



COMPREHENSIVE
Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF THE

INDEPENDENT SCHOOL DISTRICT

NO. 192

FARMINGTON, MINNESOTA

For the Year Ended

June 30, 2018

Prepared by

THE BUSINESS DEPARTMENT

Jane Houska, *Director of Finance*

Jay Haugen, *Superintendent*

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

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**Independent School District No. 192
Board of Education and Administration
June 30, 2018**

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

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Farmington Independent School District 192

Excellence, Integrity, Innovation

Business Office
20655 Flagstaff Ave ~ Farmington, MN 55024

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

December 12, 2018

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, 2018.

The Farmington Area Public Schools is an outer ring suburb of the Twin Cities, covering approximately 82 square miles. The enrollment projections for 2018-19 through 2021-22 is consistent with 2017-18 enrollment of roughly 7,200 students. The age of the eleven school facilities range from 1913 to the most recent construction of a new high school in 2009. Seven of the eleven buildings were built after 1988. Over the past two years, there have been classroom additions added to four sites.

Generally accepted accounting principles require budgetary reporting at the legal level of control, which is the level beyond which a budgetary head has no authority to further modify the budget. In many cases, budgetary heads do have the authority to modify budgets by moving amounts around or moving budgeted amounts from one program to another. The Farmington Area Public Schools uses bottom-line budgeting. The total expenses for the 2017-18 school year were \$76,019,244 which was .77% over what was projected.

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

REPORT FORMAT

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

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

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

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

REPORTING ENTITY AND ITS SERVICES

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

REPORTING ENTITY AND ITS SERVICES (CONTINUED)

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

The District serves all or parts of the communities of Farmington and Lakeville and the townships of Empire, Castles Rock and Eureka in Dakota County. The District enrolled 7,227 students in 2017-2018 from a population of 36,125 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 2017-2018, 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 61% of General Fund revenue. Since 2004-2005 the Basic per pupil revenue formula has increased by an average of only 1.3% 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 every two years by a group of administrators, teachers, staff, parents and community members to measure progress and refine action steps and continue the implementation process. 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.

STRATEGIC PLANNING AND MISSION STATEMENT (CONTINUED)

District Belief Statements (Continued)

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.

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

Objectives

- All students possess the capacity and the resiliency to create opportunities and master challenges
- All students continuously achieve their academic and personal goals
- All students are active and responsible participants in their society
- Each student influences positive change in a global context

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 federally mandated state assessments, NWEA-MAP tests, ACT Aspire, Pre-ACT, ACT and numerous classroom assessments. Results from these assessments are used to monitor individual student progress as well as building and district curriculum.

STUDENT ASSESSMENT AND TESTING (CONTINUED)

State Standardized Tests – The MCAs and ESSA

All students in Minnesota public schools are required to take either the Minnesota Comprehensive Assessments (MCA) or the equivalent Minnesota Test of Academic Skills (MTAS) in Reading (grades 3-8 & 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 MCA Reading proficiency results have consistently been at least 2.5 percent above the State averages for the past 8 years with 2018 results 2.6% above the state. (Farmington-62.4%, State-59.8%)
- Farmington's Math proficiency results continue to outpace State averages over for the past 5 years. In 2018 Farmington's overall proficiency was 60.6%, 2 percentage points above the State's score.
- Farmington students have performed above State average in MCA Science proficiency in three of the previous five years with Farmington scores dipping beneath State scores in 2017 and 2018. Science proficiency scores have been trending downward for both the State and Farmington the last three years with the biggest drop occurring between 2017 and 2018 at 4.1% and 7.4% respectively.

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.

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.

Financial Management

The legal level of budgetary control for the District is at the fund level.

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 tenth 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 2017 CAFR.

The District did implement GASB Statement No. 74 and No. 75. GASB Statement No. 68 is an all-encompassing and sweeping change to financial reporting requirements for governments. Public school districts are required to report liabilities for future pensions that are provided through pension plans administered as trusts or equivalent arrangements.

ACCOMPLISHMENTS

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Jane A. Houska
Director of Finance

**Independent School District No. 192
ASBO Certificate of Excellence
June 30, 2018**



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

Independent School District #192

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

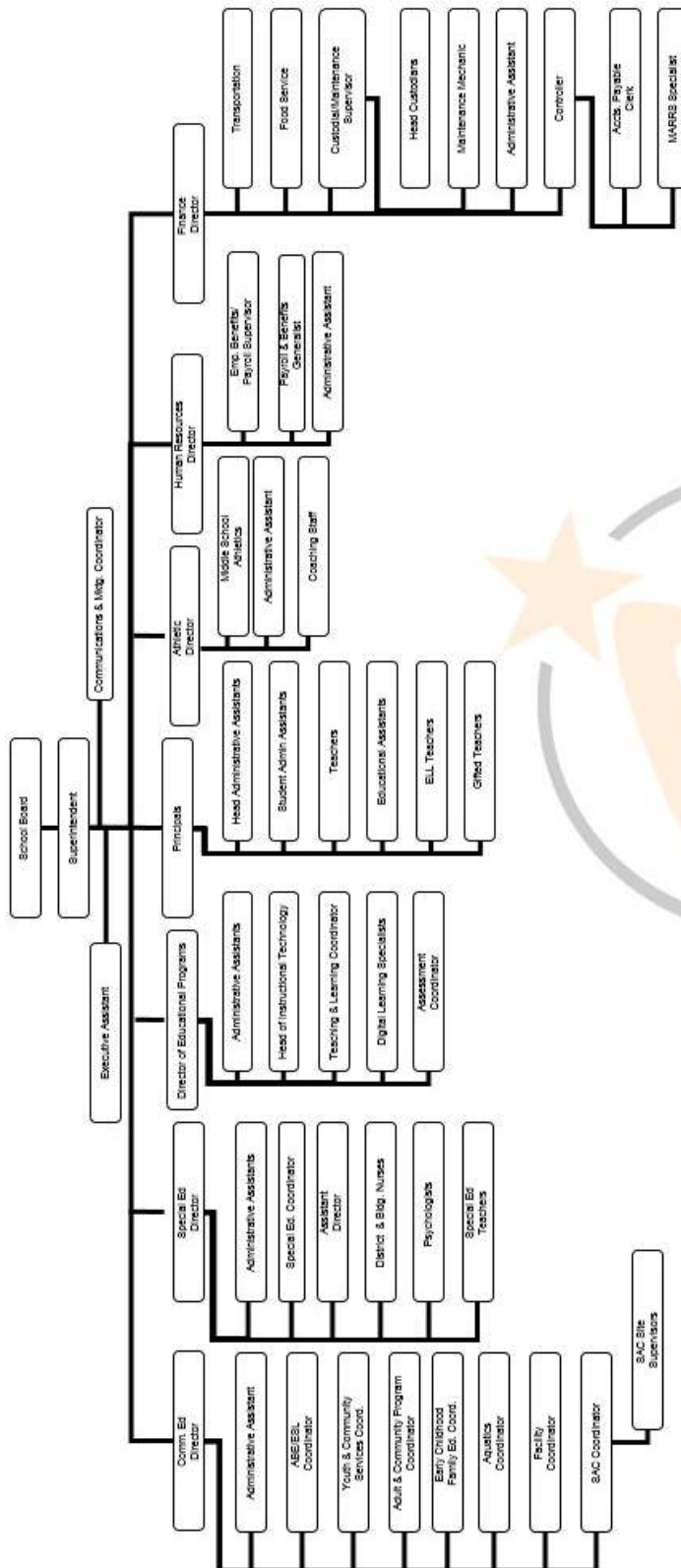
The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director

Independent School District No. 192
Organizational Chart
June 30, 2018



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 192, Farmington, Minnesota, as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 192, Farmington, Minnesota, as of June 30, 2018, 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 Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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



Other Matters (Continued)

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
December 12, 2018

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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, 2018. 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 (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The District's net position decreased \$7.4 million from current year activity ending the year at \$(90.1 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, 2018, the District currently has an OPEB liability of \$14,222,866.
- The General Fund net change in fund balance increased by \$2,886,706, with an end of year balance of \$13.1 million.
- The Special Revenue Funds, which include Food Service and Community Service Funds, ended the year with positive fund balances of \$980,611 and \$693,788, respectively.
- The Capital Projects Fund reflects the spend down of the 2015 Facilities Bonds, related expenditures for building remodeling and renovation projects of \$9,588,730 and revenue of \$311,946 resulting from investment interest.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

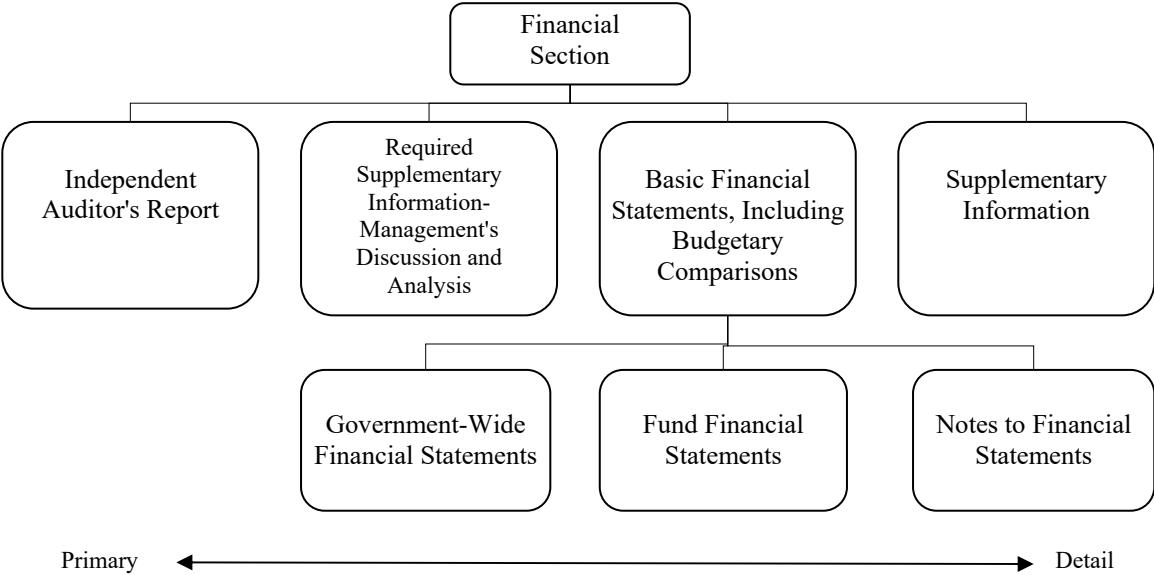
**Independent School District No. 192
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

- 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 goods or services have been received and the related liability is due and payable	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can

Government-Wide Statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Statements (Continued)

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

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

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

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- **Business-Type Activities:** The District charges fees to help it cover the costs of certain services it provides. For fiscal year 2017-2018, 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.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's total net position as of June 30, 2018, was \$(90,077,887) which is summarized in Figure A-3 below. During the 2016-2017 school year, the district implemented GASB Statement #74 and #75. This statement is an all-encompassing and sweeping change to financial reporting requirements for governments. Public school districts are required to report liabilities for future other post employment benefits that are provided through trusts or equivalent arrangements.

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

	2017-2018	2016-2017	Percentage Change
Current and other assets	\$ 68,682,887	\$ 73,760,044	-6.88%
Capital assets	178,258,131	174,213,739	2.32%
Total assets	<u>\$ 246,941,018</u>	<u>\$ 247,973,783</u>	-0.42%
Deferred outflows related to Pensions	\$ 84,012,924	\$ 102,514,134	-18.05%
Deferred outflows related to OPEB	-	4,685	N/A
Total deferred outflows of resources	<u>\$ 84,012,924</u>	<u>\$ 102,518,819</u>	-18.05%
Long-term liabilities	\$ 342,700,515	\$ 378,983,260	-9.57%
Other liabilities	27,989,694	27,435,063	2.02%
Total liabilities	<u>\$ 370,690,209</u>	<u>\$ 406,418,323</u>	-8.79%
Property taxes levied for subsequent Year's expenditures	\$ 24,242,779	\$ 23,366,123	3.75%
Other deferred inflows	26,098,841	3,348,128	679.51%
Total deferred inflows of resources	<u>\$ 50,341,620</u>	<u>\$ 26,714,251</u>	88.44%
Net Position			
Net investment in capital assets	\$ 425,114	\$ (8,069,026)	105.27%
Restricted	4,868,518	4,358,909	11.69%
Unrestricted	<u>(95,371,519)</u>	<u>(78,929,855)</u>	-20.83%
Total net position	<u>\$ (90,077,887)</u>	<u>\$ (82,639,972)</u>	-9.00%

**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 2017-2018 was \$(7,437,915). The change is based on total revenues of \$107,456,219 and total expenses of \$114,894,134. 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.

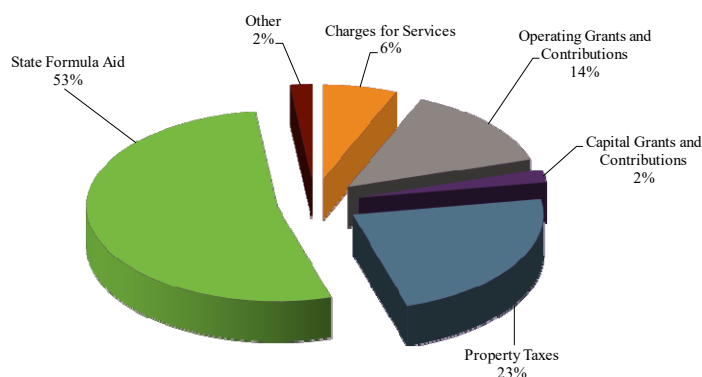
**Figure A-4
Change in Net Position**

	2017-2018	2016-2017	Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 6,738,831	\$ 6,661,828	1.16%
Operating grants and contributions	15,091,950	15,009,901	0.55%
Capital grants and contributions	2,301,979	1,788,466	28.71%
General revenues			
Property taxes	24,646,386	23,863,883	3.28%
State formula aid	56,760,080	56,658,190	0.18%
Other	1,916,993	1,353,909	41.59%
Total revenues	<u>107,456,219</u>	<u>105,336,177</u>	2.01%
Expenses			
District And School Administration	3,797,396	3,817,460	-0.53%
District Support Services	3,340,002	4,116,111	-18.86%
Regular Instruction	49,600,564	48,716,860	1.81%
Vocational Instruction	1,429,015	1,353,886	5.55%
Special Education Instruction	17,315,543	16,443,427	5.30%
Instructional Support Services	4,710,788	4,569,688	3.09%
Pupil Support Services	7,554,557	6,991,027	8.06%
Sites, Buildings, And Equipment	6,034,967	7,148,603	-15.58%
Fiscal and other fixed cost programs	239,650	223,268	7.34%
Food Service	3,356,498	3,095,761	8.42%
Community Education And Services	5,708,637	5,417,532	5.37%
Unallocated depreciation	6,693,814	6,064,152	10.38%
Interest and fiscal charges on long-term debt	5,112,703	4,678,177	9.29%
Total expenses	<u>114,894,134</u>	<u>112,635,952</u>	2.00%
Excess of revenues under expenses	(7,437,915)	(7,299,775)	-1.89%
Change in accounting principle - GASB 75	-	(7,686,508)	
Net position - beginning	<u>(82,639,972)</u>	<u>(67,653,689)</u>	-22.15%
Net position - ending	<u>\$ (90,077,887)</u>	<u>\$ (82,639,972)</u>	-9.00%

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

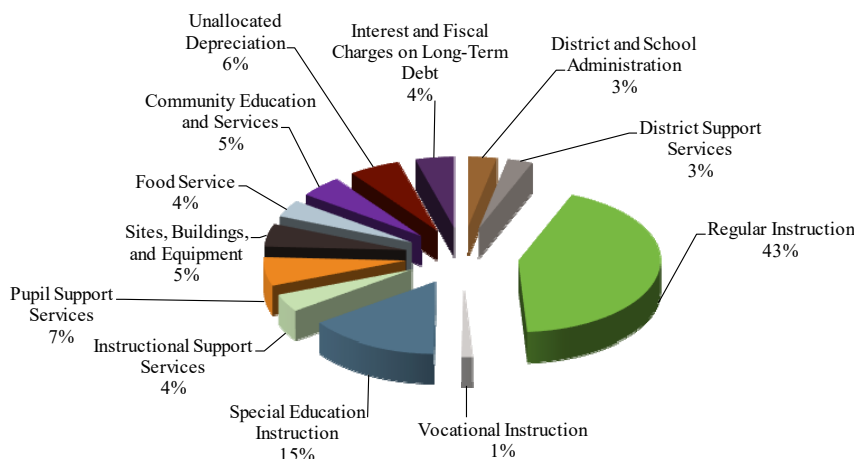
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

**Figure A-5
Sources of Revenue
Fiscal Year 2017-2018**



As you can see Figure A-5, state aid, operating grants and contributions, and property taxes accounted for most of the District's revenue, with state aid representing 53%, operating grants and contributions 14%, and property taxes 23%. The remainder comes from fees charged for services and other sources.

**Figure A-6
Expenses
Fiscal Year 2017-2018**



The major category of District's expenses is related to instructing students. Figure A-6 indicates the breakdown of the total expenses on a percentage basis. The direct instruction categories of expense, which include regular instruction, vocational instruction, and special education instruction, represent approximately 59% of the total expenses. The expenses for sites, buildings, and equipment amount to 5% and interest and fiscal charges on long-term debt amount to 4% which reflect costs for a building program designed to meet increasing enrollment each year. The indirect categories of instructional and pupil support (which includes student transportation) amount to about 11% and administration and District support services combined represented 6% of the total expenses for the year. Other major categories of expense included food service, community service, and unallocated depreciation.

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

GOVERNMENTAL ACTIVITIES

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

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

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

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services 2017-2018	Net Cost of Services 2017-2018	Total Cost of Services 2016-2017	Net Cost of Services 2016-2017
Administration	\$ 3,797,396	\$ 3,797,396	\$ 3,817,460	\$ 3,817,460
District Support Services	3,340,002	3,085,815	4,116,111	3,941,594
Elementary And Secondary Regular Instruction	49,600,564	43,464,449	48,716,860	42,584,631
Vocational Education Instruction	1,429,015	1,279,211	1,353,886	1,221,394
Special Education Instruction	17,315,543	9,770,768	16,443,427	9,045,843
Instructional Support Services	4,710,788	4,710,788	4,569,688	4,569,478
Pupil Support Services	7,554,557	7,552,543	6,991,027	6,986,788
Sites And Buildings	6,034,967	3,590,700	7,148,603	5,212,676
Fiscal And Other Fixed Cost Programs	239,650	239,650	223,268	223,268
Food Service	3,356,498	81,194	3,095,761	(196,226)
Community Education And Services	5,708,637	1,382,343	5,417,532	1,026,522
Interest and fiscal charges				
On long-term debt/depreciation	<u>11,806,517</u>	<u>11,806,517</u>	<u>10,742,329</u>	<u>10,742,329</u>
Total	<u><u>\$ 114,894,134</u></u>	<u><u>\$ 90,761,374</u></u>	<u><u>\$ 112,635,952</u></u>	<u><u>\$ 89,175,757</u></u>

The cost of all governmental activities this year was \$114,894,134.

- The users of the District's programs through fees and other charges financed \$6,738,831, or 6%, of the cost.
- The federal and state governments subsidized specific programs with grants and contributions totaling \$17,393,929, or 15%, of the cost.

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

- State and local taxpayers, however, financed the majority of the costs. State aid and local property taxes as determined by the State Legislature through the state-wide funding formulas, amounted to \$56,760,080 and \$24,646,386, respectively, for a total of \$81,406,466, or 71%, of the District's total costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$33,161,492.

The General Fund operations of the District showed an unassigned fund balance increase of \$863,572. The increase in the District's financial position is largely attributable to expenditures coming in below projections. The District's operating capital showed an increase of \$106,534.

The Debt Service Fund operations showed a fund balance increase of \$80,770.

The Capital Project Fund showed a decrease in fund balance of \$9,276,784 resulting from the completion of projects listed in our November 2015 Building Bond election.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue – Actual General Fund revenue was \$2,474,365 more than the projected budget. Of this total, revenue from local and county sources was more than projected due to an increase in donations and one time refunds and rebates. The original budget was amended during the year for known changes in funding estimates.

Expenditures – Actual General Fund expenditures were \$598,046 more than projected. The District made investments in staff and resources to further meet the needs of the students in the classroom and instructional areas. 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 2018, the District had invested \$277,622,003 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 \$7,034,278 with total accumulated depreciation amounting to \$99,363,872 (more detailed information for capital assets can be found in Note 3 to the financial statements).

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

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

**Figure A-8
Capital Assets**

	Governmental Activities		Percentage
	2017-2018	2016-2017	Change
Land	\$ 14,109,141	\$ 14,109,141	0.00%
Construction in progress	2,982,878	5,018,829	-40.57%
Buildings	226,077,514	216,532,192	4.41%
Improvements other than buildings	20,285,253	18,267,238	11.05%
Equipment and furnishing	14,167,217	12,615,933	12.30%
Less accumulated depreciation	<u>(99,363,872)</u>	<u>(92,329,594)</u>	<u>7.62%</u>
Total	<u>\$ 178,258,131</u>	<u>\$ 174,213,739</u>	<u>2.32%</u>

LONG-TERM DEBT

At year-end, the District had \$342,700,515 in G.O. bonds and other long-term liabilities outstanding, a decrease of 9.6% from last year, as shown in Figure A-9 (more detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.)

**Figure A-9
Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2017-2018	2016-2017	Change
G.O. Bonds	\$ 198,361,229	\$ 212,543,310	-6.67%
Compensated absences	971,873	1,141,848	-14.89%
Net other post employment benefits (OPEB) obligation	14,222,866	14,633,702	-2.81%
Capital lease	945,738	1,883,041	-49.78%
Net pension liability	145,020,049	164,505,675	-11.84%
Amount due within one year	<u>(16,821,240)</u>	<u>(15,724,316)</u>	<u>6.98%</u>
Total	<u>\$ 342,700,515</u>	<u>\$ 378,983,260</u>	<u>-9.57%</u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District sold \$6 million of G.O. Taxable OPEB bonds in March 2009. This amount was half of the amount required to fully fund the actuarial liability.
- At the State and Federal level, they continue to underfund our Special Education needs.
- The district continues to see residential growth in the near future. Fairhill development will bring 220 homes, Regatta development is plotted for 61 homes, Pleasant Run for an additional 99 homes and Sapphire Lake is set for 130 single family homes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance (phone number 651-463-5043) at the District Service Center for Farmington Area Public Schools located at 20655 Flagstaff Ave, Farmington, Minnesota 55024.

BASIC FINANCIAL STATEMENTS

Independent School District No. 192
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Cash and investments	\$ 42,143,370
Current property taxes receivable	14,276,266
Delinquent property taxes receivable	434,004
Accounts receivable	31,565
Due from Department of Education	9,767,625
Due from Federal Government through Department of Education	1,219,631
Inventory	115,862
Prepaid items	694,564
Capital assets, not being depreciated	
Land	14,109,141
Construction in progress	2,982,878
Capital assets, net of accumulated depreciation	
Buildings	145,959,531
Improvements other than buildings	12,079,055
Machinery and equipment	3,127,526
Total assets	<u>246,941,018</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	<u>84,012,924</u>
Total assets and deferred outflows of resources	<u><u>\$ 330,953,942</u></u>
Liabilities	
Accounts payable	\$ 2,092,258
Contracts payable	397,432
Salaries and benefits payable	5,092,589
Interest payable	2,915,069
Due to other Minnesota school districts	249,648
Due to other governmental units	79,386
Unearned revenue	342,072
Bond principal net of premium	
Payable within one year	15,302,081
Payable after one year	183,059,148
Capital lease payable	
Payable within one year	945,738
Compensated absences payable	
Payable within one year	573,421
Payable after one year	398,452
Net OPEB obligation	
Payable after one year	14,222,866
Net pension liability	<u>145,020,049</u>
Total liabilities	<u>370,690,209</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	24,242,779
Deferred inflows of resources related to pensions	24,247,559
Deferred inflows of resources related to OPEB	717,587
Deferral on refunding	<u>1,133,695</u>
Total deferred inflows of resources	<u>50,341,620</u>
Net Position	
Net investment in capital assets	425,114
Restricted for	
Debt service	2,442,242
Other purposes	2,426,276
Unrestricted	<u>(95,371,519)</u>
Total net position	<u>(90,077,887)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 330,953,942</u></u>

Independent School District No. 192
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
Governmental activities					Governmental Activities
Administration	\$ 3,797,396	\$ -	\$ -	\$ -	\$ (3,797,396)
District support services	3,340,002	254,187	-	-	(3,085,815)
Elementary and secondary regular instruction	49,600,564	733,267	5,402,848	-	(43,464,449)
Vocational education instruction	1,429,015	-	149,804	-	(1,279,211)
Special education instruction	17,315,543	11,754	7,533,021	-	(9,770,768)
Instructional support services	4,710,788	-	-	-	(4,710,788)
Pupil support services	7,554,557	-	2,014	-	(7,552,543)
Sites and buildings	6,034,967	142,288	-	2,301,979	(3,590,700)
Fiscal and other fixed cost programs	239,650	-	-	-	(239,650)
Food service	3,356,498	2,107,185	1,168,119	-	(81,194)
Community education and services	5,708,637	3,490,150	836,144	-	(1,382,343)
Unallocated depreciation (excludes direct depreciation expense of various programs)	6,693,814	-	-	-	(6,693,814)
Interest and fiscal charges on long-term debt	5,112,703	-	-	-	(5,112,703)
Total governmental activities	<u>\$ 114,894,134</u>	<u>\$ 6,738,831</u>	<u>\$ 15,091,950</u>	<u>\$ 2,301,979</u>	(90,761,374)
General revenues					
Taxes					
Property taxes, levied for general purposes					8,862,586
Property taxes, levied for community service					664,062
Property taxes, levied for debt service					15,119,738
State aid-formula grants					56,760,080
Other general revenues					1,422,961
Investment income					494,032
Total general revenues					<u>83,323,459</u>
Change in net position					(7,437,915)
Net position - beginning					<u>(82,639,972)</u>
Net position - ending					<u>\$ (90,077,887)</u>

Independent School District No. 192
Balance Sheet - Governmental Funds
June 30, 2018

	General	Debt Service	Capital Projects	Other Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 10,945,388	\$ 10,715,496	\$ 14,597,940	\$ 2,767,645	\$ 39,026,469
Current property taxes receivable	5,158,995	8,132,932	-	984,339	14,276,266
Delinquent property taxes receivable	142,059	267,687	-	24,258	434,004
Accounts receivable	31,486	-	-	79	31,565
Due from Department of Education	9,185,065	475,363	-	107,197	9,767,625
Due from Federal Government through Department of Education	1,100,318	-	-	119,313	1,219,631
Inventory	45,389	-	-	70,473	115,862
Prepaid items	640,631	-	-	53,933	694,564
Total assets	<u>\$ 27,249,331</u>	<u>\$ 19,591,478</u>	<u>\$ 14,597,940</u>	<u>\$ 4,127,237</u>	<u>\$ 65,565,986</u>
Liabilities					
Accounts payable	\$ 571,908	\$ -	\$ 929,595	\$ 156,006	\$ 1,657,509
Contracts payable	-	-	394,727	2,705	397,432
Salaries and benefits payable	4,868,792	-	-	223,797	5,092,589
Due to other Minnesota school districts	249,648	-	-	-	249,648
Due to other governmental units	79,386	-	-	-	79,386
Unearned revenue	196,299	-	-	145,773	342,072
Total liabilities	<u>5,966,033</u>	<u>-</u>	<u>1,324,322</u>	<u>528,281</u>	<u>7,818,636</u>
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	8,092,505	14,406,622	-	1,743,652	24,242,779
Unavailable revenue - delinquent property taxes	115,764	209,640	-	17,675	343,079
Total deferred inflows of resources	<u>8,208,269</u>	<u>- 14,616,262</u>	<u>-</u>	<u>- 1,761,327</u>	<u>- 24,585,858</u>
Fund Balances					
Nonspendable	686,020	-	-	124,406	810,426
Restricted	743,427	4,975,216	13,273,618	1,805,926	20,798,187
Assigned	5,425,725	-	-	-	5,425,725
Unassigned	6,219,857	-	-	(92,703)	6,127,154
Total fund balances	<u>13,075,029</u>	<u>4,975,216</u>	<u>13,273,618</u>	<u>1,837,629</u>	<u>33,161,492</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,249,331</u>	<u>\$ 19,591,478</u>	<u>\$ 14,597,940</u>	<u>\$ 4,127,237</u>	<u>\$ 65,565,986</u>

Independent School District No. 192
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2018

Total fund balances - governmental funds	\$ 33,161,492
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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	277,622,003
Less accumulated depreciation	(99,363,872)

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	(185,175,000)
Unamortized bond premium and discount	(13,186,229)
Deferred charge on refunding	(1,133,695)
Capital lease payable	(945,738)
Compensated absences payable	(971,873)
Net OPEB obligation	(14,222,866)
Net pension liability	(145,020,049)

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	84,012,924
Deferred inflows of resources related to pensions	(24,247,559)
Deferred inflows of resources related to OPEB	(717,587)

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.

343,079

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.

2,682,152

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

(2,915,069)

Total net position - governmental activities	<u><u>\$ (90,077,887)</u></u>
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Independent School District No. 192
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2018

	General	Debt Service	Capital Projects	Other Nonmajor Funds	Total Governmental Funds
Revenues					
Local property taxes	\$ 8,816,612	\$ 14,149,952	\$ -	\$ 1,565,378	\$ 24,531,942
Other local and county revenues	2,619,553	-	311,946	3,583,798	6,515,297
Revenue from state sources	65,751,504	4,729,531	-	1,021,065	71,502,100
Revenue from federal sources	1,706,453	-	-	980,064	2,686,517
Sales and other conversion of assets	1,441	-	-	2,107,445	2,108,886
Total revenues	<u>78,895,563</u>	<u>18,879,483</u>	<u>311,946</u>	<u>9,257,750</u>	<u>107,344,742</u>
Expenditures					
Current					
Administration	3,057,692	-	-	-	3,057,692
District support services	2,943,915	-	-	-	2,943,915
Elementary and secondary regular instruction	35,975,764	-	-	-	35,975,764
Vocational education instruction	1,050,905	-	-	-	1,050,905
Special education instruction	13,254,089	-	-	-	13,254,089
Instructional support services	3,821,769	-	-	-	3,821,769
Pupil support services	6,937,898	-	-	-	6,937,898
Sites and buildings	6,849,376	-	471,140	-	7,320,516
Fiscal and other fixed cost programs	239,653	-	-	-	239,653
Food service	-	-	-	3,237,249	3,237,249
Community education and services	-	-	-	5,181,735	5,181,735
Capital outlay					
Administration	11,860	-	-	-	11,860
District support services	348,527	-	-	-	348,527
Elementary and secondary regular instruction	267,269	-	-	-	267,269
Special education instruction	46,478	-	-	-	46,478
Instructional support services	940	-	-	-	940
Sites and buildings	258,859	-	9,117,590	-	9,376,449
Food service	-	-	-	74,048	74,048
Community education and services	-	-	-	51,334	51,334
Debt service					
Principal	937,303	11,310,000	-	740,000	12,987,303
Interest and fiscal charges	16,947	7,488,713	-	127,965	7,633,625
Total expenditures	<u>76,019,244</u>	<u>18,798,713</u>	<u>9,588,730</u>	<u>9,412,331</u>	<u>113,819,018</u>
Excess of revenues over (under) expenditures	2,876,319	80,770	(9,276,784)	(154,581)	(6,474,276)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	10,387	-	-	-	10,387
Net change in fund balances	2,886,706	80,770	(9,276,784)	(154,581)	(6,463,889)
Fund Balances					
Beginning of year	<u>10,188,323</u>	<u>4,894,446</u>	<u>22,550,402</u>	<u>1,992,210</u>	<u>39,625,381</u>
End of year	<u>\$ 13,075,029</u>	<u>\$ 4,975,216</u>	<u>\$ 13,273,618</u>	<u>\$ 1,837,629</u>	<u>\$ 33,161,492</u>

Independent School District No. 192
Reconciliation of the Statement of Revenues, Expenditures,
and changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2018

Net change in fund balances - total governmental funds	\$ (6,463,889)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlays	11,078,670
Depreciation expense	(7,034,278)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	169,975
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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.	12,987,303
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Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	(311,436)
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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.	388,841
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Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Net premium on new debt issuance and related amortization	2,132,081

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.	687,965
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Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in differences between actual and expected contributions and earnings on plan investments as well as changes in proportion.	(21,187,591)
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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.	114,444
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Change in net position - governmental activities	\$ (7,437,915)
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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, 2018

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Local property taxes	\$ 8,563,702	\$ 8,563,702	\$ 8,816,612	\$ 252,910
Other local and county revenues	958,000	958,000	2,619,553	1,661,553
Revenue from state sources	65,422,833	65,422,833	65,751,504	328,671
Revenue from federal sources	1,476,663	1,476,663	1,706,453	229,790
Sales and other conversion of assets	-	-	1,441	1,441
Total revenues	<u>76,421,198</u>	<u>76,421,198</u>	<u>78,895,563</u>	<u>2,474,365</u>
Expenditures				
Current				
Administration	2,941,425	2,941,425	3,057,692	116,267
District support services	3,185,118	3,185,118	2,943,915	(241,203)
Elementary and secondary regular instruction	36,320,443	35,320,443	35,975,764	655,321
Vocational education instruction	900,726	900,726	1,050,905	150,179
Special education instruction	12,946,251	12,946,251	13,254,089	307,838
Instructional support services	4,050,603	4,050,603	3,821,769	(228,834)
Pupil support services	6,958,926	6,958,926	6,937,898	(21,028)
Sites and buildings	7,481,381	7,481,381	6,849,376	(632,005)
Fiscal and other fixed cost programs	225,000	225,000	239,653	14,653
Capital outlay				
Administration	2,250	2,250	11,860	9,610
District support services	221,852	221,852	348,527	126,675
Elementary and secondary regular instruction	157,965	157,965	267,269	109,304
Special education instruction	70,808	70,808	46,478	(24,330)
Instructional support services	4,200	4,200	940	(3,260)
Sites and buildings	-	-	258,859	258,859
Debt service				
Principal	937,303	937,303	937,303	-
Interest and fiscal charges	16,947	16,947	16,947	-
Total expenditures	<u>76,421,198</u>	<u>75,421,198</u>	<u>76,019,244</u>	<u>598,046</u>
Excess of revenues over expenditures	-	1,000,000	2,876,319	1,876,319
Other Financing Sources				
Proceeds from sale of capital assets	-	-	10,387	10,387
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,000,000</u>	2,886,706	<u>\$ 1,886,706</u>
Fund Balance				
Beginning of year			<u>10,188,323</u>	
End of year			<u>\$ 13,075,029</u>	

Independent School District No. 192
Statement of Net Position - Proprietary Funds
As of June 30, 2018

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Cash and cash equivalents	<u>\$ 3,116,901</u>
Current Liabilities	
Accounts payable	<u>\$ 434,749</u>
Net Position	
Unrestricted	<u>2,682,152</u>
Total liabilities and net position	<u><u>\$ 3,116,901</u></u>

Independent School District No. 192
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2018

	Governmental Activities - Internal Service Funds
Operating Revenue	
District contribution	\$ 7,887,620
Operating Expenses	
Employee claims paid	<u>7,202,290</u>
Operating income	685,330
Nonoperating Revenue	
Interest revenue	<u>2,635</u>
Change in net position	687,965
Net Position	
Beginning of year	<u>1,994,187</u>
End of year	<u><u>\$ 2,682,152</u></u>

Independent School District No. 192
Statement of Cash Flows - Proprietary Funds
As of June 30, 2018

	Governmental Activities - Internal Service Funds
Cash Flows - Operating Activities	
Receipts from district contributions	\$ 7,887,620
Employee claims paid	(7,209,836)
Net cash flows - operating activities	<u>677,784</u>
Cash Flows - Investment Activities	
Interest received	<u>2,635</u>
Net change in cash and cash equivalents	680,419
Cash and Cash Equivalents	
Beginning of year	<u>2,436,482</u>
End of year	<u><u>\$ 3,116,901</u></u>
Reconciliation of Operating Income to Net Cash Flows - Operating Activities	
Operating income	\$ 685,330
Increase in accounts payable	<u>(7,546)</u>
Net cash flows - operating activities	<u><u>\$ 677,784</u></u>

Independent School District No. 192
Statement of Fiduciary Net Position
Year Ended June 30, 2018

	Post Employment Benefits Irrevocable Trust Fund	Agency fund
Assets		
Current		
Cash	\$ -	\$ 496,440
Certificates of deposit	500,000	-
Brokered money market accounts	1,154,029	-
Brokered certificates of deposit	194,109	-
Government bonds	901,335	-
Other assets	-	3,121
	<u>-</u>	<u>3,121</u>
Total assets	<u>\$ 2,749,473</u>	<u>\$ 499,561</u>
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ 499,561</u>
Net Position		
Held in trust for OPEB	<u>\$ 2,749,473</u>	

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2018

	Post Employment Benefits Irrevocable Trust Fund
Additions	
Interest revenue	\$ 64,432
Less investment management fees	(250)
Total additions	<u>64,182</u>
Net Position	
Beginning of year	<u>2,685,291</u>
End of year	<u>\$ 2,749,473</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.

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)

Description of Funds (Continued):

Proprietary Funds:

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

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

D. Deposits and Investments

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

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

District Governmental Funds

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

Cash and investments at June 30, 2018, were comprised of deposits and shares in the Minnesota School District Liquid Asset Fund (MSDLAF) including certificates of deposit and government securities and shares in the Minnesota Trust (MNTrust) Term Series.

Minnesota Statutes authorizes the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

District Governmental Funds (Continued)

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

Other Post Employment Benefits Trust Fund

These funds represent investments administered by the District's OPEB fund investment managers. As of June 30, 2018, they were comprised of mutual funds. The District's investment policy extends to the OPEB Trust Fund investments.

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

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2017, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2018. The remaining portion of the levy will be recognized when measurable and available.

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories

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

H. Prepaid Items

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

I. Property Taxes

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

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

J. Capital Assets

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

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

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

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

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

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

L. Long-Term Obligations

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

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.

P. Postemployment Benefits Other Than Pensions (OPEB)

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

Q. Fund Equity

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity (Continued)

- Unassigned Fund Balances – Residual amount in the General Fund not reported in any other classification, available for expenditure of any purpose. Also negative unassigned fund balance may be reported in other governmental funds if expenditures exceeded the restricted, committed, or assigned amounts available to those purposes.
- Minimum Fund Balance – The District will strive to maintain a minimum unassigned General Fund balance of 8-12% of the annual budget.

R. Net Position

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

S. Use of Estimates

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

T. Budgetary Information

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

Custodial Credit Risk – Deposits: For a deposit, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding federal deposit coverage. *Minnesota Statutes* require all deposits be protected by federal depository insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds. As of June 30, 2018, the District had a bank balance of \$15,140,466. At one depository, the District's balance exceeded FDIC limits by \$465,861.

Checking accounts	\$ 3,153,039
Cerificates of deposit	8,712,100
Scholarship account	14,513
Savings deposit accounts	400,066
Petty cash	<u>1,677</u>
Total deposits	<u><u>\$ 12,281,395</u></u>

B. Investments

District Funds Other than OPEB Trust Fund

As of June 30, 2018, the District had the following investments:

	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>	<u>Level</u>
Brokered Money Market Accounts	\$ 9,466,368	N/A	N/A	N/A
Term Series	14,750,000	0.12	AAAm	N/A
MSDLAF + Liquid Class	1,440,989	N/A	AAAm	N/A
MSDLAF + Max Class	2	N/A	AAAm	N/A
Brokered CDs	738,813	0.82	AAAm	2
US Treasury and Agencies	<u>3,962,243</u>	0.73	Aaa	2
Total Investments	<u><u>\$ 30,358,415</u></u>			

At June 30, 2018, the District has a formal deposit and investment policy in place to address the following risks:

Independent School District No. 192
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

District Funds Other than OPEB Trust Fund (Continued)

At June 30, 2018, the District has a formal deposit and investment policy in place to address the following risks:

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* 118A.04 and 118A.05 limit investments to the top two rating issued by nationally recognized statistical rating organizations. The District's investment policy limits investments to those specified in the above statutes. As of June 30, 2018, the District's investments in MSDLAF and MSDLAF+ Max were rated AAAM by Standard & Poor's (S&P). The District's investments in certificates of deposit are not rated.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy states the District will diversify its investment to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The District's investments were exposed to concentration of credit risk at June 30, 2018, as FHLB, US Treasury Securities, and municipal bonds represented more than 5% of total investments.

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

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

The District has the following recurring fair value measurements as of June 30, 2018:

- \$4,701,056 of investments are valued using a quoted market prices (Level 2 inputs).

Independent School District No. 192
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

District Funds Other than OPEB Trust Fund (Continued)

1. OPEB Trust Fund

As of June 30, 2018, the market values, duration, and percent allocation of the District's OPEB Trust investments was as follows:

Investment Type	Amount	Weighted Average Maturity (Years)	Credit Rating	Level
OPEB Investments				
Brokered Money Market	1,154,029	N/A	N/A	N/A
CDs	500,000	0.48	N/A	N/A
SEC	901,335	2.21	Aa3	2
Brokered CDs	194,109	0.62	N/A	2
	<u>\$ 2,749,473</u>			
Total Investments				
	<u><u>\$ 2,749,473</u></u>			

The District has the following recurring fair value measurements as of June 30, 2018:

- \$1,095,444 of investments are valued using a quoted market prices (Level 2 inputs)

C. Deposits and Investments

Summary of cash, deposits, and investments as of June 30, 2018:

District Governmental Funds	
Deposits (Note 3.B.)	\$ 12,281,395
Investments (Note 3.B.)	30,358,415
OPEB Trust Fund	
Investments (Note 3.B.)	<u>2,749,473</u>
Total deposits and investments	<u><u>\$ 45,389,283</u></u>

Cash, deposits, and investments are presented in the June 30, 2018, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 42,143,370
Statement of Fiduciary Net Position	
Post employment benefits trust fund	
Cash and investments	2,749,473
Agency fund	
Cash and investments	<u>496,440</u>
Total deposits and investments	<u><u>\$ 45,389,283</u></u>

Independent School District No. 192
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,109,141	\$ -	\$ -	\$ 14,109,141
Construction in progress	5,018,829	10,636,967	12,672,918	2,982,878
Total capital assets not being depreciated	19,127,970	10,636,967	12,672,918	17,092,019
Capital assets being Depreciated				
Buildings	216,532,192	9,545,322	-	226,077,514
Improvements other than buildings	18,267,238	2,018,015	-	20,285,253
Machinery and equipment	12,615,933	1,551,284	-	14,167,217
Total capital assets being depreciated	247,415,363	13,114,621	-	260,529,984
Less accumulated depreciation for				
Buildings	74,273,338	5,844,645	-	80,117,983
Improvements other Than buildings	7,357,064	849,134	-	8,206,198
Machinery and equipment	10,699,192	340,499	-	11,039,691
Total accumulated depreciation	92,329,594	7,034,278	-	99,363,872
Total capital assets being depreciated, net	155,085,769	6,080,343	-	161,166,112
Governmental activities, capital assets net	\$ 174,213,739	\$ 16,717,310	\$ 12,672,918	\$ 178,258,131

Independent School District No. 192
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$7,034,278 for the year ended June 30, 2018, was charged to the following governmental functions:

Administration	\$ 191
District support services	1,190
Elementary and secondary regular instruction	10,832
Special education instruction	164
Instructional support services	1,163
Pupil support services	2,343
Sites and buildings	279,872
Food service	44,664
Community service	45
Unallocated	<u>6,693,814</u>
Total depreciation expense	<u><u>\$ 7,034,278</u></u>

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Maturity Date	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. Bonds, including refunding bonds						
2011B Refunding Building Bonds	12/19/11	2.00%-4.00%	\$ 19,210,000	02/01/23	\$ 9,990,000	\$ 1,920,000
2012D Refunding Bonds	11/27/12	4.00%	14,945,000	06/01/20	7,490,000	3,690,000
2013A Alternative Facilities Bonds	03/06/13	2.00%-2.75%	2,260,000	02/01/28	1,680,000	150,000
2013C OPEB Refunding	12/05/13	0.65%-3.40%	5,840,000	02/01/23	3,865,000	855,000
2014A Refunding Bonds	06/04/14	3.00%-4.00%	71,220,000	02/01/27	62,725,000	3,235,000
2015A Crossover Refunding Bonds	02/05/15	4.00%-5.00%	20,475,000	02/01/27	18,610,000	935,000
2015C Refunding Bonds	12/16/15	2.00%-3.00%	28,640,000	02/01/24	28,185,000	465,000
2016A Building Bonds	02/03/16	2.00%-3.00%	43,730,000	02/01/31	43,730,000	-
2016B Refunding Bonds	11/22/16	1.27%	10,665,000	02/01/21	8,900,000	1,920,000
Plus Unamortized Premium					<u>13,186,229</u>	<u>2,132,081</u>
Total G.O. bonds					198,361,229	15,302,081
Compensated absences					<u>971,873</u>	<u>573,421</u>
Total all long-term liabilities					<u><u>\$ 199,333,102</u></u>	<u><u>\$ 15,875,502</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.

Independent School District No. 192
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance
Long-term liabilities				
G.O. bonds	\$ 197,225,000	\$ -	\$ 12,050,000	\$ 185,175,000
Bond premiums	15,318,310	-	2,132,081	13,186,229
Capital Lease	1,883,041	-	937,303	945,738
Compensated absences	1,141,848	764,235	934,210	971,873
	<u>\$ 215,568,199</u>	<u>\$ 764,235</u>	<u>\$ 16,053,594</u>	<u>\$ 200,278,840</u>
Total long-term liabilities	<u>\$ 215,568,199</u>	<u>\$ 764,235</u>	<u>\$ 16,053,594</u>	<u>\$ 200,278,840</u>

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

C. Minimum Debt Payments for Bonds

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

Year Ending June 30,	G.O. Bonds		Total
	Principal	Interest	
2019	\$ 13,170,000	\$ 7,096,086	\$ 20,266,086
2020	13,975,000	6,627,421	20,602,421
2021	15,180,000	6,117,996	21,297,996
2022	16,735,000	5,456,641	22,191,641
2023	17,500,000	4,721,011	22,221,011
2024-2028	75,345,000	13,282,951	88,627,951
2029-2031	33,270,000	2,016,000	35,286,000
	<u>\$ 185,175,000</u>	<u>\$ 45,318,106</u>	<u>\$ 230,493,106</u>
Total	<u>\$ 185,175,000</u>	<u>\$ 45,318,106</u>	<u>\$ 230,493,106</u>
Plus Net Bond Premium	<u>\$ 13,186,229</u>	<u>\$ -</u>	<u>\$ 13,186,229</u>
Total	<u>\$ 198,361,229</u>	<u>\$ 45,318,106</u>	<u>\$ 243,679,335</u>

Independent School District No. 192
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations

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

<u>Year Ending</u> <u>June 30,</u>	
2019	\$ 954,250
Less amount representing interest	<u>(8,512)</u>
Present value of minimum lease payments	<u><u>\$ 945,738</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 \$2,680,881 for a net value of \$893,627 at June 30, 2018.

NOTE 5 – FUND BALANCES/NET POSITION

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

Fund Equity

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

Independent School District No. 192
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Restricted Fund Balance

	General Fund	Debt Service	Capital Projects	Other Nonmajor Funds	Total
Nonspendable for					
Inventory	\$ 45,389	\$ -	\$ -	\$ 70,473	\$ 115,862
Prepaid items	640,631	-	-	53,933	694,564
	<u>686,020</u>	<u>-</u>	<u>-</u>	<u>124,406</u>	<u>810,426</u>
Restricted for					
Safe School Levy	26,883	-	-	-	26,883
Staff Development	208,081	-	-	-	208,081
Operating Capital	347,394	-	-	-	347,394
Long-Term Facilities Maintenance	161,069	-	-	-	161,069
Community Education	-	-	-	615,694	615,694
School Readiness	-	-	-	117,466	117,466
Food Service	-	-	-	904,766	904,766
Community Service	-	-	-	4,770	4,770
Debt Service	-	4,975,216	-	163,230	5,138,446
Capital Projects	-	-	13,273,618	-	13,273,618
	<u>743,427</u>	<u>4,975,216</u>	<u>13,273,618</u>	<u>1,805,926</u>	<u>20,798,187</u>
Assigned for					
Classroom Technology	1,084,462	-	-	-	1,084,462
Donations	118,576	-	-	-	118,576
Health and Safety	222,687	-	-	-	222,687
Maintain class size	4,000,000	-	-	-	4,000,000
	<u>5,425,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,425,725</u>
Unassigned for					
General purposes	6,219,857	-	-	-	6,219,857
Early Childhood and Family Education	-	-	-	(92,703)	(92,703)
	<u>6,219,857</u>	<u>-</u>	<u>-</u>	<u>(92,703)</u>	<u>6,127,154</u>
Total fund balance	<u>\$ 13,075,029</u>	<u>\$ 4,975,216</u>	<u>\$ 13,273,618</u>	<u>\$ 1,837,629</u>	<u>\$ 33,161,492</u>

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

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

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Restricted Fund Balance (Continued)

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

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

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

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

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

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

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

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

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

B. Net Position

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

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

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

Independent School District No. 192
Notes to Financial Statements

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans, total pension expense for the year ended June 30, 2018, was \$25,052,307. The components of pension expense are noted in the following plan summaries.

Teachers' Retirement Association

A. Plan Description

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

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

B. Benefits Provided

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

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

Tier 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

Independent School District No. 192
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

With these provisions:

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

Tier II Benefits

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

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

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

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

Independent School District No. 192
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2016, June 30, 2017, and June 30, 2018, were:

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

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

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 367,791
Deduct Employer contributions not related to future contribution efforts	810
Deduct TRA's contributions not included in allocation	<u>(456)</u>
Total employer contributions	368,145
Total non-employer contributions	<u>35,588</u>
Total contributions reported in schedule of employer and non-employer pension allocations	<u><u>\$ 403,733</u></u>

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

Independent School District No. 192
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2017
Experience study	June 5, 2015
	November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	5.12%, from the single equivalent interest rate calculation
Price inflation	2.50%
Wage growth rate	2.85% for ten years and 3.25% thereafter
Projected salary increase	2.85% to 8.85% for ten years and 3.25% to 9.25% thereafter
Cost of living adjustment	2.00%

Mortality Assumption

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

Independent School District No. 192
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Domestic stocks	39%	5.10%
International stocks	19	5.30
Bonds	20	0.75
Alternative assets	20	5.90
Unallocated cash	2	0.00
	<hr/>	
Total	100%	

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

Changes in actuarial assumptions since the 2016 valuation:

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Independent School District No. 192
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 5.12%. This is an increase from the discount rate at the prior measurement date of 4.66%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2017 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.5%) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56% was applied to periods on and after 2053, resulting in a SEIR of 5.12%. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01%).

F. Net Pension Liability

On June 30, 2018, the District reported a liability of \$135,520,755 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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. The District's proportionate share was 0.6789% at the end of the measurement period and 0.6392% 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	\$ 135,520,755
State's proportionate share of the net pension liability associated with the District	13,099,880

For the year ended June 30, 2018, the District recognized pension expense of \$24,002,592. It recognized \$251,246 as an increase to this pension expense for the support provided by direct aid.

Independent School District No. 192
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

On June 30, 2018, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,018,393	\$ 951,437
Net difference between projected and actual earnings on plan investments	-	1,530,529
Changes of assumptions	69,421,977	18,984,318
Changes in proportion	8,047,231	538,555
Contributions to TRA subsequent to the measurement date	<u>2,861,125</u>	<u>-</u>
Total	<u><u>\$ 81,348,726</u></u>	<u><u>\$ 22,004,839</u></u>

\$2,861,125 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, 2019.

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

2019	\$ 14,450,899
2020	16,771,570
2021	15,111,751
2022	12,556,782
2023	<u>(2,408,240)</u>
Total	<u><u>\$ 56,482,762</u></u>

Independent School District No. 192
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.12% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percent higher than the current rate.

District proportionate share of NPL		
1% decrease (4.12%)	Current (5.12%)	1% increase (6.12%)
\$ 178,861,283	\$ 135,520,755	\$ 98,979,418

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

H. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

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

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

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. 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 services.

Independent School District No. 192
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

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

Benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5%, of their annual covered salary in fiscal year 2018. The District was required to contribute 7.5% for Coordinated Plan members in fiscal year 2018. The District's contributions to the General Employees Fund for the year ended June 30, 2018, were \$748,896. The District's contributions were equal to the required contributions as set by state statute.

Independent School District No. 192
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2018, the District reported a liability of \$9,499,294 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$119,427. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the District's proportion was 0.1488%, which was an increase of 0.0005% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,049,715 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$3,449 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2018, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 313,068	\$ 613,152
Changes in actuarial assumptions	1,571,787	952,305
Difference between projected and actual investments earnings	-	447,431
Change in proportion	30,447	229,832
Contributions paid to PERA subsequent to the measurement date	748,896	-
Total	<u>\$ 2,664,198</u>	<u>\$ 2,242,720</u>

Independent School District No. 192
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

\$748,896 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ (254,482)
2020	501,503
2021	(171,212)
2022	<u>(403,227)</u>
Total	<u><u>\$ (327,418)</u></u>

E. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1% per year for the General Employees Plan through 2044 and then 2.5% thereafter.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2017:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Independent School District No. 192
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	39%	5.10%
International stocks	19%	5.30
Bonds	20%	0.75
Alternative assets	20%	5.90
Cash	2%	0.00
Total	100%	

F. Discount Rates

The discount rate used to measure the total pension liability in 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Independent School District No. 192
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	\$ 14,734,111	\$ 9,499,294	\$ 5,213,645

H. Pension Plan Fiduciary Net Position

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

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2018.

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, 2018, was \$8,816 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 7 – RISK MANAGEMENT (CONTINUED)

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

Year	Beginning Balance	Claims Expense and Estimates	Claims Payments	Ending Balance
2016	\$ 32,953	\$ 422,468	\$ 449,328	\$ 6,093
2017	6,093	457,583	448,399	15,277
2018	15,277	459,687	466,148	8,816

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, 2018, was \$425,933 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
2016	\$ 502,948	\$ 6,910,191	\$ 7,054,951	\$ 358,188
2017	358,188	6,285,084	6,216,254	427,018
2018	427,018	6,742,603	6,743,688	425,933

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

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

Independent School District No. 192
Notes to Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

B. Benefits Provided

Under the terms of collectively bargained employment contracts, the District is required to pay the health and dental insurance premiums for retired employees until they reach the age 65 up to a maximum of 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.

C. Members

As of June 30, 2018, the following were covered by the benefit terms:

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

D. Contributions

Retirees and their spouses contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with PreferredOne. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2018, the District contributed \$708,461 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	1.30%, net of investment expense
Salary increases	3.00%, including inflation
Inflation	2.50%
Healthcare cost trend increases	6.50% initially, decreasing to an ultimate rate of 5.00%

Mortality Assumption

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

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2017 – June 30, 2018.

Independent School District No. 192
Notes to Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

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

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

The details of the investments and the investment policy are described in Note 3. of the District's financial statements. For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 1.3 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 3.40 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Independent School District No. 192
Notes to Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	<u>\$ 17,318,993</u>	<u>\$ 2,685,291</u>	<u>\$ 14,633,702</u>
Changes for the year			
Service cost	665,222	-	665,222
Interest	493,708	-	493,708
Assumption changes	(797,123)	-	(797,123)
Differences between expected and actual			
economic experience	-	29,523	(29,523)
Employer contributions	-	708,461	(708,461)
Projected investment return	-	34,909	(34,909)
Benefit payments	(708,461)	(708,461)	-
Administrative expense	-	(250)	250
Other charges	-	-	-
Net changes	<u>(346,654)</u>	<u>64,182</u>	<u>(410,836)</u>
Balances at June 30, 2018	<u><u>\$ 16,972,339</u></u>	<u><u>\$ 2,749,473</u></u>	<u><u>\$ 14,222,866</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability			16.20%

H. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 3.40 percent as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% decrease (2.40%)	Current (3.40%)	1% increase (4.40%)
Net OPEB Liability (Asset)	\$ 15,709,016	\$ 14,222,866	\$ 12,838,455

Independent School District No. 192
Notes to Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Liability Sensitivity (Continued)

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

1% decrease (5.50% decreasing to 4.00%)	Current (6.50% decreasing to 5.00%)	1% increase (7.50% decreasing to 5.00%)
<u> </u>	<u> </u>	<u> </u>
\$ 11,992,515	\$ 14,222,866	\$ 16,898,979

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,019,897. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 20,105
Differences between expected and actual economic experience	-	-
Changes of assumptions	-	697,482
	<u> </u>	<u> </u>
Total	<u>\$ -</u>	<u>\$ 717,587</u>

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

Year Ending June 30,	Total
<u> </u>	<u> </u>
2019	\$ (104,374)
2020	(104,374)
2021	(104,377)
2022	(105,544)
2023	(99,641)
Thereafter	(199,277)
	<u> </u>
Total	<u>\$ (717,587)</u>

Independent School District No. 192
Notes to Financial Statements

NOTE 9 – COMMITMENTS

As of June 30, 2018, the District had various commitments with contractors totaling \$1,296,465 for building and construction activity.

NOTE 10 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will be effective for the year ending June 30, 2020.

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Total OPEB Liability		
Service cost	\$ 726,831	\$ 665,222
Interest	482,025	493,708
Changes of assumptions	-	(797,123)
Benefit payments	<u>(751,247)</u>	<u>(708,461)</u>
Net change in total OPEB liability	<u>457,609</u>	<u>(346,654)</u>
Beginning of year	<u>16,861,384</u>	<u>17,318,993</u>
End of year	<u>\$ 17,318,993</u>	<u>\$ 16,972,339</u>
Plan Fiduciary Net Pension (FNP)		
Employer contributions	\$ 751,247	\$ 708,461
Net investment income	28,682	34,909
Differences between expected and actual experience	-	29,523
Benefit payments	<u>(751,247)</u>	<u>(708,461)</u>
Administrative expense	<u>(250)</u>	<u>(250)</u>
Net change in plan fiduciary net position	<u>28,432</u>	<u>64,182</u>
Beginning of year	<u>2,656,859</u>	<u>2,685,291</u>
End of year	<u>\$ 2,685,291</u>	<u>\$ 2,749,473</u>
Net OPEB liability	<u>\$ 14,633,702</u>	<u>\$ 14,222,866</u>
Plan FNP as a percentage of the total OPEB liability	15.50%	16.20%
Covered-employee payroll	\$ 41,917,312	\$ 43,174,831
Net OPEB liability as a percentage of covered-employee payroll	34.91%	32.94%

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

Independent School District No. 192
Schedule of Investment Returns

	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Annual money-weighted rate of return, net of investment expense	1.10%	2.40%

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

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Independent School District No. 192
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1622%	\$ 7,619,343	\$ -	\$ 7,619,343	\$ 8,515,752	89.5%	78.7%
2015	0.1530%	7,929,254	-	7,929,254	8,842,627	89.7%	78.2%
2016	0.1483%	12,041,224	157,224	12,198,448	9,202,187	132.6%	68.9%
2017	0.1488%	9,499,294	119,427	9,618,721	9,584,547	100.4%	75.9%

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

Schedule of District's and Non-Employer Proportionate Share
(if Applicable) of Net Pension Liability
TRA Retirement Fund
Last Ten Years

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.6781%	\$ 31,246,360	\$ 2,198,129	\$ 33,444,489	\$ 30,951,565	101.0%	81.5%
2015	0.6510%	40,270,788	4,939,925	45,210,713	33,040,653	121.9%	76.8%
2016	0.6392%	152,464,451	15,304,345	167,768,796	33,247,107	458.6%	44.9%
2017	0.6789%	135,520,755	13,099,880	148,620,635	36,546,720	370.8%	51.6%

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

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

<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 Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2014	\$ 617,392	\$ 617,392	\$ -	\$ 8,515,752	7.25%
2015	663,197	663,197	-	8,842,627	7.50%
2016	690,164	690,164	-	9,202,187	7.50%
2017	718,841	718,841	-	9,584,547	7.50%
2018	748,896	748,896	-	9,985,280	7.50%

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

**Schedule of District Contributions
TRA Retirement Fund
Last Ten Years**

<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 Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2014	\$ 2,166,610	\$ 2,166,610	\$ -	\$ 30,951,565	7.00%
2015	2,478,049	2,478,049	-	33,040,653	7.50%
2016	2,493,533	2,493,533	-	33,247,107	7.50%
2017	2,741,004	2,741,004	-	36,546,720	7.50%
2018	2,861,125	2,861,125	-	38,148,333	7.50%

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

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

TRA Retirement Fund

2017 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes of Benefit Terms

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

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

TRA Retirement Fund (Continued)

2015 Changes (Continued)

Changes in Actuarial Assumption

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

General Employees Fund

2017 Changes

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.

Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

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

Changes in Actuarial Assumptions

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

Post Employment Health Care Plan

Changes in Actuarial Assumptions

- The discount rate was changed from 2.8% to 3.4% at June 30, 2018.

SUPPLEMENTARY INFORMATION

Independent School District No. 192
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue			Debt Service	
				Post	
				Employment	
				Benefits Debt	
	Food Service	Community Service	Total	Service	Total Nonmajor Funds
Assets					
Cash and investments	\$ 929,822	\$ 1,245,945	\$ 2,175,767	\$ 591,878	\$ 2,767,645
Current property taxes receivable	-	423,113	423,113	561,226	984,339
Delinquent property taxes receivable	-	11,237	11,237	13,021	24,258
Accounts receivable	-	79	79	-	79
Due from Department of Education	28,956	77,759	106,715	482	107,197
Due from Federal Government through Department of Education	112,979	6,334	119,313	-	119,313
Inventory	70,473	-	70,473	-	70,473
Prepaid items	5,372	48,561	53,933	-	53,933
Total assets	<u>\$ 1,147,602</u>	<u>\$ 1,813,028</u>	<u>\$ 2,960,630</u>	<u>\$ 1,166,607</u>	<u>\$ 4,127,237</u>
Liabilities					
Accounts payable	\$ 106,341	\$ 49,665	\$ 156,006	\$ -	\$ 156,006
Contracts Payable	2,705	-	2,705	-	2,705
Salaries and benefits payable	1,937	221,860	223,797	-	223,797
Unearned revenue	56,008	89,765	145,773	-	145,773
Total liabilities	<u>166,991</u>	<u>361,290</u>	<u>528,281</u>	<u>-</u>	<u>528,281</u>
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	-	749,500	749,500	994,152	1,743,652
Unavailable revenue - delinquent property taxes	-	8,450	8,450	9,225	17,675
Total deferred inflows of resources	<u>-</u>	<u>757,950</u>	<u>757,950</u>	<u>1,003,377</u>	<u>1,761,327</u>
Fund Balances					
Nonspendable	75,845	48,561	124,406	-	124,406
Restricted	904,766	737,930	1,642,696	163,230	1,805,926
Unassigned	-	(92,703)	(92,703)	-	(92,703)
Total fund balances	<u>980,611</u>	<u>693,788</u>	<u>1,674,399</u>	<u>163,230</u>	<u>1,837,629</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,147,602</u>	<u>\$ 1,813,028</u>	<u>\$ 2,960,630</u>	<u>\$ 1,166,607</u>	<u>\$ 4,127,237</u>

Independent School District No. 192
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Funds			Debt Service	
				Post	
	Food Service	Community Service	Total	Employment Benefits Debt Service	Total Nonmajor Funds
Revenues					
Local property taxes	\$ -	\$ 661,321	\$ 661,321	\$ 904,057	\$ 1,565,378
Other local and county revenues	21,554	3,562,244	3,583,798	-	3,583,798
Revenue from state sources	194,389	821,859	1,016,248	4,817	1,021,065
Revenue from federal sources	973,730	6,334	980,064	-	980,064
Sales and other conversion of assets	2,107,185	260	2,107,445	-	2,107,445
Total revenues	<u>3,296,858</u>	<u>5,052,018</u>	<u>8,348,876</u>	<u>908,874</u>	<u>9,257,750</u>
Expenditures					
Current					
Food service	3,237,249	-	3,237,249	-	3,237,249
Community education and services	-	5,181,735	5,181,735	-	5,181,735
Capital outlay					
Food service	74,048	-	74,048	-	74,048
Community education and services	-	51,334	51,334	-	51,334
Debt service					
Principal	-	-	-	740,000	740,000
Interest and fiscal charges	-	-	-	127,965	127,965
Total expenditures	<u>3,311,297</u>	<u>5,233,069</u>	<u>8,544,366</u>	<u>867,965</u>	<u>9,412,331</u>
Excess of revenues over (under) expenditures	(14,439)	(181,051)	(195,490)	40,909	(154,581)
Fund Balances					
Beginning of year	<u>995,050</u>	<u>874,839</u>	<u>1,869,889</u>	<u>122,321</u>	<u>1,992,210</u>
End of year	<u>\$ 980,611</u>	<u>\$ 693,788</u>	<u>\$ 1,674,399</u>	<u>\$ 163,230</u>	<u>\$ 1,837,629</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, 2018

	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	\$ 26,905	\$ 21,554	\$ (5,351)
Revenue from state sources	336,865	194,389	(142,476)
Revenue from federal sources	1,043,026	973,730	(69,296)
Sales and other conversion of assets	2,092,275	2,107,185	14,910
Total revenues	<u>3,499,071</u>	<u>3,296,858</u>	<u>(202,213)</u>
Expenditures			
Current			
Food service	3,141,050	3,237,249	96,199
Capital outlay			
Food service	5,000	74,048	69,048
Total expenditures	<u>3,146,050</u>	<u>3,311,297</u>	<u>165,247</u>
Net change in fund balance	<u>\$ 353,021</u>	(14,439)	<u>\$ (367,460)</u>
Fund Balance			
Beginning of year		<u>995,050</u>	
End of year		<u>\$ 980,611</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, 2018

	<u>Budgeted Amounts</u>	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local property taxes	\$ 634,127	\$ 634,127	\$ 661,321	\$ 27,194
Other local and county revenues	3,614,903	3,614,903	3,562,244	(52,659)
Revenue from state sources	780,386	780,386	821,859	41,473
Revenue from federal sources	5,950	5,950	6,334	384
Sales and other conversion of assets	-	-	260	260
Total revenues	<u>5,035,366</u>	<u>5,035,366</u>	<u>5,052,018</u>	<u>16,652</u>
Expenditures				
Current				
Community education and services	5,035,863	5,035,863	5,181,735	145,872
Capital outlay				
Community education and services	19,503	19,503	51,334	31,831
Total expenditures	<u>5,055,366</u>	<u>5,055,366</u>	<u>5,233,069</u>	<u>177,703</u>
Net change in fund balance	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	(181,051)	<u>\$ (161,051)</u>
Fund Balance				
Beginning of year			<u>874,839</u>	
End of year			<u>\$ 693,788</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, 2018

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>	Variance with Final Budget - Over (Under) <u></u>
Revenues			
Local property taxes	\$ 14,244,585	\$ 14,149,952	\$ (94,633)
Revenue from state sources	4,539,608	4,729,531	189,923
Total revenues	<u>18,784,193</u>	<u>18,879,483</u>	<u>95,290</u>
Expenditures			
Debt service			
Principal	11,310,000	11,310,000	-
Interest and fiscal charges	7,490,112	7,488,713	(1,399)
Total expenditures	<u>18,800,112</u>	<u>18,798,713</u>	<u>(1,399)</u>
Net change in fund balance	<u>\$ (15,919)</u>	80,770	<u>\$ 96,689</u>
Fund Balance			
Beginning of year		<u>4,894,446</u>	
End of year		<u>\$ 4,975,216</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, 2018

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>	Variance with Final Budget - Over <u></u>
Revenues			
Local property taxes	\$ 903,653	\$ 904,057	\$ 404
Revenue from state sources	-	4,817	4,817
Total revenues	<u>903,653</u>	<u>908,874</u>	<u>5,221</u>
Expenditures			
Debt service			
Principal	740,000	740,000	-
Interest and fiscal charges	127,515	127,965	450
Total expenditures	<u>867,515</u>	<u>867,965</u>	<u>450</u>
Net change in fund balance	<u>\$ 36,138</u>	40,909	<u>\$ 4,771</u>
Fund Balance			
Beginning of year		<u>122,321</u>	
End of year		<u>\$ 163,230</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, 2018

	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	\$ -	\$ 311,946	\$ 311,946
Expenditures			
Current			
Sites and buildings	-	471,140	471,140
Capital outlay			
Sites and buildings	-	9,117,590	9,117,590
Total expenditures	<u>-</u>	<u>9,588,730</u>	<u>9,588,730</u>
Net change in fund balance	<u>\$ -</u>	<u>(9,276,784)</u>	<u>\$ (9,276,784)</u>
Fund Balance			
Beginning of year		<u>22,550,402</u>	
End of year		<u>\$ 13,273,618</u>	

Independent School District No. 192
Combining Statement of
Net Position - Internal Service Funds
June 30, 2018

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Assets			
Cash and cash equivalents	\$ 2,518,712	\$ 598,189	\$ 3,116,901
Liabilities			
Accounts payable	425,933	8,816	434,749
Net Position			
Unrestricted	2,092,779	589,373	2,682,152
Total liabilities and net position	\$ 2,518,712	\$ 598,189	\$ 3,116,901

Independent School District No. 192
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2018

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Operating Revenues			
Contribution	\$ 7,368,883	\$ 518,737	\$ 7,887,620
Operating Expenses			
Employee claims paid	6,742,603	459,687	7,202,290
Operating income	626,280	59,050	685,330
Nonoperating Revenues			
Interest revenue	2,635	-	2,635
Change in net position	628,915	59,050	687,965
Net Position			
Beginning of year	1,463,864	530,323	1,994,187
End of year	<u>\$ 2,092,779</u>	<u>\$ 589,373</u>	<u>\$ 2,682,152</u>

Independent School District No. 192
Combining Statement of Cash Flows -
Internal Service Funds
As of June 30, 2018

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Cash Flows - Operating Activities			
Receipts from district contributions	\$ 7,368,883	\$ 518,737	\$ 7,887,620
Employee claims paid	(6,743,688)	(466,148)	(7,209,836)
Net cash flows - operating activities	<u>625,195</u>	<u>52,589</u>	<u>677,784</u>
Cash Flows - Investment Activities			
Interest received	<u>2,635</u>	<u>-</u>	<u>2,635</u>
Net change in cash and cash equivalents	627,830	52,589	680,419
Cash and Cash Equivalents			
Beginning of year	<u>1,890,882</u>	<u>545,600</u>	<u>2,436,482</u>
End of year	<u><u>\$ 2,518,712</u></u>	<u><u>\$ 598,189</u></u>	<u><u>\$ 3,116,901</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ 626,280	\$ 59,050	\$ 685,330
Adjustments to reconcile operating Income (loss) to net cash Flows - operating activities			
Accounts payable	<u>(1,085)</u>	<u>(6,461)</u>	<u>(7,546)</u>
Net cash flows - operating activities	<u><u>\$ 625,195</u></u>	<u><u>\$ 52,589</u></u>	<u><u>\$ 677,784</u></u>

Independent School District No. 192
Statement of Changes in Agency Fund
Assets and Liabilities
Year Ended June 30, 2018

	June 30, 2017	Additions	Deletions	June 30, 2018
Assets				
Cash and investments	\$ 615,631	\$ 600,089	\$ 719,280	\$ 496,440
Other assets	4,900	3,121	4,900	3,121
	<u>620,531</u>	<u>603,210</u>	<u>724,180</u>	<u>499,561</u>
Total assets	<u>\$ 620,531</u>	<u>\$ 603,210</u>	<u>\$ 724,180</u>	<u>\$ 499,561</u>
Liabilities				
Accounts payable	<u>\$ 620,531</u>	<u>\$ 719,280</u>	<u>\$ 840,250</u>	<u>\$ 499,561</u>

Independent School District No. 192
Uniform Financial Accounting and Reporting Standard
Compliance Table
Year Ended June 30, 2018

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 General Fund				06 Building Construction Fund			
Total revenue	\$ 78,895,563	\$ 78,895,560	\$ 3	Total revenue	\$ 311,946	\$ 311,946	\$ -
Total expenditures	76,019,244	76,019,242	2	Total expenditures	9,588,730	9,588,727	3
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable fund balance	686,020	686,020	-	460 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
403 Staff Development	208,081	208,081	-	407 Capital Projects Levy	-	-	-
406 Health and Safety	(222,687)	(222,687)	-	413 Building Projects Funded by COP	-	-	-
407 Capital Projects Levy	-	-	-	467 Long-term Facilities Maintenance	-	-	-
408 Cooperative Programs	-	-	-	<i>Restricted:</i>			
409 Alternative Facility Program	-	-	-	464 Restricted fund balance	13,273,618	13,273,621	(3)
414 Operating Debt	-	-	-	<i>Unassigned:</i>			
416 Levy Reduction	-	-	-	463 Unassigned fund balance	-	-	-
417 Taconite Building Maintenance	-	-	-				
424 Operating Capital	347,394	347,394	-	07 Debt Service Fund			
426 \$25 Taconite	-	-	-	Total revenue	\$ 18,879,483	\$ 18,879,483	\$ -
427 Disabled Accessibility	-	-	-	Total expenditures	18,798,713	18,798,713	-
428 Learning and Development	-	-	-	<i>Nonspendable:</i>			
434 Area Learning Center	-	-	-	460 Nonspendable fund balance	-	-	-
435 Contracted Alternative Programs	-	-	-	<i>Restricted/reserved:</i>			
436 State Approved Alternative Program	-	-	-	425 Bond refundings	-	-	-
438 Gifted and Talented	-	-	-	433 Maximum effort loan aid	-	-	-
440 Teacher Development and Evaluation	-	-	-	451 QZAB payments	-	-	-
441 Basic Skills Programs	-	-	-	<i>Restricted:</i>			
445 Career Technical Programs	-	-	-	464 Restricted fund balance	4,975,216	4,975,216	-
448 Achievement of Integration Revenue	-	-	-	<i>Unassigned:</i>			
449 Safe School Crime	26,883	26,883	-	463 Unassigned fund balance	-	-	-
450 Transition for Pre-Kindergarten	-	-	-				
451 QZAB payments	-	-	-	08 Trust Fund			
452 OPEB liabilities not held in trust	-	-	-	Total revenue	\$ -	\$ -	\$ -
453 Unfunded Severance and Retirement Levy	-	-	-	Total expenditures	-	-	-
459 Basic Skills Extended Time	-	-	-	<i>Unassigned:</i>			
467 Long-term Facilities Maintenance	161,069	161,069	-	422 Net position	-	-	-
472 Medical Assistance	-	-	-				
475 Title VII - Impact Aid	-	-	-	20 Internal Service Fund			
476 Payments in Lieu of Taxes	-	-	-	Total revenue	\$ 7,890,255	\$ 7,890,255	\$ -
<i>Restricted:</i>				Total expenditures	7,202,290	7,202,290	-
464 Restricted fund balance	-	-	-	<i>Unassigned:</i>			
<i>Committed:</i>				422 Net position	2,682,152	2,682,152	-
418 Committed for separation	-	-	-				
461 Committed	-	-	-	25 OPEB Revocable Trust			
<i>Assigned:</i>				Total revenue	\$ -	\$ -	\$ -
462 Assigned fund balance	5,425,725	5,425,725	-	Total expenditures	-	-	-
<i>Unassigned:</i>				<i>Unassigned:</i>			
422 Unassigned fund balance (net position)	6,442,544	6,442,545	(1)	422 Net position	-	-	-
02 Food Services Fund				45 OPEB Irrevocable Trust			
Total revenue	\$ 3,296,858	\$ 3,296,857	\$ 1	Total revenue	\$ 64,432	\$ 64,432	\$ -
Total expenditures	3,311,297	3,311,296	1	Total expenditures	250	250	-
<i>Nonspendable:</i>				<i>Unassigned:</i>			
460 Nonspendable fund balance	75,845	75,845	-	422 Net position	2,749,473	2,749,472	1
<i>Restricted/reserved:</i>							
452 OPEB Liabilities not Held in Trust	-	-	-	47 OPEB Debt Service			
<i>Restricted:</i>				Total revenue	\$ 908,874	\$ 908,874	\$ -
464 Restricted fund balance	904,766	904,768	(2)	Total expenditures	867,965	867,965	-
<i>Unassigned:</i>				<i>Nonspendable:</i>			
463 Unassigned fund balance	-	-	-	460 Nonspendable fund balance	-	-	-
				<i>Restricted:</i>			
04 Community Service Fund				425 Bond refundings	-	-	-
Total revenue	\$ 5,052,018	\$ 5,052,019	\$ (1)	464 Restricted fund balance	163,230	163,230	-
Total expenditures	5,233,069	5,233,067	2	<i>Unassigned:</i>			
<i>Nonspendable:</i>				463 Unassigned fund balance	-	-	-
460 Nonspendable fund balance	48,561	48,561	-				
<i>Restricted/reserved:</i>							
426 \$25 Taconite	-	-	-				
431 Community Education	615,694	615,694	-				
432 ECFE	(92,703)	(92,703)	-				
444 School Readiness	117,466	117,466	-				
447 Adult Basic Education	-	-	-				
452 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted fund balance	4,770	4,773	(3)				
<i>Unassigned:</i>							
463 Unassigned fund balance	-	-	-				

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STATISTICAL SECTION

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**Independent School District No. 192
Statistical Section (Unaudited)**

III. Statistical Section (Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	102
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	106
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.	112
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.	117
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.	120

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$ (13,208,908)	\$ (21,935,043)	\$ (19,410,971)	\$ (19,484,672)	\$ (18,029,060)	\$ (20,728,015)	\$ (17,838,292)	\$ (12,801,800)	\$ (8,069,026)	\$ 425,114
Restricted	1,643,480	1,726,121	1,044,706	599,394	378,099	695,172	5,854,618	3,795,807	4,358,909	4,868,518
Unrestricted	<u>(19,739,507)</u>	<u>(23,849,059)</u>	<u>(26,893,302)</u>	<u>(15,382,070)</u>	<u>(16,788,565)</u>	<u>(11,659,904)</u>	<u>(60,668,164)</u>	<u>(58,647,696)</u>	<u>(78,929,855)</u>	<u>(95,371,519)</u>
Total governmental activities net assets:	<u>\$ (31,304,935)</u>	<u>\$ (44,057,981)</u>	<u>\$ (45,259,567)</u>	<u>\$ (34,267,348)</u>	<u>\$ (34,439,526)</u>	<u>\$ (31,692,747)</u>	<u>\$ (72,651,838)</u>	<u>\$ (67,653,689)</u>	<u>\$ (82,639,972)</u>	<u>\$ (90,077,887)</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Administration	\$ 2,493,136	\$ 2,793,108	\$ 2,972,746	\$ 3,039,382	\$ 2,861,239	\$ 3,020,958	\$ 2,945,067	\$ 2,958,510	\$ 3,817,460	\$ 3,797,396
District support services	2,524,801	2,232,400	2,269,164	2,410,921	2,979,027	3,236,185	3,814,841	7,655,043	4,116,111	3,340,002
Elementary and secondary regular instruction	25,750,887	27,335,092	28,479,726	29,617,751	30,149,009	29,608,354	32,092,433	33,572,184	48,716,860	49,600,564
Vocational education instruction	326,669	631,690	578,780	592,817	591,705	526,164	552,403	865,574	1,353,886	1,429,015
Special education instruction	9,427,975	10,216,472	10,151,500	10,885,818	10,979,602	11,412,057	12,081,345	12,223,981	16,443,427	17,315,543
Instructional support services	3,757,421	3,289,443	3,784,372	3,644,676	3,022,306	3,498,036	3,396,174	3,775,815	4,569,688	4,710,788
Pupil support services	4,936,253	5,457,701	5,737,995	5,812,966	5,753,865	5,793,138	6,051,082	6,033,961	6,991,027	7,554,557
Sites and buildings	12,592,569	14,623,090	9,089,024	8,437,907	6,086,373	6,278,475	6,334,689	5,570,230	7,148,603	6,034,967
Fiscal and other fixed cost programs	114,430	134,620	200,678	235,465	311,549	269,291	239,595	226,217	223,268	239,650
Food service	2,538,910	2,711,058	2,955,163	2,939,948	3,096,756	3,005,615	3,115,176	3,131,432	3,095,761	3,356,498
Community education and services	3,313,200	3,592,038	3,930,389	4,038,348	4,621,956	4,652,640	4,526,854	4,634,178	5,417,532	5,708,637
Depreciation not included in other functions	1,240,579	5,257,054	5,254,198	5,310,623	5,324,013	5,038,359	5,478,238	5,689,030	6,064,152	6,693,814
Interest and fiscal charges on long-term debt	13,998,006	14,128,567	13,027,014	10,010,468	9,491,794	9,115,861	9,851,134	5,243,100	4,678,177	5,112,703
Total governmental activities expenses	83,014,836	92,402,333	88,430,749	86,977,090	85,269,194	85,455,133	90,479,031	91,579,255	112,635,952	114,894,134
Program Revenues										
Governmental Activities										
Charges for services										
Administration	-	-	-	-	-	-	-	-	-	-
District support services	-	-	-	-	369	113,615	125,134	37,691	174,517	254,187
Elementary and secondary regular instruction	590,295	604,896	666,609	694,908	633,563	670,614	711,626	686,549	746,927	733,267
Vocational education instruction	-	-	-	-	-	-	-	-	-	-
Special education instruction	71,105	27,122	95,087	180,078	147,138	92,262	37,412	-	7,219	11,754
Instructional support services	-	-	-	-	1,402	1,000	-	-	-	-
Pupil support services	-	-	-	-	-	-	-	-	-	-
Sites and buildings	82,769	106,271	99,476	106,463	110,149	108,440	105,453	147,836	147,461	142,288
Fiscal and other fixed cost programs	-	-	-	-	-	-	-	-	-	-
Food service	1,807,013	1,955,817	2,016,380	2,039,120	2,013,403	1,932,980	2,096,665	2,148,910	2,069,202	2,107,185
Community education and services	2,279,554	2,551,956	2,914,478	3,031,376	3,484,233	3,832,157	3,440,651	3,533,478	3,516,502	3,490,150
Depreciation not included in other functions	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	10,375,129	11,047,034	12,519,519	12,650,254	11,322,874	13,079,334	14,271,128	13,982,338	15,009,901	15,091,950
Capital grants and contributions	1,177,888	786,149	787,713	895,304	947,931	988,310	1,224,893	1,221,191	1,788,466	2,301,979
Total governmental activities program revenues	16,383,753	17,079,245	19,099,262	19,597,503	18,661,062	20,818,712	22,012,962	21,757,993	23,460,195	24,132,760
Net expense	(66,631,083)	(75,323,088)	(69,331,487)	(67,379,587)	(66,608,132)	(64,636,421)	(68,466,069)	(69,821,262)	(89,175,757)	(90,761,374)
General Revenues										
Governmental Activities										
Taxes										
Property taxes, levied for general purposes	6,085,529	6,813,122	9,093,054	5,619,114	6,169,145	3,960,769	5,034,575	6,085,082	8,143,426	8,862,586
Property taxes, levied for community service	367,776	371,894	593,380	399,820	476,237	281,363	521,005	501,239	573,217	664,062
Property taxes, levied for debt service	11,863,282	12,898,003	13,367,159	12,411,603	12,552,765	12,642,712	12,912,421	13,001,115	15,147,240	15,119,738
General grants and aids	40,317,867	37,329,268	39,579,320	45,746,433	47,033,816	50,270,485	52,931,208	54,541,170	56,658,190	56,760,080
Gain on sale of capital assets	-	22,860	1,525	-	-	-	3,555	-	-	-
Other general revenues	2,075,524	4,002,777	4,563,378	317,307	351,280	208,794	510,934	603,999	1,013,822	1,422,961
Investment earnings	3,843,393	1,132,118	932,085	541,878	36,416	19,077	34,790	86,806	340,087	494,032
Special item	-	-	-	13,335,651	-	-	-	-	-	-
Total governmental activities	64,553,371	62,570,042	68,129,901	78,371,806	66,619,659	67,383,200	71,948,488	74,819,411	81,875,982	83,323,459
Change in net position	\$ (2,077,712)	\$ (12,753,046)	\$ (1,201,586)	\$ 10,992,219	\$ 11,527	\$ 2,746,779	\$ 3,482,419	\$ 4,998,149	\$ (7,299,775)	\$ (7,437,915)

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 967,426	\$ 1,132,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,215,451	2,859,312	-	-	-	-	-	-	-	-
Nonspendable	-	-	742,158	647,965	633,768	641,407	608,024	635,193	744,270	686,020
Restricted	-	-	711,150	268,338	62,952	87,929	236,924	337,954	478,437	743,427
Committed	-	-	345,968	12,370	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	86,124	1,600,250	3,609,331	5,425,725
Unassigned	-	-	1,815,379	1,601,105	1,248,451	2,167,828	2,579,697	2,854,896	5,356,285	6,219,857
Total general fund	<u>\$ 4,182,877</u>	<u>\$ 3,992,114</u>	<u>\$ 3,614,655</u>	<u>\$ 2,529,778</u>	<u>\$ 1,945,171</u>	<u>\$ 2,897,164</u>	<u>\$ 3,510,769</u>	<u>\$ 5,428,293</u>	<u>\$ 10,188,323</u>	<u>\$ 13,075,029</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 709,288	\$ 118,061	\$ 140,088	\$ 105,175	\$ 74,271	\$ 107,168	\$ 117,749	\$ 124,406
Restricted	-	-	39,284,106	10,404,021	11,503,067	81,951,552	30,200,598	44,554,547	29,319,309	20,054,760
Reserved	59,017,377	43,748,872	-	-	-	-	-	-	-	-
Unassigned/ unreserved, reported in										(92,703)
Special revenue funds	385,059	537,111	(2,387)	(6,573)	(11,146)	-	-	-	-	-
Capital projects fund	25,061,705	17,271,309	-	-	-	-	-	-	-	-
Debt service fund	1,119,835	1,621,821	-	-	-	-	-	-	-	-
Total all other Governmental funds	<u>\$ 85,583,976</u>	<u>\$ 63,179,113</u>	<u>\$ 39,991,007</u>	<u>\$ 10,515,509</u>	<u>\$ 11,632,009</u>	<u>\$ 82,056,727</u>	<u>\$ 30,274,869</u>	<u>\$ 44,661,715</u>	<u>\$ 29,437,058</u>	<u>\$ 20,086,463</u>
Unreserved - operating account as a percentage of total expenditures	<u>2.2%</u>	<u>2.4%</u>	<u>3.5%</u>	<u>2.7%</u>	<u>2.1%</u>	<u>3.5%</u>	<u>3.9%</u>	<u>4.0%</u>	<u>7.5%</u>	<u>8.2%</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Local sources										
Taxes	\$ 18,061,922	\$ 20,048,440	\$ 22,707,049	\$ 18,604,245	\$ 19,447,043	\$ 17,011,473	\$ 18,435,002	\$ 19,760,259	\$ 23,872,061	\$ 24,531,942
Investment earnings	3,858,924	1,132,118	932,085	541,878	36,416	19,077	41,404	51,795	130,339	6,515,297
Other	6,900,847	5,688,939	10,361,597	6,381,291	6,762,590	6,977,896	7,038,338	7,211,671	7,913,479	71,502,100
State sources	49,627,894	46,265,828	49,473,885	56,222,625	56,960,408	61,867,230	65,949,189	67,133,709	68,836,128	2,686,517
Federal sources	2,232,872	6,456,523	3,405,891	3,057,327	2,323,160	2,452,865	2,464,518	2,590,661	2,665,713	2,108,886
Total revenues	<u>80,682,459</u>	<u>79,591,848</u>	<u>86,880,507</u>	<u>84,807,366</u>	<u>85,529,617</u>	<u>88,328,541</u>	<u>93,928,451</u>	<u>96,748,095</u>	<u>103,417,720</u>	<u>107,344,742</u>
Expenditures										
Current										
Administration	2,784,195	2,701,290	2,838,452	2,936,329	2,757,084	2,863,077	2,927,621	2,881,456	3,014,364	3,057,692
District support services	2,269,851	2,127,420	2,183,386	2,133,558	1,902,112	2,055,614	2,617,365	2,821,314	2,790,420	2,943,915
Elementary and secondary regular instruction	28,655,607	26,545,687	27,336,472	28,583,029	29,071,218	28,671,604	31,487,224	33,102,929	34,449,272	35,975,764
Vocational education instruction	326,669	631,690	578,780	592,817	591,705	532,579	559,061	884,011	966,774	1,050,905
Special education instruction	10,434,612	9,641,660	9,794,887	10,469,268	10,558,288	11,141,882	11,882,109	12,086,043	12,315,722	13,254,089
Instructional support services	4,016,157	3,189,990	3,650,148	3,543,324	2,887,935	3,352,488	3,404,650	3,678,163	3,554,687	3,821,769
Pupil support services	5,068,579	5,410,832	5,682,397	5,755,556	5,725,205	5,783,144	6,031,581	6,003,798	6,350,383	6,937,898
Sites and buildings	5,320,474	5,835,080	6,032,603	5,579,524	5,397,762	5,530,645	5,366,707	6,959,701	7,020,755	7,320,516
Fiscal and other fixed cost programs	114,430	134,620	200,678	235,465	311,549	269,291	239,589	226,217	223,268	239,653
Food service	2,549,785	2,632,808	2,859,571	2,833,874	3,019,151	2,932,891	3,048,119	3,042,965	3,037,950	3,237,249
Community service	3,284,913	3,532,809	3,894,751	3,971,963	4,595,830	4,638,784	4,535,037	4,571,286	4,780,764	5,181,735
Capital outlay	36,361,678	8,925,900	3,173,230	4,031,726	3,558,018	8,210,974	2,732,131	10,779,865	16,140,491	10,176,905
Debt service										
Principal	2,980,000	4,318,458	5,248,853	16,432,160	14,030,000	13,905,000	83,860,000	68,610,000	23,105,000	12,987,303
Interest and fiscal charges	13,683,867	13,409,540	12,853,976	10,225,384	9,935,729	9,451,173	10,191,851	8,361,414	8,049,807	7,633,625
Total expenditures	<u>117,850,817</u>	<u>89,037,784</u>	<u>86,328,184</u>	<u>97,323,977</u>	<u>94,341,586</u>	<u>99,339,146</u>	<u>168,883,045</u>	<u>164,009,162</u>	<u>125,799,657</u>	<u>113,819,018</u>
Excess of revenues under expenditures	(37,168,358)	(9,445,936)	552,323	(12,516,611)	(8,811,969)	(11,010,605)	(74,954,594)	(67,261,067)	(22,381,937)	(6,474,276)
Other financing sources (uses)										
Bonds issued	6,000,000	-	-	19,210,000	25,765,000	77,060,000	20,475,000	72,370,000	10,665,000	-
Premium on bonds issued	-	-	-	1,315,357	853,862	5,326,810	3,753,037	7,620,929	1,251,580	-
Debt service loans proceeds	-	-	-	-	-	-	-	-	-	-
Capital loan proceeds	-	-	-	-	-	-	-	-	-	-
Capital lease/certificates of participation	1,077,926	-	-	-	-	-	-	3,574,508	-	-
Proceeds from sale of assets	4,876	22,860	2,112	-	-	506	-	-	730	10,387
Debt retirement from escrow account	-	(13,285,000)	(24,120,000)	(38,569,121)	(17,275,000)	-	-	-	-	-
Total other financing sources (uses)	<u>7,082,802</u>	<u>(13,262,140)</u>	<u>(24,117,888)</u>	<u>(18,043,764)</u>	<u>9,343,862</u>	<u>82,387,316</u>	<u>24,228,037</u>	<u>83,565,437</u>	<u>11,917,310</u>	<u>10,387</u>
Net change in fund balances	<u>\$ (30,085,556)</u>	<u>\$ (22,708,076)</u>	<u>\$ (23,565,565)</u>	<u>\$ (30,560,375)</u>	<u>\$ 531,893</u>	<u>\$ 71,376,711</u>	<u>\$ (50,726,557)</u>	<u>\$ 16,304,370</u>	<u>\$ (10,464,627)</u>	<u>\$ (6,463,889)</u>
Debt services as a percentage of noncapital expenditures	19.09%	20.02%	21.15%	27.83%	26.07%	25.28%	55.96%	49.24%	26.38%	19.43%

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	
2009	5,985,319	366,432	11,710,171	18,061,922
2010	6,780,389	738,390	12,529,661	20,048,440
2011	9,044,587	929,522	12,732,940	22,707,049
2012	5,659,094	771,368	12,173,783	18,604,245
2013	6,255,571	771,368	12,305,153	19,332,092
2014	3,997,913	886,268	12,127,292	17,011,473
2015	5,038,654	971,308	12,425,040	18,435,002
2016	6,133,285	943,769	12,683,205	19,760,259
2017	8,146,799	1,330,982	14,394,280	23,872,061
2018	8,816,612	1,565,378	14,149,952	24,531,942

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	
2009	6,085,529	367,776	11,863,282	18,316,587
2010	6,813,122	371,894	12,898,003	20,083,019
2011	9,093,054	593,380	13,367,159	23,053,593
2012	5,619,114	399,820	12,411,603	18,430,537
2013	6,169,145	476,237	12,552,765	19,198,147
2014	3,960,769	281,363	12,642,712	16,884,844
2015	5,034,575	521,005	12,912,421	18,468,001
2016	6,085,082	501,239	13,001,115	19,587,436
2017	8,143,426	573,217	15,147,240	23,863,883
2018	8,862,586	664,062	15,119,738	24,646,386

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

Taxpayer	2018			2008*		
	Net Tax Capacity	Rank	Percentage Total City Tax Valuation	Net Tax Capacity	Rank	Percentage Total City Tax Valuation
Northern Natural Gas	\$ 907,214	1	3.14%	\$ 305,552	2	1.14%
Northern States Power co	530,912	2	1.83%	-	-	0.00%
Minnesota Pipeline Co	378,468	3	1.31%	-	-	-
Fulford Group LLC	291,324	4	1.01%	128,846	5	0.48%
Lakeville 22nd 2017 LLC	229,900	5	0.79%	-	-	-
Dakota Electric	175,008	6	0.60%	-	-	0.00%
MN Energy Resources Corp	171,168	7	0.59%	-	-	-
Country View LMTD Ptnshp	166,644	8	0.58%	134,133	4	-
Great River Energy	129,684	9	0.45%	-	-	-
Legacy Partners of Farmington LLC	110,686	10	0.38%	-	-	0.00%
CNV Old	-	-	-	663,631	1	2.48%
Builders Development & Finance Inc	-	-	-	164,027	3	0.61%
Uniprop Manufactured Housing Comm	-	-	-	121,447	6	0.45%
Farmington City Center LLC	-	-	-	108,954	7	0.41%
Dakota Storage LLC	-	-	-	88,276	9	0.33%
Castle Rock Development Inc	-	-	-	82,377	10	0.31%
Land LLC	-	-	-	93,088	8	0.35%
Total for ten largest principal taxpayers	<u>\$ 3,091,008</u>			<u>\$ 1,890,331</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>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Proposed 2018-19</u>
Governmental Unit										
ISD No. 192 (Farmington)	53.452%	52.157%	55.308%	57.226%	56.326%	53.474%	57.584%	54.269%	52.825%	51.284%
Overlapping Governments										
Dakota County	27.269%	29.149%	31.417%	33.421%	31.827%	29.633%	28.570%	28.004%	26.580%	25.364%
City of Farmington	49.274%	55.733%	63.093%	66.821%	65.876%	61.455%	59.239%	58.760%	57.161%	54.333%
City of Lakeville	36.624%	38.250%	39.051%	41.234%	40.696%	38.948%	38.669%	37.510%	36.419%	35.939%
ISD No. 192 Market Value Referendum Rate	0.152%	0.146%	0.140%	0.151%	0.111%	0.115%	0.191%	0.185%	0.185%	0.190%
Source: Dakota County										

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

For Taxes Collectible	Total Tax Levy for Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	19,904,838	8,442,262	42.41%	11,118,017	19,687,373	98.91%
2010	20,183,380	8,738,000	43.29%	11,132,876	19,870,876	98.45%
2011	19,637,823	8,016,000	40.82%	11,155,089	19,171,089	97.62%
2012	19,015,675	8,036,000	42.26%	10,998,231	19,034,231	100.10%
2013	18,916,187	7,946,000	42.01%	10,580,870	18,526,870	97.94%
2014	18,487,778	7,920,000	42.84%	10,399,621	18,319,621	99.09%
2015	19,469,129	8,566,000	44.00%	10,741,938	19,307,938	99.17%
2016	23,773,482	10,755,992	45.24%	12,830,141	23,586,133	99.21%
2017	24,371,918	10,487,046	43.03%	13,727,775	24,214,821	99.36%
2018	25,287,109	11,012,620	43.03%	N/A	11,012,620	N/A

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

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 write-off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report and Dakota County Certification Report.
through the District's year end of June 30.

**Tax Capacities and Estimated Actual Value of Taxable Property
Independent School District No. 192**

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
2009	24,933,539	5,320,233	681,897	276,401	878,772	29,780,496	0.49238	2,921,240,700	1.02%
2010	22,695,350	5,652,667	672,488	227,914	1,031,901	27,760,690	0.53452	2,731,917,100	1.02%
2011	20,771,306	5,348,988	963,216	143,056	1,084,353	25,856,101	0.52157	2,362,129,131	1.09%
2012	18,382,040	5,254,585	976,312	137,147	1,050,763	23,425,027	0.55308	2,296,409,991	1.02%
2013	17,128,253	5,384,965	1,029,198	130,805	1,012,882	22,398,729	0.57226	2,177,482,525	1.03%
2014	17,712,961	5,735,422	1,088,025	119,175	1,011,274	23,405,959	0.56326	2,234,391,750	1.05%
2015	20,184,962	5,813,109	1,271,132	117,407	1,002,736	26,149,060	0.57584	2,476,883,700	1.06%
2016	22,449,983	5,272,498	1,522,356	119,160	1,516,132	27,609,545	0.56932	2,652,339,678	1.04%
2017	23,783,035	5,462,965	1,629,262	197,793	1,743,705	28,933,764	0.54269	2,795,558,853	1.03%
2018	25,677,167	5,391,450	1,680,089	119,002	1,807,620	30,822,084	0.52825	2,982,321,475	1.03%

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
2009	284,303,393	19,821,192	70,539	-	791,987	304,987,111	28,848	10,572	25.65%
2010	266,816,650	20,959,034	74,702	-	538,529	288,388,915	32,886	8,769	20.47%
2011	237,301,662	22,162,364	79,111	-	274,676	259,817,813	33,215	7,822	17.55%
2012	214,773,235	-	-	-	-	214,773,235	33,547	6,402	13.85%
2013	209,856,465	-	-	-	-	209,856,465	33,883	6,194	12.94%
2014	277,935,874	-	-	-	-	277,935,874	33,308	8,344	17.13%
2015	216,014,017	-	-	-	-	216,014,017	35,320	6,116	12.10%
2016	225,851,900	-	-	-	-	225,851,900	35,943	6,284	12.08%
2017	212,543,310	-	-	-	-	212,543,310	36,096	5,888	10.83%
2018	198,361,229	-	-	-	-	198,361,229	36,125	5,491	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

<u>Year</u>	<u>G.O. Bonds</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Tax Capacity</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Estimated Population</u>	<u>Net Bonded Debt Per Capita</u>
2009	284,303,393	59,545,710	224,757,683	29,040,400	773.95%	28,848	7,791
2010	266,816,650	45,312,048	221,504,602	27,084,254	817.84%	32,886	6,736
2011	237,301,662	20,728,215	216,573,447	31,446,107	688.71%	33,215	6,520
2012	214,773,235	2,235,198	212,538,037	27,685,523	767.69%	33,547	6,336
2013	209,856,465	3,322,271	206,534,194	26,387,033	782.71%	33,883	6,096
2014	277,935,874	80,248,597	197,687,277	24,031,493	822.62%	33,308	5,935
2015	216,014,017	29,066,112	186,947,905	29,961,347	623.96%	35,320	5,293
2016	225,851,900	5,058,044	220,793,856	31,974,229	690.54%	35,943	6,143
2017	212,543,310	4,894,446	207,648,864	33,552,354	618.88%	36,096	5,753
2018	198,361,229	4,975,216	193,386,013	35,663,908	542.25%	36,125	5,353

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>
2009	2,980,000	13,683,867	16,663,867	59,393,302	28.1%
2010	4,065,000	13,377,057	17,442,057	56,933,841	30.6%
2011	4,985,000	12,831,889	17,816,889	58,990,656	30.2%
2012	16,157,484	10,214,118	26,371,602	60,838,578	43.3%
2013	14,030,000	9,935,729	23,965,729	60,629,052	39.5%
2014	13,905,000	9,451,173	23,356,173	61,596,274	37.9%
2015	83,860,000	10,191,854	94,051,854	66,212,648	142.0%
2016	68,610,000	8,361,414	76,971,414	71,929,450	107.0%
2017	23,105,000	8,049,807	31,154,807	70,974,849	43.9%
2018	12,050,000	7,616,578	19,666,578	76,019,244	25.9%

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

Independent School District No. 192
Direct and Overlapping Governmental Activities Debt
as of June 30, 2018
Last Ten Fiscal Years

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
City of Farmington	14,730,000	99.97%	14,724,924
City of Lakeville	91,540,000	8.51%	7,749,944
Metropolitan Council	185,340,000	0.88%	1,438,289
Subtotal, overlapping debt	291,610,000		23,913,157
Independent School District No. 192 - Direct Debt	188,285,000	100.00%	188,285,000
Total direct and overlapping debt			\$ 212,198,157

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

Dakota County has no applicable outstand debt to include-they called their 2007 bonds in 2016 of Farmington and Lakeville is as of August 2016.

Town of Empire-Last maturity date 02/01/18-debt paid off

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

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 409,903,605	\$ 380,394,990	\$ 353,897,014	\$ 344,461,499	\$ 326,622,379	\$ 386,941,701	\$ 386,203,545	\$ 413,801,133	\$ 435,863,771	\$ 462,330,681
Total net debt										
Applicable to limit	284,303,393	266,816,652	237,301,662	211,675,000	206,135,000	269,290,000	205,905,000	209,665,000	197,032,721	185,175,000
	<u>\$ 125,600,212</u>	<u>\$ 113,578,338</u>	<u>\$ 116,595,352</u>	<u>\$ 132,786,499</u>	<u>\$ 120,487,379</u>	<u>\$ 117,651,701</u>	<u>\$ 117,651,701</u>	<u>\$ 204,136,133</u>	<u>\$ 238,831,050</u>	<u>\$ 277,155,681</u>
Legal debt margin										
Total net debt applicable to the										
limit as a percentage of debt limit	69.36%	70.14%	67.05%	61.45%	63.11%	69.59%	53.32%	50.67%	45.21%	40.05%
Legal debt margin calculation for year 2018										
Market value						\$3,082,204,540				
Debt limit (15% of market value)						462,330,681				
Debt applicable to limit										
G.O. Bonds						185,175,000				
Total net debt applicable to limit						<u>185,175,000</u>				
Legal debt margin						<u>\$ 277,155,681</u>				

Note: Under State Finance Law, the District's outstanding G.O. debt should not exceed 15% of total market property value.

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>
2009	214,926	6.90%	7.20%
2010	234,344	6.70%	6.70%
2011	215,880	6.60%	6.90%
2012	221,488	5.00%	5.20%
2013	234,367	4.00%	4.80%
2014	225,408	3.90%	4.60%
2015	228,279	3.30%	3.80%
2016	237,777	3.60%	3.70%
2017	228,936	2.80%	2.90%
2018	235,627	2.00%	2.80%

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

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Farmington Public Schools	925	1	33.15%	800	1	29.66%
Federal Aviation Administration	498	2	17.85%	650	2	24.10%
Installed Building Solutionsw	230	3	8.24%			0.00%
Dakota Electric Association	200	4	7.17%	208	4	7.71%
Trinity Care Center and Trinity Terrace	181	5	6.49%	125	8	4.63%
Marschall Line Inc	175	6	6.27%	215	3	7.97%
Valmont Industries	154	7	5.52%	118	9	4.38%
City of Farmington	149	8	5.34%	101	10	3.74%
R & L Carriers	140	9	5.02%			
Kemps LLC	138	10	4.95%	134	7	4.97%
Bachmans Nursey	-	-	-	150	6	5.56%
River Valley Home Care	-	-	-	196	5	7.27%
Total	<u>2,790</u>			<u>2,697</u>		

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>
2009	28,848	1,189,201,104	41,223
2010	32,886	1,409,066,442	42,847
2011	33,215	1,480,060,400	44,560
2012	33,547	1,550,777,169	46,227
2013	33,883	1,621,504,848	47,856
2014	33,308	1,622,465,988	48,711
2015	35,320	1,785,108,120	50,541
2016	35,943	1,870,401,834	52,038
2017	36,096	1,962,142,464	54,359
2018	36,125	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, 2018

Meals	Number of Meals Served
Elementary full paid lunch	234,132
Secondary full paid lunch	274,547
Reduced price lunch	50,745
Free lunch	96,384
Adult lunch	12,779
	<hr/>
Total lunches served	668,587
	<hr/> <hr/>
Elementary full paid breakfast	78,644
Secondary full paid breakfast	8,946
Reduced price breakfast	12,513
Free breakfast	30,773
Adult breakfast	601
	<hr/>
Total breakfasts served	131,477
	<hr/> <hr/>

Data Source: Independent School District No. 192 District Office

Independent School District No. 192
School Facilities
as of June 30, 2018

Facility	Year Constructed	Years Of Addition	Grades Housed	Square Footage
Akin Road Elementary	1988	2017	K-5	95,275
Farmington Elementary	1954	1965, 1997, 2017	K-5	95,433
North Trail Elementary	1997		K-5	104,580
Meadowview Elementary	2002	2003, 2016	K-5	143,550
Riverview Elementary	1999		K-5	161,000
Dodge Middle School	1993	1997, 2006	G6-8	217,000
Boeckman Middle School	1973	1996, 2004	G6-8	266,000
Farmington High School (new Facility)	2010		G9-12	470,000
Instructional Services Center	1913	1929, 1961		95,320
District Services Center	1972			8,000

Data Source: Independent School District No. 192 District Office

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

Year Ended June 30,	Average Daily Membership (ADM) (including Enrollment Option)					Total Pupil Units
	Handicapped and Prekindergarten	Kindergarten	Elementary	Secondary	Total	
2009	84.43	518.94	3,114.03	2,637.93	6,355.33	7,232.54
2010	84.47	522.89	3,165.18	2,726.45	6,498.99	7,409.15
2011	87.82	465.43	3,205.57	2,762.47	6,521.29	7,579.79
2012	86.04	511.54	3,244.31	2,796.47	6,638.36	7,579.00
2013	83.93	529.58	3,328.85	2,813.92	6,756.28	7,699.77
2014	81.73	497.56	3,437.46	2,898.10	6,914.85	7,905.70
2015	119.60	503.27	3,448.20	3,015.92	7,086.99	7,690.17
2016	125.37	450.06	3,469.68	3,094.73	7,139.84	7,758.79
2017	122.97	469.65	3,398.24	3,172.86	7,163.72	7,798.29
2018	150.97	437.25	3,388.03	3,250.28	7,226.53	7,876.59

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

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

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

Source: State Department of Education Student Count Reports

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

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Capital Outlay	Total	Percent Increase (Decrease) from Prior Year
2009	2,784,195 4.7%	2,269,851 3.8%	28,655,607 48.2%	326,669 0.6%	10,434,612 17.6%	4,016,157 6.8%	5,068,579 8.5%	4,942,845 8.3%	114,430 0.2%	780,357 1.3%	59,393,302 100.0%	16.09%
2010	2,700,768 4.7%	2,127,420 3.7%	26,545,166 46.6%	631,690 1.1%	9,641,703 16.9%	3,189,990 5.6%	5,410,832 9.5%	5,332,307 9.4%	134,620 0.2%	1,218,345 2.1%	56,932,841 100.0%	-4.14%
2011	2,838,452 4.8%	2,469,326 4.2%	27,336,472 46.3%	578,780 1.0%	9,794,887 16.6%	3,650,148 6.2%	5,682,397 9.6%	5,729,994 9.7%	200,678 0.3%	709,522 1.2%	58,990,656 100.0%	3.61%
2012	2,936,329 4.8%	2,419,500 4.0%	28,583,029 47.0%	592,817 1.0%	10,469,268 17.2%	3,543,324 5.8%	5,755,556 9.5%	5,337,706 8.8%	235,465 0.4%	965,584 1.6%	60,838,578 100.0%	3.13%
2013	2,757,084 4.5%	1,902,112 3.1%	29,071,218 47.9%	591,705 1.0%	10,558,288 17.4%	2,887,935 4.8%	5,725,205 9.4%	5,201,116 8.6%	311,549 0.5%	1,622,840 2.7%	60,629,052 100.0%	-0.34%
2014	2,863,077 4.6%	2,055,614 3.3%	28,671,604 46.5%	532,579 0.9%	11,141,882 18.1%	3,352,488 5.4%	5,783,144 9.4%	5,356,602 8.7%	269,291 0.4%	1,569,993 2.5%	61,596,274 85.6%	1.60%
2015	2,927,621 4.4%	2,617,365 4.0%	31,487,224 47.6%	559,061 0.8%	11,882,109 17.9%	3,404,650 5.1%	6,031,581 9.1%	5,285,123 8.0%	239,589 0.4%	1,778,328 2.7%	66,212,651 100.0%	7.49%
2016	2,881,456 4.0%	2,821,314 3.9%	33,102,929 46.0%	884,011 1.2%	12,086,043 16.8%	3,678,163 5.1%	6,003,798 8.3%	5,187,913 7.2%	226,217 0.3%	5,057,606 7.0%	71,929,450 100.0%	8.63%
2017	3,014,364 4.2%	2,790,420 3.9%	34,449,272 48.5%	966,774 1.4%	12,315,722 17.4%	3,554,687 5.0%	6,350,383 8.9%	5,576,882 7.9%	223,268 0.3%	1,733,077 2.4%	70,974,849 100.0%	-1.33%
2018	3,057,692 4.1%	2,943,915 3.9%	35,975,764 47.9%	1,050,905 1.4%	13,254,089 17.7%	3,821,769 5.1%	6,937,898 9.2%	6,849,376 9.1%	239,653 0.3%	933,933 1.2%	75,064,994 100.0%	5.76%

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

	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
General fund										
Operating account	\$ 55,102,346	\$ 56,607,768	\$ 58,377,101	\$ 59,753,701	\$ 60,044,445	\$ 62,547,761	\$ 67,267,949	\$ 70,272,466	\$ 75,734,149	\$ 78,895,563
Special revenue funds										
Food service fund	2,535,820	2,760,908	2,908,993	2,935,710	2,959,723	2,921,134	3,288,477	3,356,767	3,305,150	3,296,858
Community service fund	3,236,917	3,492,951	3,877,738	4,055,920	4,578,216	4,962,197	4,710,170	4,853,691	4,992,301	5,052,018
Other nonmajor	-	381,029	354,393	386,001	407,649	604,468	454,784	441,421	762,420	908,874
Capital projects fund	3,179,654	217,796	4,361,765	68,104	31,628	1,759	20,527	3,155	284,836	311,946
Debt service fund - G.O. Bonds	16,627,722	16,131,395	17,000,517	17,607,930	17,507,956	17,291,222	18,186,544	17,820,595	18,338,864	18,879,483
Total revenues	\$ 80,682,459	\$ 79,591,847	\$ 86,880,507	\$ 84,807,366	\$ 85,529,617	\$ 88,328,541	\$ 93,928,451	\$ 96,748,095	\$ 103,417,720	\$ 107,344,742
Expenditures										
Current										
Operating account	\$ 59,393,302	\$ 56,933,841	\$ 58,990,656	\$ 60,838,578	\$ 60,629,052	\$ 61,596,274	\$ 66,212,648	\$ 71,929,450	\$ 70,974,849	\$ 76,019,244
Special revenue funds										
Food service fund	2,550,104	2,632,808	2,899,623	2,861,842	3,019,151	2,933,774	3,048,639	3,066,599	3,038,739	3,311,297
Community service fund	3,312,708	3,591,455	3,914,999	4,017,144	4,642,123	4,654,550	4,585,869	4,629,918	4,866,071	5,233,069
Other nonmajor	-	362,000	352,539	352,990	352,539	6,419,213	461,520	473,278	735,765	867,965
Capital projects fund	35,930,836	8,437,623	2,706,017	3,234,811	2,154,791	6,798,375	984,038	7,701,856	15,765,191	9,588,730
Debt service fund - G.O. Bonds	16,663,867	17,080,057	17,464,350	26,018,612	23,543,930	16,936,960	93,590,331	76,208,061	30,419,042	18,798,713
Total expenditures	\$ 117,850,817	\$ 89,037,784	\$ 86,328,184	\$ 97,323,977	\$ 94,341,586	\$ 99,339,146	\$ 168,883,045	\$ 164,009,162	\$ 125,799,657	\$ 113,819,018

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

	State Average		
	2017	2016	2017
Expenditures Per Student (ADM) (1)			
General Fund - Operating Account			
District and school administration	\$ 572	\$ 471	\$ 457
District support services	477	414	443
Elementary and secondary regular instruction	5,187	4,387	4,544
Vocational education instruction	156	123	133
Special education instruction	2,231	1,678	1,701
Instructional support services	643	417	395
Pupil support services	675	498	505
Sites and buildings, fiscal and other fixed			
Cost programs	1,607	1,224	1,264
Total general fund - operating account	11,548	9,212	9,442
Food service special revenue fund	546	426	421
Total pk - 12 operating expenditures	12,094	9,638	9,863
General fund - capital expenditure account	701	279	365
Community service special revenue fund	579	643	675
Capital projects fund	1,785	1,070	2,187
Debt service fund	1,382	10,583	4,321
Total expenditures per student	\$ 16,541	\$ 22,213	\$ 17,411
ADM Served	871,418	7,201	7,210

Source: Minnesota Department of Education School District Profiles

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District and school administration	\$ 2,787,546	\$ 2,704,197	\$ 2,845,999	\$ 2,941,589	\$ 2,759,636	\$ 2,866,365	\$ 2,930,774	\$ 2,883,950	\$ 3,018,672	\$ 3,069,552
District support services	2,762,881	2,511,483	2,478,833	2,625,824	2,894,569	3,086,200	3,833,572	7,608,508	4,017,005	3,292,442
Elementary and secondary regular instruction	28,738,636	26,656,521	27,426,744	28,704,749	29,221,257	28,821,609	31,687,670	33,184,413	34,658,925	36,243,033
Vocational education instruction	326,669	631,690	578,780	592,817	591,705	532,579	559,061	884,011	966,774	1,050,905
Special education instruction	10,452,274	9,884,859	9,821,738	10,480,975	10,582,999	11,148,251	11,890,967	12,100,803	12,330,895	13,300,567
Instructional support services	4,053,639	3,203,153	3,683,316	3,550,964	2,888,185	3,360,385	3,411,008	3,696,104	3,555,074	3,822,709
Pupil support services	5,060,097	5,410,832	5,682,397	5,755,556	5,725,205	5,783,144	6,031,581	6,003,798	6,350,383	6,937,898
Sites, buildings and equipment	5,097,131	5,796,486	6,272,171	5,950,639	5,653,947	5,728,450	5,628,426	5,341,646	5,853,853	7,108,235
Fiscal and other fixed cost programs	114,430	134,620	200,678	235,465	311,549	269,291	239,589	226,217	223,268	239,653
Total	<u>\$ 59,393,303</u>	<u>\$ 56,933,841</u>	<u>\$ 58,990,656</u>	<u>\$ 60,838,578</u>	<u>\$ 60,629,052</u>	<u>\$ 61,596,274</u>	<u>\$ 66,212,648</u>	<u>\$ 71,929,450</u>	<u>\$ 70,974,849</u>	<u>\$ 75,064,994</u>
Weighted ADM	7,233	7,409	7,471	7,579	7,700	6,915	7,690	7,759	7,798	7,877
District and school administration	\$ 385	\$ 365	\$ 381	\$ 388	\$ 358	\$ 415	\$ 381	\$ 372	\$ 383	\$ 390
District support services	382	339	332	346	376	446	499	981	510	418
Elementary and secondary regular instruction	3,974	3,598	3,671	3,787	3,795	4,168	4,121	4,277	4,400	4,601
Vocational education instruction	45	85	77	78	77	77	73	114	123	133
Special education instruction	1,445	1,334	1,315	1,383	1,374	1,612	1,546	1,560	1,566	1,689
Instructional support services	560	432	493	469	375	486	444	476	451	485
Pupil support services	700	730	761	759	744	836	784	774	806	881
Sites, buildings and equipment	705	782	840	785	734	828	732	688	743	902
Fiscal and other fixed cost programs	16	18	27	31	40	39	31	29	28	30
Total	<u>\$ 8,212</u>	<u>\$ 7,684</u>	<u>\$ 7,896</u>	<u>\$ 8,027</u>	<u>\$ 7,874</u>	<u>\$ 8,908</u>	<u>\$ 8,610</u>	<u>\$ 9,270</u>	<u>\$ 9,011</u>	<u>\$ 9,530</u>

Note: Includes all Governmental Funds.

Independent School District No. 192
Employees by Program Expense

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District and school administration	30	33	28	31	34	35	37	36	36	29
District support services	17	19	20	24	22	23	27	21	30	27
Elementary and secondary regular instruction	311	309	316	339	346	336	375	365	359	393
Vocational education instruction	9	10	10	9	9	8	7	8	12	16
Special education instruction	157	157	159	211	214	218	212	216	206	228
Community education and services	59	66	63	103	117	105	102	120	120	139
Instructional support services	22	27	35	26	31	31	31	36	33	31
Pupil support services	22	25	27	46	34	31	39	53	50	70
Sites, buildings and equipment	41	50	53	49	50	56	48	52	52	53
Food service	5	6	6	6	4	4	3	2	1	1
Total	<u>673</u>	<u>702</u>	<u>717</u>	<u>844</u>	<u>861</u>	<u>847</u>	<u>881</u>	<u>909</u>	<u>899</u>	<u>987</u>

Data Source: Independent School District No. 192 District Office

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