Flows - operating activities:			
Accounts payable	(144,760)	6,093	(138,667)
Due to other governmental units	2,682	-	2,682
Net adjustments	(142,078)	6,093	(135,985)
Net cash flows - operating activities	\$ 106,920	\$ 26,130	\$ 133,050

Independent School District No. 192
Statement of Changes in Agency Fund
Assets and Liabilities
Year Ended June 30, 2016

	June 30, 2015	Additions	Deletions	June 30, 2016
Assets				
Cash and investments	\$ 453,625	\$ 1,217,398	\$ 991,386	\$ 679,637
Other assets	<u>-</u>	<u>3,224</u>	<u>2,052</u>	<u>1,172</u>
Total assets	<u><u>\$ 453,625</u></u>	<u><u>\$ 1,220,622</u></u>	<u><u>\$ 993,438</u></u>	<u><u>\$ 680,809</u></u>
Liabilities				
Accounts payable	<u><u>\$ 453,625</u></u>	<u><u>\$ 992,767</u></u>	<u><u>\$ 765,583</u></u>	<u><u>\$ 680,809</u></u>

Independent School District No. 192
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2016

	Audit	Ufars	Audit-ufars		Audit	Ufars	Audit-ufars
01 General Fund				06 Building Construction Fund			
Total revenue	\$ 70,272,466	\$ 70,272,469	\$ (3)	Total revenue	\$ 3,155	\$ 3,156	\$ (1)
Total expenditures	71,929,450	71,929,450	-	Total expenditures	7,701,856	7,701,858	(2)
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable fund balance	635,193	635,193	-	460 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
403 Staff Development	144,711	144,711	-	407 Capital Projects Levy	-	-	-
405 Deferred Maintenance	-	-	-	409 Alternative Facility Program	-	-	-
406 Health and Safety	(222,687)	(222,687)	-	413 Building Projects Funded by COP/LP	-	-	-
407 Capital Projects Levy	-	-	-	<i>Restricted:</i>			
408 Cooperative Programs	-	-	-	464 Restricted fund balance	38,030,757	38,030,758	(1)
409 Alternative Facility Program	-	-	-	<i>Unassigned:</i>			
414 Operating Debt	-	-	-	463 Unassigned fund balance	-	-	-
416 Levy Reduction	-	-	-				
417 Taconite Building Maintenance	-	-	-	07 Debt Service Fund			
				Total revenue	\$ 17,820,595	\$ 17,820,595	\$ -
424 Operating Capital	166,360	166,360	-	Total expenditures	76,208,061	76,208,061	-
426 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
427 Disabled Accessibility	-	-	-	460 Nonspendable fund balance	-	-	-
428 Learning and Development	-	-	-	<i>Restricted/reserved:</i>			
434 Area Learning Center	-	-	-	425 Bond refundings	-	-	-
435 Contracted Alternative Programs	-	-	-	451 QZAB and QSCB payments	-	-	-
436 State Approved Alternative Program	-	-	-	<i>Restricted:</i>			
438 Gifted and Talented	-	-	-	464 Restricted fund balance	5,058,044	5,058,044	-
440 Teacher Development and Evaluation	-	-	-	<i>Unassigned:</i>			
441 Basic Skills Programs	-	-	-	463 Unassigned fund balance	-	-	-
445 Career Technical Programs	-	-	-				
448 Achievement of Integration Revenue	-	-	-	08 Trust Fund			
449 Safe School Crime	26,883	26,883	-	Total revenue	\$ -	\$ -	\$ -
450 Transition for Pre-Kindergarten	-	-	-	Total expenditures	-	-	-
451 QZAB And QSCB payments	-	-	-	<i>Unassigned:</i>			
452 OPEB liabilities not held in trust	-	-	-	422 Unassigned fund balance (net position)	-	-	-
453 Unfunded Severance and Retirement Levy	-	-	-				
<i>Restricted:</i>				20 Internal Service Fund			
464 Restricted fund balance	-	-	-	Total revenue	\$ 7,496,978	\$ 7,496,978	\$ -
<i>Committed:</i>				Total expenditures	\$ 7,225,811	7,225,810	1
418 Committed for separation	-	-	-	<i>Unassigned:</i>			
461 Committed	-	-	-	422 Unassigned fund balance (net position)	1,159,899	1,159,899	-
<i>Assigned:</i>							
462 Assigned fund balance	1,600,250	1,600,250	-	25 OPEB Revocable Trust			
<i>Unassigned:</i>				Total revenue	\$ -	\$ -	\$ -
422 Unassigned fund balance (net position)	3,077,583	3,077,584	(1)	Total expenditures	-	-	-
				<i>Unassigned:</i>			
02 Food Services Fund				422 Unassigned fund balance (net position)	-	-	-
Total revenue	\$ 3,356,767	\$ 3,356,768	\$ (1)				
Total expenditures	3,066,599	3,066,600	(1)	45 OPEB Irrevocable Trust			
<i>Nonspendable:</i>				Total revenue	\$ 30,459	\$ 30,458	\$ 1
460 Nonspendable fund balance	73,887	73,887	-	Total expenditures	238,651	238,651	-
<i>Restricted/reserved:</i>				<i>Unassigned:</i>			
452 OPEB liabilities not held in trust	-	-	-	422 Unassigned fund balance (net position)	2,656,859	2,656,859	-
<i>Restricted:</i>							
464 Restricted fund balance	654,752	654,752	-	47 OPEB Debt Service			
<i>Unassigned:</i>				Total revenue	\$ 441,421	\$ 441,421	\$ -
463 Unassigned fund balance	-	-	-	Total expenditures	473,278	473,278	-
				<i>Nonspendable:</i>			
04 Community Service Fund				460 Nonspendable fund balance	-	-	-
Total revenue	\$ 4,853,691	\$ 4,853,689	\$ 2	<i>Restricted:</i>			
Total expenditures	4,629,918	4,629,919	(1)	425 Bond refundings	-	-	-
<i>Nonspendable:</i>				464 Restricted fund balance	95,666	95,666	-
460 Nonspendable fund balance	33,281	33,282	(1)	<i>Unassigned:</i>			
<i>Restricted/reserved:</i>				463 Unassigned fund balance	-	-	-
426 \$25 Taconite	-	-	-				
431 Community Education	522,196	522,196	-				
432 ECFE	89,859	89,859	-				
444 School Readiness	90,135	90,135	-				
447 Adult Basic Education	430	430	-				
452 Opeb liabilities not held in trust	-	-	-				
<i>Restricted:</i>							
464 Restricted fund balance	12,708	12,707	1				
<i>Unassigned:</i>							
463 Unassigned fund balance	-	-	-				

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	95
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	99
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	105
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	110
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	113

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	\$ (11,289,435)	\$ (11,577,957)	\$ (13,208,908)	\$ (21,935,043)	\$ (19,410,971)	\$ (19,484,672)	\$ (18,029,060)	\$ (20,728,015)	\$ (17,838,292)	\$ (12,801,800)
Restricted	1,781,530	1,733,913	1,643,480	1,726,121	1,044,706	599,394	378,099	695,172	5,854,618	3,795,807
Unrestricted	(20,268,890)	(19,383,179)	(19,739,507)	(23,849,059)	(26,893,302)	(15,382,070)	(16,788,565)	(11,659,904)	(60,668,164)	(58,647,696)
Total governmental activities net assets	<u>\$ (29,776,795)</u>	<u>\$ (29,227,223)</u>	<u>\$ (31,304,935)</u>	<u>\$ (44,057,981)</u>	<u>\$ (45,259,567)</u>	<u>\$ (34,267,348)</u>	<u>\$ (34,439,526)</u>	<u>\$ (31,692,747)</u>	<u>\$ (72,651,838)</u>	<u>\$ (67,653,689)</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Administration	\$ 2,045,598	\$ 2,281,553	\$ 2,493,136	\$ 2,793,108	\$ 2,972,746	\$ 3,039,382	\$ 2,861,239	\$ 3,020,958	\$ 2,945,067	\$ 2,958,510
District support services	1,386,428	1,976,340	2,524,801	2,232,400	2,269,164	2,410,921	2,979,027	3,236,185	3,814,841	7,655,043
Elementary and secondary regular instruction	22,880,685	23,156,343	25,750,887	27,335,092	28,479,726	29,617,751	30,149,009	29,608,354	32,092,433	33,572,184
Vocational education instruction	314,300	302,777	326,669	631,690	578,780	592,817	591,705	526,164	552,403	865,574
Special education instruction	9,050,031	10,139,144	9,427,975	10,216,472	10,151,500	10,885,818	10,979,602	11,412,057	12,081,345	12,223,981
Instructional support services	2,865,364	3,113,444	3,757,421	3,289,443	3,784,372	3,644,676	3,022,306	3,498,036	3,396,174	3,775,815
Pupil support services	4,386,666	4,640,911	4,936,253	5,457,701	5,737,995	5,812,966	5,753,865	5,793,138	6,051,082	6,033,961
Sites and buildings	7,245,002	9,451,157	12,592,569	14,623,090	9,089,024	8,437,907	6,086,373	6,278,475	6,334,689	5,570,230
Fiscal and other fixed cost programs	297,844	221,342	114,430	134,620	200,678	235,465	311,549	269,291	239,595	226,217
Food service	2,194,665	2,419,329	2,538,910	2,711,058	2,955,163	2,939,948	3,096,756	3,005,615	3,115,176	3,131,432
Community education and services	2,842,337	3,142,501	3,313,200	3,592,038	3,930,389	4,038,348	4,621,956	4,652,640	4,526,854	4,634,178
Depreciation not included in other functions	-	-	1,240,579	5,257,054	5,254,198	5,310,623	5,324,013	5,038,359	5,478,238	5,689,030
Interest and fiscal charges on long-term debt	13,277,703	14,112,327	13,998,006	14,128,567	13,027,014	10,010,468	9,491,794	9,115,861	9,851,134	5,243,100
Total governmental activities expenses	68,786,623	74,957,168	83,014,836	92,402,333	88,430,749	86,977,090	85,269,194	85,455,133	90,479,031	91,579,255
Program Revenues										
Governmental Activities										
Charges For Services										
Administration	-	-	-	-	-	-	-	-	-	-
District support services	-	-	-	-	-	-	369	113,615	125,134	37,691
Elementary and secondary regular instruction	517,491	553,860	590,295	604,896	666,609	694,908	633,563	670,614	711,626	686,549
Vocational education instruction	-	-	-	-	-	-	-	-	-	-
Special education instruction	116,070	73,309	71,105	27,122	95,087	180,078	147,138	92,262	37,412	-
Instructional support services	-	-	-	-	-	-	1,402	1,000	-	-
Pupil support services	-	-	-	-	-	-	-	-	-	-
Sites and buildings	134,799	96,031	82,769	106,271	99,476	106,463	110,149	108,440	105,453	147,836
Fiscal and other fixed cost programs	-	-	-	-	-	-	-	-	-	-
Food service	1,673,475	1,745,636	1,807,013	1,955,817	2,016,380	2,039,120	2,013,403	1,932,980	2,096,665	2,148,910
Community education and services	1,731,933	2,131,144	2,279,554	2,551,956	2,914,478	3,031,376	3,484,233	3,832,157	3,440,651	3,533,478
Depreciation not included in other functions	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	10,652,686	11,728,792	10,375,129	11,047,034	12,519,519	12,650,254	11,322,874	13,079,334	14,271,128	13,982,338
Capital grants and contributions	866,873	1,129,915	1,177,888	786,149	787,713	895,304	947,931	988,310	1,224,893	1,221,191
Total governmental activities program revenues	15,693,327	17,458,687	16,383,753	17,079,245	19,099,262	19,597,503	18,661,062	20,818,712	22,012,962	21,757,993
Net expense	(53,093,296)	(57,498,481)	(66,631,083)	(75,323,088)	(69,331,487)	(67,379,587)	(66,608,132)	(64,636,421)	(68,466,069)	(69,821,262)
General Revenues										
Governmental Activities										
Taxes										
Property taxes, levied for general purposes	3,020,744	3,519,886	6,085,529	6,813,122	9,093,054	5,619,114	6,169,145	3,960,769	5,034,575	6,085,082
Property taxes, levied for community service	317,638	358,543	367,776	371,894	593,380	399,820	476,237	281,363	521,005	501,239
Property taxes, levied for debt service	8,630,602	10,386,732	11,863,282	12,898,003	13,367,159	12,411,603	12,552,765	12,642,712	12,912,421	13,001,115
General grants and aids	36,413,278	38,756,876	40,317,867	37,329,268	39,579,320	45,746,433	47,033,816	50,270,485	52,931,208	54,541,170
Gain on sale of capital assets	-	3,337	-	22,860	1,525	-	-	-	3,555	-
Other general revenues	273,657	143,906	2,075,524	4,002,777	4,563,378	317,307	351,280	208,794	510,934	603,999
Investment earnings	8,249,375	8,154,098	3,843,393	1,132,118	932,085	541,878	36,416	19,077	34,790	86,806
Special item	-	-	-	-	-	13,335,651	-	-	-	-
Total governmental activities	56,905,294	61,323,378	64,553,371	62,570,042	68,129,901	78,371,806	66,619,659	67,383,200	71,948,488	74,819,411
Change in net position	\$ 3,811,998	\$ 3,824,897	\$ (2,077,712)	\$ (12,753,046)	\$ (1,201,586)	\$ 10,992,219	\$ 11,527	\$ 2,746,779	\$ 3,482,419	\$ 4,998,149

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,326,611	\$ 1,020,686	\$ 967,426	\$ 1,132,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	713,894	1,560,721	3,215,451	2,859,312	-	-	-	-	-	-
Nonspendable	-	-	-	-	742,158	647,965	633,768	641,407	608,024	635,193
Restricted	-	-	-	-	711,150	268,338	62,952	87,929	236,924	337,954
Committed	-	-	-	-	345,968	12,370	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	86,124	1,600,250
Unassigned	-	-	-	-	1,815,379	1,601,105	1,248,451	2,167,828	2,579,697	2,854,896
Total general fund	<u>\$ 2,040,505</u>	<u>\$ 2,581,407</u>	<u>\$ 4,182,877</u>	<u>\$ 3,992,114</u>	<u>\$ 3,614,655</u>	<u>\$ 2,529,778</u>	<u>\$ 1,945,171</u>	<u>\$ 2,897,164</u>	<u>\$ 3,510,769</u>	<u>\$ 5,428,293</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 709,288	\$ 118,061	\$ 140,088	\$ 105,175	\$ 74,271	\$ 107,168
Restricted	-	-	-	-	39,284,106	10,404,021	11,503,067	81,951,552	30,200,598	44,554,547
Reserved	454,919	58,678,017	59,017,377	43,748,872	-	-	-	-	-	-
Unassigned/ unreserved, reported in										
Special revenue funds	232,323	338,533	385,059	537,111	(2,387)	(6,573)	(11,146)	-	-	-
Capital projects fund	104,290,945	57,164,392	25,061,705	17,271,309	-	-	-	-	-	-
Debt service fund	57,851,703	1,202,510	1,119,835	1,621,821	-	-	-	-	-	-
Total all other Governmental funds	<u>\$ 162,829,890</u>	<u>\$ 117,383,452</u>	<u>\$ 85,583,976</u>	<u>\$ 63,179,113</u>	<u>\$ 39,991,007</u>	<u>\$ 10,515,509</u>	<u>\$ 11,632,009</u>	<u>\$ 82,056,727</u>	<u>\$ 30,274,869</u>	<u>\$ 44,661,715</u>
Unreserved - operating account as a Percentage of total expenditures	<u>3.6%</u>	<u>2.5%</u>	<u>2.2%</u>	<u>2.4%</u>	<u>3.5%</u>	<u>2.7%</u>	<u>2.1%</u>	<u>3.5%</u>	<u>3.9%</u>	<u>4.0%</u>

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

Only year 2011 through 2016 are reported in compliance with GASB Statement No. 54. Years 2004-2010 are reported as previously stated.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Local sources										
Taxes	\$ 11,909,249	\$ 14,183,388	\$ 18,061,922	\$ 20,048,440	\$ 22,707,049	\$ 18,604,245	\$ 19,447,043	\$ 17,011,473	\$ 18,435,002	\$ 19,760,259
Investment earnings	8,249,375	8,154,098	3,858,924	1,132,118	932,085	541,878	36,416	19,077	41,404	51,795
Other	4,459,994	4,743,635	6,900,847	5,688,939	10,361,597	6,381,291	6,762,590	6,977,896	7,038,338	7,211,671
State sources	45,918,659	49,304,316	49,627,894	46,265,828	49,473,885	56,222,625	56,960,408	61,867,230	65,949,189	67,133,709
Federal sources	<u>2,001,609</u>	<u>2,311,518</u>	<u>2,232,872</u>	<u>6,456,523</u>	<u>3,405,891</u>	<u>3,057,327</u>	<u>2,323,160</u>	<u>2,452,865</u>	<u>2,464,518</u>	<u>2,590,661</u>
Total revenues	<u>72,538,886</u>	<u>78,696,955</u>	<u>80,682,459</u>	<u>79,591,848</u>	<u>86,880,507</u>	<u>84,807,366</u>	<u>85,529,617</u>	<u>88,328,541</u>	<u>93,928,451</u>	<u>96,748,095</u>
Expenditures										
Current										
Administration	2,151,256	2,273,727	2,784,195	2,701,290	2,838,452	2,936,329	2,757,084	2,863,077	2,927,621	2,881,456
District support services	1,380,536	1,806,741	2,269,851	2,127,420	2,183,386	2,133,558	1,902,112	2,055,614	2,617,365	2,821,314
Elementary and secondary regular instruction	22,739,055	23,324,926	28,655,607	26,545,687	27,336,472	28,583,029	29,071,218	28,671,604	31,487,224	33,102,929
Vocational education instruction	311,276	326,879	326,669	631,690	578,780	592,817	591,705	532,579	559,061	884,011
Special education instruction	9,026,320	10,113,624	10,434,612	9,641,660	9,794,887	10,469,268	10,558,288	11,141,882	11,882,109	12,086,043
Instructional support services	2,832,525	3,080,033	4,016,157	3,189,990	3,650,148	3,543,324	2,887,935	3,352,488	3,404,650	3,678,163
Pupil support services	4,383,841	4,637,504	5,068,579	5,410,832	5,682,397	5,755,556	5,725,205	5,783,144	6,031,581	6,003,798
Sites and buildings	4,014,851	4,700,944	5,320,474	5,835,080	6,032,603	5,579,524	5,397,762	5,530,645	5,366,707	6,959,701
Fiscal and other fixed cost programs	303,601	221,342	114,430	134,620	200,678	235,465	311,549	269,291	239,589	226,217
Food service	2,195,526	2,396,154	2,549,785	2,632,808	2,859,571	2,833,874	3,019,151	2,932,891	3,048,119	3,042,965
Community service	2,834,191	3,147,091	3,284,913	3,532,809	3,894,751	3,971,963	4,595,830	4,638,784	4,535,037	4,571,286
Capital outlay	21,398,422	52,074,262	36,361,678	8,925,900	3,173,230	4,031,726	3,558,018	8,210,974	2,732,131	10,779,865
Debt service										
Principal	2,270,000	3,002,000	2,980,000	4,318,458	5,248,853	16,432,160	14,030,000	13,905,000	83,860,000	68,610,000
Interest and fiscal charges	<u>12,376,451</u>	<u>12,992,601</u>	<u>13,683,867</u>	<u>13,409,540</u>	<u>12,853,976</u>	<u>10,225,384</u>	<u>9,935,729</u>	<u>9,451,173</u>	<u>10,191,851</u>	<u>8,361,414</u>
Total expenditures	<u>88,217,851</u>	<u>124,097,828</u>	<u>117,850,817</u>	<u>89,037,784</u>	<u>86,328,184</u>	<u>97,323,977</u>	<u>94,341,586</u>	<u>99,339,146</u>	<u>168,883,045</u>	<u>164,009,162</u>
Excess of revenues under expenditures	(15,678,965)	(45,400,873)	(37,168,358)	(9,445,936)	552,323	(12,516,611)	(8,811,969)	(11,010,605)	(74,954,594)	(67,261,067)
Other financing sources (uses)										
Bonds issued	18,425,000	492,000	6,000,000	-	-	19,210,000	25,765,000	77,060,000	20,475,000	72,370,000
Premium on bonds issued	(42,852)	-	-	-	-	1,315,357	853,862	5,326,810	3,753,037	7,620,929
Debt service loans proceeds	-	-	-	-	-	-	-	-	-	-
Capital loan proceeds	1,012,558	-	-	-	-	-	-	-	-	-
Capital lease/certificates of participation	-	-	1,077,926	-	-	-	-	-	-	3,574,508
Proceeds from sale of assets	-	3,337	4,876	22,860	2,112	-	-	506	-	-
Debt retirement from escrow account	-	-	-	(13,285,000)	(24,120,000)	(38,569,121)	(17,275,000)	-	-	-
Total other financing sources (uses)	<u>19,394,706</u>	<u>495,337</u>	<u>7,082,802</u>	<u>(13,262,140)</u>	<u>(24,117,888)</u>	<u>(18,043,764)</u>	<u>9,343,862</u>	<u>82,387,316</u>	<u>24,228,037</u>	<u>83,565,437</u>
Net change in fund balances	<u>\$ 3,715,741</u>	<u>\$ (44,905,536)</u>	<u>\$ (30,085,556)</u>	<u>\$ (22,708,076)</u>	<u>\$ (23,565,565)</u>	<u>\$ (30,560,375)</u>	<u>\$ 531,893</u>	<u>\$ 71,376,711</u>	<u>\$ (50,726,557)</u>	<u>\$ 16,304,370</u>
Debt services as a percentage Of noncapital expenditures	<u>21.78%</u>	<u>21.55%</u>	<u>19.09%</u>	<u>20.02%</u>	<u>21.15%</u>	<u>27.83%</u>	<u>26.07%</u>	<u>25.28%</u>	<u>55.96%</u>	<u>49.24%</u>

Independent School District No. 192
General Governmental Tax Revenues by Source and Levy Type
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

Year Ended June 30,	Property Tax			Total
	General Purposes	Other Nonmajor	Debt Service	
2007	3,026,003	312,595	8,570,651	11,909,249
2008	3,448,868	352,735	10,381,785	14,183,388
2009	5,985,319	366,432	11,710,171	18,061,922
2010	6,780,389	738,390	12,529,661	20,048,440
2011	9,044,587	929,522	12,732,940	22,707,049
2012	5,659,094	771,368	12,173,783	18,604,245
2013	6,255,571	771,368	12,305,153	19,332,092
2014	3,997,913	886,268	12,127,292	17,011,473
2015	5,038,654	971,308	12,425,040	18,435,002
2016	6,133,285	943,769	12,683,205	19,760,259

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	
2007	3,020,744	317,638	8,630,602	11,968,984
2008	3,519,886	358,543	10,386,732	14,265,161
2009	6,085,529	367,776	11,863,282	18,316,587
2010	6,813,122	371,894	12,898,003	20,083,019
2011	9,093,054	593,380	13,367,159	23,053,593
2012	5,619,114	399,820	12,411,603	18,430,537
2013	6,169,145	476,237	12,552,765	19,198,147
2014	3,960,769	281,363	12,642,712	16,884,844
2015	5,034,575	521,005	12,912,421	18,468,001
2016	6,085,082	501,239	13,001,115	19,587,436

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

Taxpayer	2016			2006*		
	Net Tax Capacity	Rank	Percentage Total City Tax Valuation	Net Tax Capacity	Rank	Percentage Total City Tax Valuation
Northern Natural Gas	\$ 813,000	1	2.94%	\$ 319,689	1	1.43%
Northern States Power Co	\$ 505,390	2	1.83%	\$ 93,880	7	0.42%
Minnesota Pipeline Co	265,924	3	0.96%			
Mn Energy Resources Corp	160,562	4	0.58%			
Dakota Electric	155,838	5	0.56%	144,245	2	0.64%
Fulford Group LLC	145,255	6	0.53%	107,278	5	0.48%
Country View Lmt'd Partnership	134,133	7	0.49%	121,661	3	0.54%
Great River Energy	122,352	8	0.44%			
Uniprop Manufactured Housing	87,374	9	0.32%	110,158	4	0.49%
Dakota Storage LLC	81,608	10	0.30%	78,028	8	0.35%
Valmont Industries			0.00%	63,394	10	0.28%
Farmington City Center			0.00%	65,126	9	0.29%
St. Francis Health Services				102,914	6	0.46%
Total for ten largest principal taxpayers	<u>\$ 2,471,436</u>			<u>\$ 1,206,373</u>		

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

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

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

	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Proposed 2016-17</u>
Governmental Unit										
Isd No. 192 (Farmington)	45.831%	49.226%	53.452%	52.157%	55.308%	57.226%	56.326%	53.474%	57.584%	56.932%
Overlapping Governments										
Dakota County	25.177%	25.814%	27.269%	29.149%	31.417%	33.421%	31.827%	29.633%	28.570%	27.939%
City Of Farmington	43.821%	44.186%	49.274%	55.733%	63.093%	66.821%	65.876%	61.455%	59.239%	59.233%
City Of Lakeville	34.195%	33.973%	36.624%	38.250%	39.051%	41.234%	40.696%	38.948%	38.669%	37.894%
Isd No. 192 Market Value Referendum Rate	0.138%	0.137%	0.152%	0.146%	0.140%	0.151%	0.111%	0.115%	0.191%	0.185%

Independent School District No. 192
Property Tax Levies and Collections
Last Ten Years
(unaudited)

For Taxes Collectible	Total Tax Levy For Year	Collected Within The Fiscal Year Of The Levy		Collections In Subsequent Years	Total Collections To Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
2007	14,265,161	5,806,817	40.71%	8,423,575	14,243,659	99.85%
2008	18,316,587	7,693,756	42.00%	10,500,275	18,252,791	99.65%
2009	19,904,838	8,442,262	42.41%	11,118,017	19,687,373	98.91%
2010	20,183,380	8,738,000	43.29%	11,132,876	19,870,876	98.45%
2011	19,637,823	8,016,000	40.82%	11,155,089	19,171,089	97.62%
2012	19,015,675	8,036,000	42.26%	10,998,231	19,034,231	100.10%
2013	18,916,187	7,946,000	42.01%	10,580,870	18,526,870	97.94%
2014	18,487,778	7,920,000	42.84%	10,399,621	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%	N/a	10,755,992	

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
2007	23,239,293	4,370,247	363,047	495,460	531,093	26,946,034	0.44190	2,676,268,200	1.01%
2008	24,902,097	4,980,968	436,245	272,854	685,007	29,361,449	0.45831	2,887,245,700	1.02%
2009	24,933,539	5,320,233	681,897	276,401	878,772	29,780,496	0.49238	2,921,240,700	1.02%
2010	22,695,350	5,652,667	672,488	227,914	1,031,901	27,760,690	0.53452	2,731,917,100	1.02%
2011	20,771,306	5,348,988	963,216	143,056	1,084,353	25,856,101	0.52157	2,362,129,131	1.09%
2012	18,382,040	5,254,585	976,312	137,147	1,050,763	23,425,027	0.55308	2,296,409,991	1.02%
2013	17,128,253	5,384,965	1,029,198	130,805	1,012,882	22,398,729	0.57226	2,177,482,525	1.03%
2014	17,712,961	5,735,422	1,088,025	119,175	1,011,274	23,405,959	0.56326	2,234,391,750	1.05%
2015	20,184,962	5,813,109	1,271,132	117,407	1,002,736	26,149,060	0.57584	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%

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
2005	\$ 206,799,927	\$ 16,928,911	\$ 68,599	\$ 4,275	\$ 16,957	\$ 223,818,669	25,408	\$ 8,809	23.19%
2006	269,554,828	17,703,117	68,599	-	5,757	287,332,301	26,678	10,770	26.92%
2007	286,026,812	18,563,732	70,539	-	-	304,661,083	27,454	11,097	26.57%
2008	283,640,218	19,418,868	70,550	-	-	303,129,636	28,048	10,808	25.11%
2009	284,303,393	19,821,192	70,539	-	791,987	304,987,111	28,848	10,572	25.65%
2010	266,816,650	20,959,034	74,702	-	538,529	288,388,915	32,886	8,769	20.47%
2011	237,301,662	22,162,364	79,111	-	274,676	259,817,813	33,215	7,822	17.55%
2012	214,773,235	-	-	-	-	214,773,235	33,547	6,402	13.85%
2013	209,856,465	-	-	-	-	209,856,465	33,883	6,194	12.94%
2014	277,935,874					277,935,874	33,308	8,344	17.13%
2015	216,014,017					216,014,017	35,320	6,116	12.10%
2016	225,851,900					225,851,900	35,943	6,284	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
2007	286,026,812	57,851,703	228,175,109	30,319,310	752.57%	27,454	8,311
2008	283,640,218	59,581,855	224,058,363	30,935,669	724.27%	28,048	7,988
2009	284,303,393	59,545,710	224,757,683	29,040,400	773.95%	28,848	7,791
2010	266,816,650	45,312,048	221,504,602	27,084,254	817.84%	32,886	6,736
2011	237,301,662	20,728,215	216,573,447	31,446,107	688.71%	33,215	6,520
2012	214,773,235	2,235,198	212,538,037	27,685,523	767.69%	33,547	6,336
2013	209,856,465	3,322,271	206,534,194	26,387,033	782.71%	33,883	6,096
2014	277,935,874	80,248,597	197,687,277	24,031,493	822.62%	33,308	5,935
2015	216,014,017	29,066,112	186,947,905	29,961,347	623.96%	35,320	5,293
2016	225,851,900	5,058,044	220,793,856	31,974,229	690.54%	35,943	6,143

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

Independent School District No. 192
Ratio of Annual Debt Service Expenditures for
General Bonded Debt
to Total General Fund Expenditures
Last Ten Years
(unaudited)

<u>Year</u>	<u>Total Principal</u>	<u>Interest And Other Charges</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio Of Debt Service To General Fund Expenditures</u>
2007	2,270,000	12,376,451	14,646,451	47,143,261	31.1%
2008	3,002,000	12,992,601	15,994,601	51,163,099	31.3%
2009	2,980,000	13,683,867	16,663,867	59,393,302	28.1%
2010	4,065,000	13,377,057	17,442,057	56,933,841	30.6%
2011	4,985,000	12,831,889	17,816,889	58,990,656	30.2%
2012	16,157,484	10,214,118	26,371,602	60,838,578	43.3%
2013	14,030,000	9,935,729	23,965,729	60,629,052	39.5%
2014	13,905,000	9,451,173	23,356,173	61,596,274	37.9%
2015	83,860,000	10,191,854	94,051,854	66,212,648	142.0%
2016	68,610,000	8,361,414	76,971,414	71,929,450	107.0%

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
as of June 30, 2016
Last Ten Fiscal Years

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share Of Overlapping Debt
Debt Repaid with Property Taxes			
Dakota County	\$ 21,455,000	6.82%	\$ 1,462,866
City of Farmington	23,370,000	99.96%	23,361,657
City of Lakeville	72,770,000	8.57%	6,239,664
Town of Empire	450,000	82.75%	372,358
Metropolitan Council	187,745,000	0.79%	1,491,259
Subtotal, Overlapping Debt	305,790,000		32,927,803
Independent School District No. 192 - Direct Debt	225,851,900	100.00%	225,851,900
Total Direct and Overlapping Debt			<u><u>\$ 258,779,703</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 2015.

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

	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 433,086,855	\$ 438,186,105	\$ 409,903,605	\$ 380,394,990	\$ 353,897,014	\$ 344,461,499	\$ 326,622,379	\$ 386,941,701	\$ 386,203,545	\$ 413,801,133
Total net debt										
Applicable to limit	<u>286,026,812</u>	<u>283,640,218</u>	<u>284,303,393</u>	<u>266,816,652</u>	<u>237,301,662</u>	<u>211,675,000</u>	<u>206,135,000</u>	<u>269,290,000</u>	<u>205,905,000</u>	<u>209,665,000</u>
Legal debt margin	<u>\$ 147,060,043</u>	<u>\$ 154,545,887</u>	<u>\$ 125,600,212</u>	<u>\$ 113,578,338</u>	<u>\$ 116,595,352</u>	<u>\$ 132,786,499</u>	<u>\$ 120,487,379</u>	<u>\$ 117,651,701</u>	<u>\$ 180,298,545</u>	<u>\$ 204,136,133</u>
Total net debt applicable to the Limit as a percentage of debt limit	66.04%	64.73%	69.36%	70.14%	67.05%	61.45%	63.11%	69.59%	53.32%	50.67%

Legal Debt Margin Calculation For Year 2014:

Market Value	\$ 2,758,674,218
Debt Limit (15% Of Market Value)	413,801,133
Debt Applicable To Limit:	
G.o. Bonds	<u>209,665,000</u>
Total Net Debt Applicable To Limit	<u>209,665,000</u>
Legal Debt Margin	<u>\$ 204,136,133</u>

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

Independent School District No. 192
Demographic and Economic Statistics - Employment
Last Ten Fiscal Years
(unaudited)

<u>Year</u>	<u>Average Employment Dakota County</u>	<u>Average Unemployment Dakota County</u>	<u>Average Unemployment State Of Minnesota</u>
2006	221,130	3.60%	4.10%
2007	220,658	4.10%	4.60%
2008	220,010	4.90%	5.40%
2009	214,926	6.90%	7.20%
2010	234,344	6.70%	6.70%
2011	215,880	6.60%	6.90%
2012	221,488	5.00%	5.20%
2013	234,367	4.00%	4.80%
2014	225,408	3.90%	4.60%
2015	228,279	3.30%	3.80%
2016	237,777	3.60%	3.70%

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

Independent School District No. 192
Principal Employers-City of Farmington
Current Year and Seven Years ago

Employer	2016			2008		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Farmington Public Schools	900	1	33.21%	825	1	33.70%
Federal Aviation Administration	600	2	22.14%	472	2	19.28%
Dakota Electric	200	3	7.38%	216	3	8.82%
Marschall Line Inc	175	4	6.46%	200	4	8.17%
Trinity Care Center And Trinity Terrace	175	6	6.46%	125	8	5.11%
R & L Carriers	163	8	6.01%			
River Valley Home Care	159	5	5.87%	130	7	5.31%
Kemps LLC	132	7	4.87%	125	9	5.11%
Valmont Industries	110	9	4.06%	131	6	5.35%
City ff Farmington	96	10	3.54%	144	5	5.88%
Bachmans Nursey				80	10	3.27%
Total	2,710			2,448		

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

Independent School District No. 192
Demographic and Economic Statistics - Income

Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>
2007	27,454	\$ 1,146,588,856	41,764
2008	28,048	\$ 1,207,101,776	43,037
2009	28,848	\$ 1,189,201,104	41,223
2010	32,886	\$ 1,409,066,442	42,847
2011	33,215	\$ 1,480,060,400	44,560
2012	33,547	\$ 1,550,777,169	46,227
2013	33,883	\$ 1,621,504,848	47,856
2014	33,308	\$ 1,622,465,988	48,711
2015	35,320	\$ 1,785,108,120	50,541
2016	35,943	N/a	N/a

N/A : Data not available

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

Independent School District No. 192
Food Service Information
as of June 30, 2016

Meals	Number Of Meals Served
Elementary full paid lunch	254,313
Secondary full paid lunch	272,887
Reduced price lunch	54,190
Free lunch	109,911
Adult lunch	15,002
	<hr/>
Total lunches served	706,303
	<hr/> <hr/>
Elementary full paid breakfast	86,141
Secondary full paid breakfast	9,298
Reduced price breakfast	11,608
Free breakfast	33,225
Adult breakfast	1,968
	<hr/>
Total breakfasts served	142,240
	<hr/> <hr/>

Data Source: Independent School District No. 192 District Office

Independent School District No. 192
School Facilities
as of June 30, 2016

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

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	
2007	86.76	472.27	3,036.80	2,474.32	6,070.15	6,883.42
2008	77.18	493.36	3,095.21	2,572.89	6,238.64	7,101.52
2009	84.43	518.94	3,114.03	2,637.93	6,355.33	7,232.54
2010	84.47	522.89	3,165.18	2,726.45	6,498.99	7,409.15
2011	87.82	465.43	3,205.57	2,762.47	6,521.29	7,579.79
2012	86.04	511.54	3,244.31	2,796.47	6,638.36	7,579.00
2013	83.93	529.58	3,328.85	2,813.92	6,756.28	7,699.77
2014	81.73	497.56	3,437.46	2,898.10	6,914.85	7,905.70
2015	119.60	503.27	3,448.20	3,015.92	7,086.99	7,690.17
2016	123.55	450.06	3,454.81	3,007.78	7,036.20	7,637.75

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

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

	Pre-kindergarten	Handicapped Kindergarten	Kindergarten	Elementary 3-Jan	Elementary 6-Apr	Secondary
2004 through 2007	1.250	1.000	0.557	1.115	1.060	1.300
2008 through 2014	1.250	1.000	0.612	1.115	1.060	1.300
2015 through 2016	1.000	1.000	0.550	1.000	1.000	1.200

Independent School District No. 192
General Fund - Operating Account Expenditures by Program
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

Year Ended June 30,	Administration	District Support Services	Elementary And Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services	Sites And Buildings	Fiscal And Other Fixed Cost Programs	Capital Outlay	Total	Percent Increase (decrease) From Prior Year
2007	2,151,256 4.6%	1,380,536 2.9%	22,739,055 48.2%	311,276 0.7%	9,026,320 19.1%	2,832,525 6.0%	4,383,841 9.3%	4,014,851 8.5%	303,601 0.6%	- 0.0%	47,143,261 100.0%	5.17%
2008	2,273,727 4.4%	1,806,741 3.5%	23,324,926 45.6%	326,879 0.6%	10,113,624 19.8%	3,080,033 6.0%	4,637,504 9.1%	4,552,316 8.9%	221,342 0.4%	826,007 1.6%	51,163,099 100.0%	8.53%
2009	2,784,195 4.7%	2,269,851 3.8%	28,655,607 48.2%	326,669 0.6%	10,434,612 17.6%	4,016,157 6.8%	5,068,579 8.5%	4,942,845 8.3%	114,430 0.2%	780,357 1.3%	59,393,302 100.0%	16.09%
2010	2,700,768 4.7%	2,127,420 3.7%	26,545,166 46.6%	631,690 1.1%	9,641,703 16.9%	3,189,990 5.6%	5,410,832 9.5%	5,332,307 9.4%	134,620 0.2%	1,218,345 2.1%	56,932,841 100.0%	-4.14%
2011	2,838,452 4.8%	2,469,326 4.2%	27,336,472 46.3%	578,780 1.0%	9,794,887 16.6%	3,650,148 6.2%	5,682,397 9.6%	5,729,994 9.7%	200,678 0.3%	709,522 1.2%	58,990,656 100.0%	3.61%
2012	2,936,329 4.8%	2,419,500 4.0%	28,583,029 47.0%	592,817 1.0%	10,469,268 17.2%	3,543,324 5.8%	5,755,556 9.5%	5,337,706 8.8%	235,465 0.4%	965,584 1.6%	60,838,578 100.0%	3.13%
2013	2,757,084 4.5%	1,902,112 3.1%	29,071,218 47.9%	591,705 1.0%	10,558,288 17.4%	2,887,935 4.8%	5,725,205 9.4%	5,201,116 8.6%	311,549 0.5%	1,622,840 2.7%	60,629,052 91.6%	-0.34%
2014	2,863,077 4.6%	2,055,614 3.3%	28,671,604 46.5%	532,579 0.9%	11,141,882 18.1%	3,352,488 5.4%	5,783,144 9.4%	5,356,602 8.7%	269,291 0.4%	1,569,993 2.5%	61,596,274 100.0%	1.60%
2015	2,927,621 4.4%	2,617,365 4.0%	31,487,224 47.6%	559,061 0.8%	11,882,109 17.9%	3,404,650 5.1%	6,031,581 9.1%	5,285,123 8.0%	239,589 0.4%	1,778,328 2.7%	66,212,651 100.0%	7.49%
2016	2,881,456 4.0%	2,821,314 3.9%	33,102,929 46.0%	884,011 1.2%	12,086,043 16.8%	3,678,163 5.1%	6,003,798 8.3%	5,187,913 7.2%	226,217 0.3%	5,057,606 7.0%	71,929,450 100.0%	8.63%

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

	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
General fund										
Operating account	\$ 47,823,995	\$ 51,700,664	\$ 55,102,346	\$ 56,607,768	\$ 58,377,101	\$ 59,753,701	\$ 60,044,445	\$ 62,547,761	\$ 67,267,949	\$ 70,272,466
Special revenue funds										
Food service fund	2,259,468	2,424,772	2,535,820	2,760,908	2,908,993	2,935,710	2,959,723	2,921,134	3,288,477	3,356,767
Community service fund	2,627,869	3,079,803	3,236,917	3,492,951	3,877,738	4,055,920	4,578,216	4,962,197	4,710,170	4,853,691
Other nonmajor	-	-	-	381,029	354,393	386,001	407,649	604,468	454,784	441,421
Capital projects fund	5,425,509	3,766,963	3,179,654	217,796	4,361,765	68,104	31,628	1,759	20,527	3,155
Debt service fund - g. O. Bonds	14,402,045	17,724,753	16,627,722	16,131,395	17,000,517	17,607,930	17,507,956	17,291,222	18,186,544	17,820,595
Total revenues	<u>\$ 72,538,886</u>	<u>\$ 78,696,955</u>	<u>\$ 80,682,459</u>	<u>\$ 79,591,847</u>	<u>\$ 86,880,507</u>	<u>\$ 84,807,366</u>	<u>\$ 85,529,617</u>	<u>\$ 88,328,541</u>	<u>\$ 93,928,451</u>	<u>\$ 96,748,095</u>
Expenditures										
Current										
Operating account	\$ 47,143,261	\$ 51,163,099	\$ 59,393,302	\$ 56,933,841	\$ 58,990,656	\$ 60,838,578	\$ 60,629,052	\$ 61,596,274	\$ 66,212,648	\$ 71,929,450
Special revenue funds										
Food service fund	2,195,526	2,396,556	2,550,104	2,632,808	2,899,623	2,861,842	3,019,151	2,933,774	3,048,639	3,066,599
Community service fund	2,834,191	3,158,056	3,312,708	3,591,455	3,914,999	4,017,144	4,642,123	4,654,550	4,585,869	4,629,918
Other nonmajor	-	-	-	362,000	352,539	352,990	352,539	6,419,213	461,520	473,278
Capital projects fund	21,398,422	51,385,516	35,930,836	8,437,623	2,706,017	3,234,811	2,154,791	6,798,375	984,038	7,701,856
Debt service fund - g. O. Bonds	14,646,451	15,994,601	16,663,867	17,080,057	17,464,350	26,018,612	23,543,930	16,936,960	93,590,331	76,208,061
Total expenditures	<u>\$ 88,217,851</u>	<u>\$ 124,097,828</u>	<u>\$ 117,850,817</u>	<u>\$ 89,037,784</u>	<u>\$ 86,328,184</u>	<u>\$ 97,323,977</u>	<u>\$ 94,341,586</u>	<u>\$ 99,339,146</u>	<u>\$ 168,883,045</u>	<u>\$ 164,009,162</u>

Independent School District No. 192
Expenditures Per Student
Year Ended June 30, 2016
(with Comparative Amounts for the Year Ended June 30, 2015)
(unaudited)

	<u>State Average</u>	<u>Isd No. 192</u>	
	<u>2015</u>	<u>2015</u>	<u>2016</u>
Expenditures Per Student (ADM) (1)			
General Fund - Operating Account			
District and school administration	\$ 547	\$ 410	\$ 456
District support services	444	367	412
Elementary and secondary regular instruction	4,972	4,409	4,197
Vocational education instruction	140	78	78
Special education instruction	2,050	1,664	1,665
Instructional support services	572	477	386
Pupil support services	620	845	505
Sites and buildings, fiscal and other fixed Cost programs	<u>1,531</u>	<u>774</u>	<u>1274</u>
 Total general fund - operating account	 10,876	 9,023	 8,973
 Food service special revenue fund	 <u>525</u>	 <u>427</u>	 <u>249</u>
Total pk - 12 operating expenditures	11,401	9,450	9,222
 General fund - capital expenditure account	 649	 249	 303
Community service special revenue fund	521	642	642
Capital projects fund	949	138	138
Debt service fund	<u>1,406</u>	<u>13,106</u>	<u>13,111</u>
 Total expenditures per student	 <u>\$ 14,926</u>	 <u>\$ 23,585</u>	 <u>\$ 23,416</u>
 ADM Served	 <u>855,458</u>	 <u>7,141</u>	 <u>7,138</u>

Source: Minnesota Department of Education School District Profiles

Independent School District No. 192
(General Fund) Cost Per Pupil on Weighted Average Daily Membership
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(unaudited)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District and school administration	\$ 2,151,256	\$ 2,276,227	\$ 2,787,546	\$ 2,704,197	\$ 2,845,999	\$ 2,941,589	\$ 2,759,636	\$ 2,866,365	\$ 2,930,774	\$ 2,883,950
District support services	1,380,536	2,054,385	2,762,881	2,511,483	2,478,833	2,625,824	2,894,569	3,086,200	3,833,572	7,608,508
Elementary and secondary regular Instruction	22,739,055	23,347,454	28,738,636	26,656,521	27,426,744	28,704,749	29,221,257	28,821,609	31,687,670	33,184,413
Vocational education instruction	311,276	384,509	326,669	631,690	578,780	592,817	591,705	532,579	559,061	884,011
Special education instruction	9,026,320	10,119,368	10,452,274	9,884,859	9,821,738	10,480,975	10,582,999	11,148,251	11,890,967	12,100,803
Instructional support services	2,832,525	3,088,002	4,053,639	3,203,153	3,683,316	3,550,964	2,888,185	3,360,385	3,411,008	3,696,104
Pupil support services	4,383,841	4,626,948	5,060,097	5,410,832	5,682,397	5,755,556	5,725,205	5,783,144	6,031,581	6,003,798
Sites, buildings and equipment	4,014,851	5,044,863	5,097,131	5,796,486	6,272,171	5,950,639	5,653,947	5,728,450	5,628,426	5,341,646
Fiscal and other fixed cost programs	303,601	221,342	114,430	134,620	200,678	235,465	311,549	269,291	239,589	226,217
Total	<u>\$ 47,143,261</u>	<u>\$ 51,163,099</u>	<u>\$ 59,393,303</u>	<u>\$ 56,933,841</u>	<u>\$ 58,990,656</u>	<u>\$ 60,838,578</u>	<u>\$ 60,629,052</u>	<u>\$ 61,596,274</u>	<u>\$ 66,212,648</u>	<u>\$ 71,929,450</u>
Weighted ADM	6,883	7,102	7,233	7,409	7,471	7,579	7,700	6,915	7,690	7,759
District and school administration	\$ 313	\$ 321	\$ 385	\$ 365	\$ 381	\$ 388	\$ 358	\$ 415	\$ 381	\$ 372
District support services	201	289	382	339	332	346	376	446	499	981
Elementary and secondary regular Instruction	3,303	3,288	3,974	3,598	3,671	3,787	3,795	4,168	4,121	4,277
Vocational education instruction	45	54	45	85	77	78	77	77	73	114
Special education instruction	1,311	1,425	1,445	1,334	1,315	1,383	1,374	1,612	1,546	1,560
Instructional support services	411	435	560	432	493	469	375	486	444	476
Pupil support services	637	652	700	730	761	759	744	836	784	774
Sites, buildings and equipment	583	710	705	782	840	785	734	828	732	688
Fiscal and other fixed cost programs	44	31	16	18	27	31	40	39	31	29
Total	<u>\$ 6,849</u>	<u>\$ 7,205</u>	<u>\$ 8,212</u>	<u>\$ 7,684</u>	<u>\$ 7,896</u>	<u>\$ 8,027</u>	<u>\$ 7,874</u>	<u>\$ 8,908</u>	<u>\$ 8,610</u>	<u>\$ 9,270</u>

Independent School District No. 192
Employees by Program Expense

Last Ten Fiscal Years

	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District and school administration	29	28	30	33	28	31	34	35	37	36
District support services	20	17	17	19	20	24	22	23	27	21
Elementary and secondary regular instruction	298	297	311	309	316	339	346	336	375	365
Vocational education instruction	10	8	9	10	10	9	9	8	7	8
Special education instruction	147	155	157	157	159	211	214	218	212	216
Community education and services	48	45	59	66	63	103	117	105	102	120
Instructional support services	20	20	22	27	35	26	31	31	31	36
Pupil support services	20	22	22	25	27	46	34	31	39	53
Sites, buildings and equipment	41	40	41	50	53	49	50	56	48	52
Food service	6	6	5	6	6	6	4	4	3	2
Total	<u>644</u>	<u>639</u>	<u>638</u>	<u>673</u>	<u>702</u>	<u>844</u>	<u>861</u>	<u>847</u>	<u>881</u>	<u>909</u>

Data Source: Independent School District No. 192 District Office