

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
LAKEVILLE, MINNESOTA**

**YEAR ENDED JUNE 30, 2017**

**PREPARED BY THE  
OFFICE OF BUSINESS SERVICES**

**ANDREW SARNOW  
DIRECTOR OF BUSINESS SERVICES**

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2017**

**INTRODUCTORY SECTION**

<b>LETTER OF TRANSMITTAL (UNAUDITED)</b>	<b>1</b>
<b>BOARD OF EDUCATION AND ADMINISTRATION</b>	<b>5</b>
<b>ORGANIZATIONAL CHART</b>	<b>6</b>
<b>CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING</b>	<b>7</b>

**FINANCIAL SECTION**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>8</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>11</b>

**BASIC FINANCIAL STATEMENTS**

<b>STATEMENT OF NET POSITION</b>	<b>24</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>25</b>
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>26</b>
<b>RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION</b>	<b>27</b>
<b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS</b>	<b>28</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES</b>	<b>29</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND</b>	<b>30</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – FOOD SERVICE FUND</b>	<b>31</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – COMMUNITY SERVICE FUND</b>	<b>32</b>
<b>STATEMENT OF NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND</b>	<b>33</b>
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND</b>	<b>34</b>
<b>STATEMENT OF CASH FLOWS – PROPRIETARY FUND – INTERNAL SERVICE FUND</b>	<b>35</b>
<b>STATEMENT OF FIDUCIARY NET POSITION</b>	<b>36</b>
<b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION</b>	<b>37</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>38</b>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

**REQUIRED SUPPLEMENTARY INFORMATION**

<b>SCHEDULES OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS</b>	<b>78</b>
<b>TRA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>	<b>79</b>
<b>TRA SCHEDULE OF DISTRICT'S CONTRIBUTIONS</b>	<b>80</b>
<b>GERF SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>	<b>81</b>
<b>GERF SCHEDULE OF DISTRICT'S CONTRIBUTIONS</b>	<b>82</b>
<b>SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY AND RELATED RATIOS – SUPPLEMENTAL PENSION PLAN</b>	<b>83</b>

**SUPPLEMENTARY INFORMATION**

<b>GENERAL FUND BALANCE SHEET</b>	<b>84</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>85</b>
<b>FOOD SERVICE FUND BALANCE SHEET</b>	<b>88</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>89</b>
<b>COMMUNITY SERVICE FUND BALANCE SHEET</b>	<b>90</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>91</b>
<b>CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND BALANCE SHEET</b>	<b>92</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>93</b>
<b>DEBT SERVICE FUND BALANCE SHEET</b>	<b>94</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL</b>	<b>95</b>
<b>UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE</b>	<b>96</b>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

**STATISTICAL SECTION (UNAUDITED)**

<b>NET POSITION BY COMPONENT</b>	<b>98</b>
<b>CHANGES IN NET POSITION</b>	<b>100</b>
<b>FUND BALANCES, GOVERNMENTAL FUNDS</b>	<b>102</b>
<b>CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS</b>	<b>104</b>
<b>ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY</b>	<b>106</b>
<b>DIRECT AND OVERLAPPING PROPERTY TAX RATES</b>	<b>107</b>
<b>PRINCIPAL PROPERTY TAXPAYERS</b>	<b>109</b>
<b>PROPERTY TAX LEVIES AND COLLECTIONS</b>	<b>110</b>
<b>OUTSTANDING DEBT BY TYPE</b>	<b>112</b>
<b>COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT</b>	<b>113</b>
<b>RATIO OF NET GENERAL OBLIGATIONS BONDED DEBT TO TAX CAPACITY AND NET OBLIGATION BONDED DEBT PER CAPITA</b>	<b>114</b>
<b>LEGAL DEBT MARGIN INFORMATION</b>	<b>115</b>
<b>DEMOGRAPHIC AND ECONOMIC STATISTICS</b>	<b>117</b>
<b>PRINCIPAL EMPLOYERS</b>	<b>118</b>
<b>FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE</b>	<b>119</b>
<b>SCHOOL BUILDING INFORMATION</b>	<b>120</b>
<b>STANDARDIZED TESTING</b>	<b>121</b>
<b>SUMMARY OF MEALS SERVED</b>	<b>122</b>
<b>SCHEDULE OF INSURANCE COVERAGE</b>	<b>123</b>

## **INTRODUCTORY SECTION**

October 17, 2017

To the Board of Education, citizens, and employees of  
Independent School District No. 194

## **INTRODUCTION**

The comprehensive annual financial report (CAFR) of Independent School District No. 194, Lakeville Area Public Schools (the District) is submitted for the fiscal year (FY) ended June 30, 2017. The District administration accepts total responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports.

The financial statements contained in this report disclose the financial position of the District as of June 30, 2017, and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

The District financial statements have been audited by CliftonLarsonAllen, LLP, a professional firm of certified public accountants. The independent auditors report is included in the Financial Section of this report. The auditors have given this report an unmodified (clean) opinion, meaning that the financial statements fairly present the ISD No. 194 financial position at June 30, 2017 and the changes in financial position for the year then ended.

In addition to the independent audit of the District's financial statements, the District is required to undergo an annual Federal Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

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 Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## Report Format

The CAFR is presented in three sections:

- **Introductory Section** – The introductory section contains this transmittal letter, an organizational chart, a list of Board of Education members and the Superintendent's Cabinet members.
- **Financial Section** – The financial section begins with the independent auditor's report. This section includes the MD&A; basic financial statements; required supplementary information; and combining and individual fund statements and schedules presented as supplementary information.
- **Statistical Section** – The statistical section, which is not audited, includes selected financial, demographic, and economic data, generally presented on a multi-year comparative basis.

## District Organization

Independent School District No. 194 is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of Lakeville Area Public Schools. A Superintendent is appointed by the School Board and is responsible for administrative control of the District. There are no other entities for which the District is considered financially accountable.

The District is an award-winning school district in the southern Twin Cities Metropolitan Area. The District serves approximately 11,000 students in Dakota and Scott counties, and covers 86 square miles, including most of Lakeville, parts of Burnsville and Elko New Market, and portions of Eureka, Credit River, Spring Lake and New Market townships.

The District is organized by grade level with elementary schools serving students in kindergarten through grade 5, middle schools serving grades 6-8, and the high school serving grades 9-12. During 2016-2017, the District operated 16 school buildings: 2 traditional high schools, an Area Learning Center site, 3 middle schools, 8 elementary schools, 1 early education program, and Community Education site. The average age of the District's facilities is approximately 29 years. The District comprises an area of 86 square miles and is located approximately 25 miles south of the City of Minneapolis.

## District Goals

District mission: Lakeville Area Public Schools is a partnership of students, families, staff, and community committed to excellence.

District Vision: world-class, personalized learning ensuring success for every student.

The District Strategic Plan focuses on the following goals:

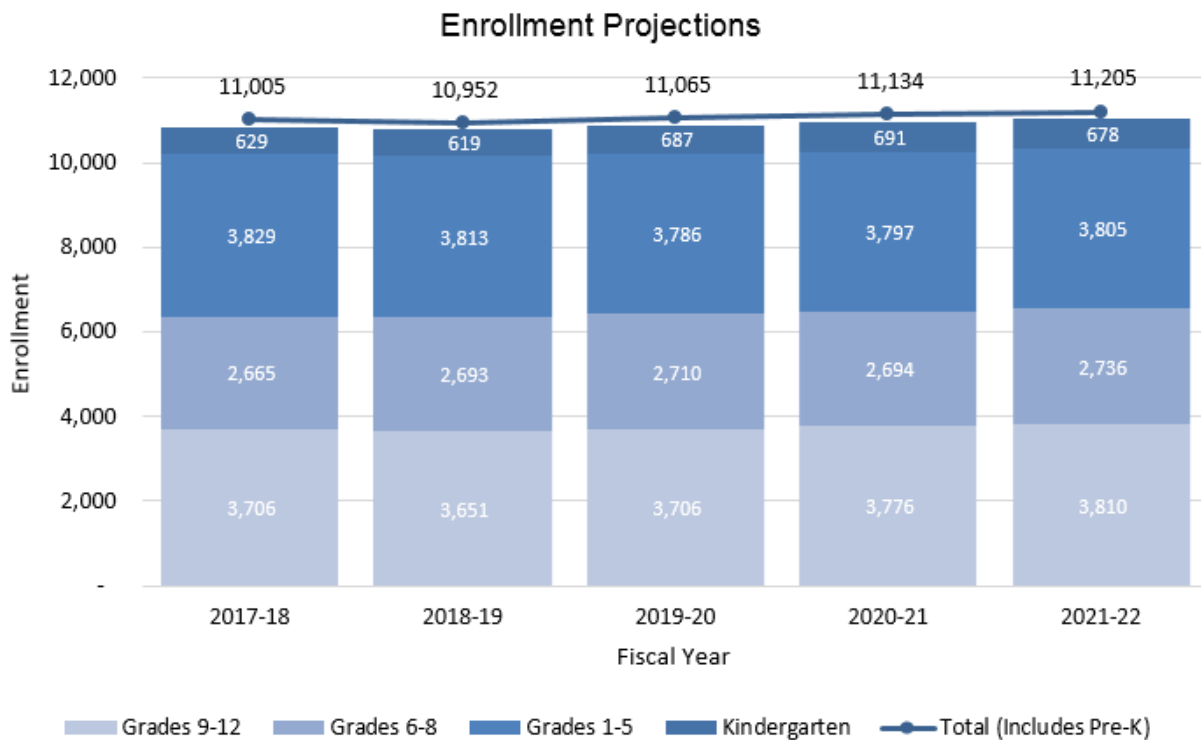
- Academic Achievement including 21st Century Skills & Knowledge
- Fiscal Responsibility
- Community Connectedness
- High Quality Workforce

## Student Enrollment

The District enrolled 10,942 in 2016-17. The District has an increasingly diverse population of students with a variety of needs. For the 2016–2017 school year, 81.4 percent of our students were white, 6.1 percent of the District’s student population were Hispanic, students of Asian descent comprised 4.5 percent, Multiracial students totaled 4.1 percent, Black students totaled 3.5 percent, American Indian students totaled 0.3 percent, and 0.1 percent were Hawaiian Pacific Islander.

## Enrollment Projection

The district 5-year enrollment is projected to remain fairly stable with a potential slight increase in the fourth and the fifth years.



## INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota Schools. UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report must be provided to the Minnesota Department of Education by December 31, subsequent to year-end on June 30.

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Reasonable assurance means the cost of controls is weighed against the benefits received. The District utilizes an integrated payroll/finance system for all financial recordkeeping.



Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. Each site and department administrator has access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility. The district administration receives and reviews monthly financial reports. These reports are also presented to the School Board and are publicly available as part of the School Board's meeting materials.

The District's budgeting process begins with a review and estimation of the projected student enrollment. Student enrollment is the main driver of the allocation of the unrestricted revenue resources. A majority of the budgeting decisions are made centrally including staffing, capital expenditures, and infrastructure improvements. Budget managers receive an allocation for site or department-specific needs.

Legal budgetary control is at the fund level; however, directors, principals, coordinators and other budget managers are responsible for monitoring their budget centers within each of the funds. All appropriations lapse at year-end.

### **LOCAL ECONOMIC CONDITION AND OUTLOOK**

The state of Minnesota's economy continues to show signs of recovery, though more moderate and slower than expected. The latest data from the State Department of Employment and Economic Development shows unemployment rate of 4%, compared to 4.9% nationally. The state net general fund revenues for the fiscal year that ended June 30, 2016, was \$220 million more than earlier forecast in February. The 2017 Legislative session increased K-12 funding in Minnesota for the biennium, including a 2.0% increase in the general education formula allowance.

The City of Lakeville continues to experience population growth. The City's latest population is 60,965. The unemployment rate is 3.0%. The City experienced high level of development in 2016. The City's building permits valuation was over \$200 million. The City led the metro area for single-family home permits for the fourth year in a row. This growth in home permits could potentially have a positive impact of the District enrollment growth.

### **ACKNOWLEDGMENTS**

We acknowledge the efforts of the entire Business Office staff in providing complete and accurate data for this CAFR.

Sincerely,



Michael Baumann  
Superintendent of Schools



Andrew A. Sarnow  
Executive Director of Business Services

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
BOARD OF EDUCATION AND ADMINISTRATION  
JUNE 30, 2017**

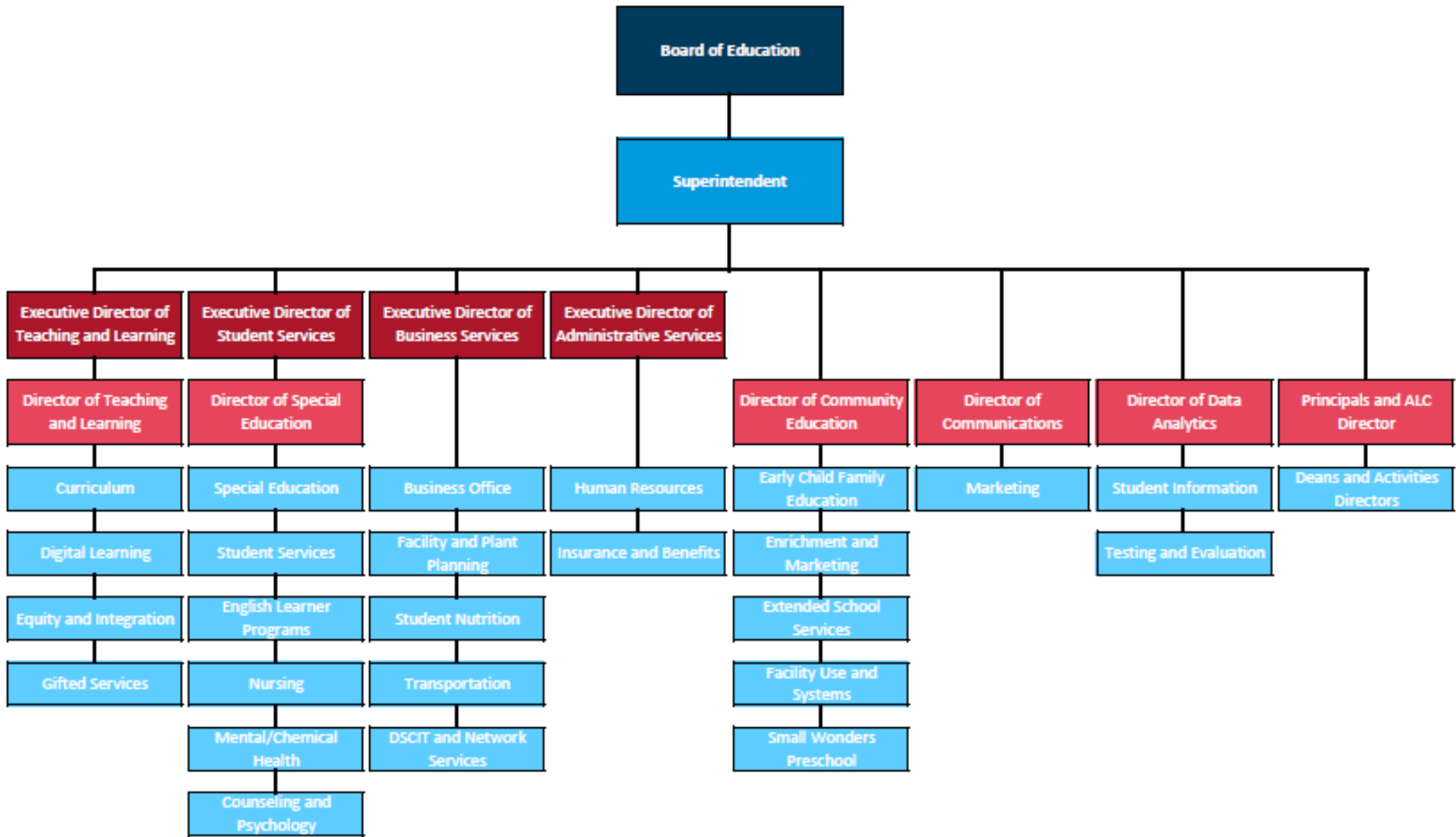
**BOARD OF EDUCATION**

<b><u>NAME</u></b>	<b><u>TERM ON BOARD EXPIRES</u></b>	<b><u>BOARD POSITION</u></b>
Michelle Volk	December 31, 2018	Chairperson
Terry Lind	December 31, 2020	Vice Chairperson
Kathy Lewis	December 31, 2018	Clerk
Bob Erickson	December 31, 2020	Treasurer
Judy Keliher	December 31, 2020	Director
Jim Skelly	December 31, 2018	Director

**ADMINISTRATION**

Michael Baumann	Superintendent of Schools
Andrew Sarnow	Executive Director of Business Services
Tony Massaros	Executive Director of Administrative Services
Dr. Emily McDonald	Executive Director of Teaching and Learning
Renaë Ouillette	Executive Director of Student Services

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
ORGANIZATIONAL CHART  
JUNE 30, 2017**



LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING  
JUNE 30, 2017



The Certificate of Excellence in Financial Reporting  
is presented to

**ISD No.194 Lakeville Area Public Schools**

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

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



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

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

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

John D. Musso, CAE  
Executive Director

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Lakeville Area Public Schools  
Independent School District No. 194  
Lakeville, 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 Lakeville Area Public Schools, as of and for the year ended June 30, 2017, and the related notes to the 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.

### ***Auditors' 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 auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lakeville Area Public Schools as of June 30, 2017, and the respective changes in financial position, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Food Service and Community Service funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

During fiscal year ended June 30, 2017, Lakeville Area Public Schools restated the beginning net position of governmental activities due to a prior period misstatement of severance benefits. See the detail of the prior period adjustment and restatement in Note 13. Our auditors' opinion was not modified with respect to the restatement.

During fiscal year ended June 30, 2017, Lakeville Area Public Schools adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. As a result of the implementation of this standard, Lakeville Area Public Schools reported a restatement for the change in accounting principle (see Note 13). Our auditors' opinion was not modified with respect to that matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for other postemployment benefits, TRA Schedule of the District's Proportionate Share of the Net Pension Liability, TRA Schedule of District's Contributions, GERS Schedule of the District's Proportionate Share of the Net Pension Liability, GERS Schedule of District's Contributions, and Schedule of Changes in the District's Total Pension Liability and Related Ratios – Supplemental Pension Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Independent School District No. 194's basic financial statements. The introductory section, the individual fund financial statements, the uniform financial accounting and reporting standards compliance table and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

**Other Matters (Continued)**

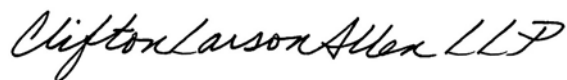
*Other Information (Continued)*

The individual fund financial statements and the uniform financial accounting and reporting standards compliance table are the responsibility of management and were derived from and relate 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 generally accepted in the United States of America. In our opinion, the individual fund financial statements and the uniform financial accounting and reporting standards compliance table are 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 October 17, 2017, on our consideration of Independent School District No. 194's internal control over financial reporting and on 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 Independent School District No. 194'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 Independent School District 194's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
October 17, 2017



## **REQUIRED SUPPLEMENTARY INFORMATION**

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

This section of Independent School District No. 194's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the district's financial statements, which immediately follow this letter.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Government Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

### **Financial Highlights**

Key financial highlights for the 2016-2017 fiscal year include the following:

- The District's liabilities and deferred inflows exceeded assets and deferred outflows at June 30, 2017 resulting in a net position of (\$117,566,942).
- The District's total net position decreased by a net of \$22,206,033 during the fiscal year ended June 30, 2017, which includes a restatement to beginning net position for the implementation of GASB Statement No. 73 and for severance benefits as well as activity related to the change in the District's net pension liability.
- At June 30, 2017, the District's governmental funds reported a combined ending fund balance of \$30,177,061, a decrease of \$62,418,164 from the prior year. Most of this decrease related to a \$61.9 million payment to a refunded bond escrow agent to refund the 2006D bonds. The proceeds were received in 2016 from the issuance of the 2016A School Building Refunding Bonds, but they were held as cash with fiscal agent by the District until fiscal year 2017 when the funds were used for the refunding.

### **Overview of the Financial Statements**

The financial section of the annual report consists of four parts: Independent Auditors' Report, Required Supplementary Information which includes MD&A (this section), the basic financial statements, and supplementary information. The basic financial statements include several statements that present different views of the District:

- The ***district-wide financial statements***, including the *Statement of Net Position* and the *Statement of Activities*, 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 district-wide statements.
- ***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.
- ***Proprietary funds statements*** offer short- and long-term financial information about the activities the District operates like businesses.
- ***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 to whom the resources belong.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

**Government-Wide Statements**

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

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the sum of the District's assets and deferred outflows of resources and the sum of liabilities and 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 deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial 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 shown in one category:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

**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 may establish other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

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 readily be 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 to 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, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Fund* – The District maintains one type of proprietary fund. The Internal Service Fund is used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Fund to account for its dental and health self-insurance programs. These services have been included within the governmental activities in the government-wide financial statements.
- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial and governmental fund statements because the District cannot use these assets to finance its operations.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

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

**Net Position**

The District's *combined* net position was a deficit of \$117,566,942 on June 30, 2017. This was a decrease of \$27,981,983 from the June 30, 2017 restated deficit of \$89,584,959.

A large part of the District's net position is the investment in capital assets (land, buildings and equipment) less depreciation and the related debt outstanding that was used to acquire the assets. The District uses the capital assets to provide educational services to students. These are not capital assets available for future spending. Even though the District's investment in capital assets is reported net of the related debt, the resources needed to repay this debt must be provided from other sources because the capital assets cannot be used to liquidate these liabilities.

**Table A-1  
The District's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2017	2016	
Current and Other Assets	\$ 86,865,036	\$ 145,709,557	(40.38)%
Capital Assets	116,895,320	120,914,352	(3.32)
Total Assets	<u>203,760,356</u>	<u>266,623,909</u>	(23.58)
Deferred Outflows of Resources	172,066,421	17,897,800	861.38
Current Liabilities	17,529,256	14,328,209	22.34
Long-Term Liabilities	430,138,873	314,481,693	36.78
Total Liabilities	<u>447,668,129</u>	<u>328,809,902</u>	36.15
Deferred Inflows of Resources	<u>45,625,956</u>	<u>51,072,716</u>	(10.66)
Net Position:			
Net Investment in Capital Assets	(15,018,728)	(21,049,511)	(28.65)
Restricted	6,476,043	4,251,000	52.34
Unrestricted	(108,924,623)	(78,562,398)	38.65
Total Net Position	<u>\$ (117,467,308)</u>	<u>\$ (95,360,909)</u>	23.18

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**Changes in Net Position**

In Table A-2, Change in Net Position, operations are reported on a governmental-wide basis with no reference to funds.

**Table A-2  
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2017	2016	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 10,890,727	\$ 10,461,809	4.10 %
Operating Grants and Contributions	22,702,860	16,144,210	40.63
Capital Grants and Contributions	808,196	2,977,985	(72.86)
<u>General Revenues</u>			
Property Taxes	43,633,121	38,042,130	14.70
Unrestricted State Aid	82,053,087	76,899,607	6.70
Investment Earnings	269,588	107,590	150.57
Other	1,376,764	1,377,755	(0.07)
Total Revenues	<u>161,734,343</u>	<u>146,011,086</u>	10.77
<b>Expenses</b>			
Administration	8,919,475	6,626,754	34.60
District Support Services	4,656,743	3,373,880	38.02
Regular Instruction	88,816,527	60,086,927	47.81
Vocational Education Instruction	1,333,877	846,403	57.59
Special Education Instruction	32,763,375	24,436,603	34.07
Instructional Support Services	9,641,362	6,266,543	53.85
Pupil Support Services	13,159,319	10,686,900	23.14
Sites and Buildings	14,128,837	12,412,434	13.83
Fiscal and Other Fixed Cost Programs	323,765	338,883	(4.46)
Food Service	5,238,913	5,402,250	(3.02)
Community Service	6,528,555	5,986,610	9.05
Interest and Fiscal Charges on Long-Term Liabilities	4,105,944	6,268,214	(34.50)
Total Expenses	<u>189,616,692</u>	<u>142,732,401</u>	32.85
<b>Change in Net Position</b>	(27,882,349)	3,278,685	
Beginning Net Position	(95,360,909)	(98,639,594)	
Prior Period Adjustment	5,775,950	-	
Beginning Net Position, as Restated	<u>(89,584,959)</u>	<u>(98,639,594)</u>	
Ending Net Position	<u>\$ (117,467,308)</u>	<u>\$ (95,360,909)</u>	

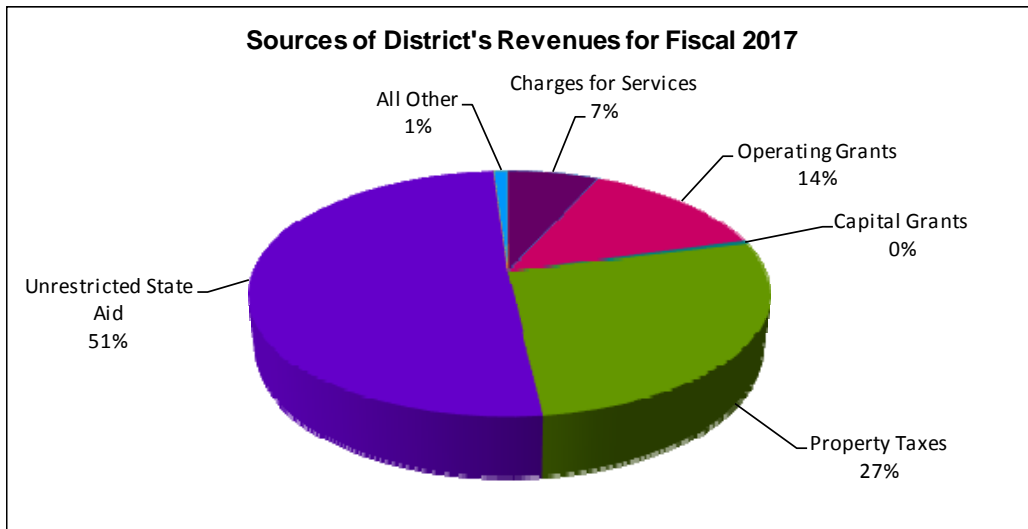
Total revenues were \$161,734,343 while total expenses were \$189,716,326 decreasing net position by \$27,981,983, prior to the impact of the prior period adjustment.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

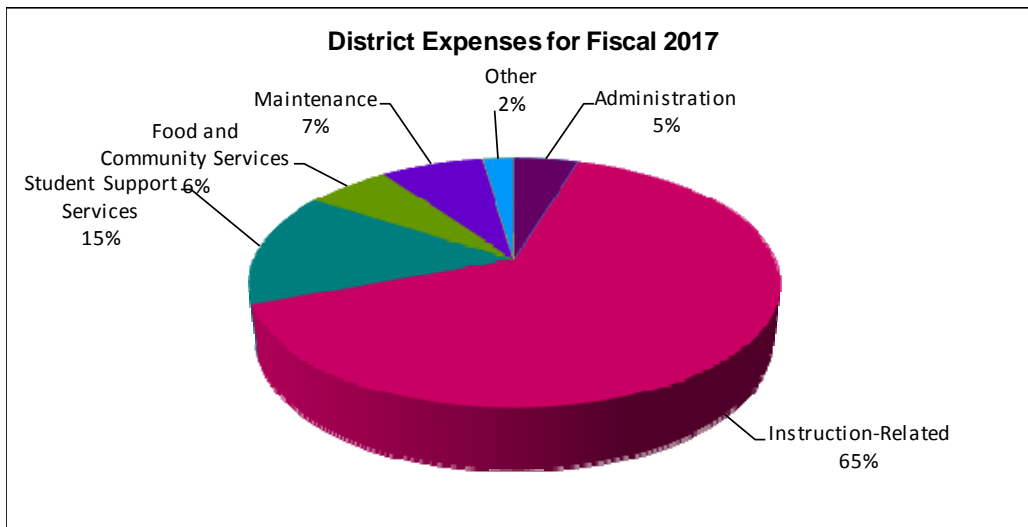
The cost of all *governmental* activities this year was \$189,616,692.

- A portion of the cost was paid by the users of the District's programs (Table A-2, Charges for Services, \$10,890,727). The majority of this category, \$8.2 million, comes from food service meal sales and community education class tuition.
- The federal and state governments subsidized certain programs with grants and contributions (Table A-2, Operating and Capital Grants and Contributions, \$22,702,860).
- Most of the District's costs were supported by local property taxes, unrestricted state aid, investment earnings, and other general revenues. Governmental activities were sustained by accessing \$43,633,121 in property taxes, \$82,053,087 of unrestricted state aid, and with investment earnings and other general revenues.

**Figure A-1**



**Figure A-2**



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

All governmental activities include not only funds received for the general operation of the District, which are used for classroom instruction, but also include resources from the entrepreneurial-type funds of Food Service and Community Education. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance general operation resources. The District cannot take funds from these restricted areas and use the funds to enhance instruction-related programs.

Table A-3, seen below, presents the cost of twelve major District activities such as, instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and others. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

**Table A-3  
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2017	2016		2017	2016	
Administration	\$ 8,919,475	\$ 6,626,754	34.60 %	\$ 8,269,305	\$ 6,234,003	32.65 %
District Support Services	4,656,743	3,373,880	38.02	4,636,823	3,357,231	38.11
Regular Instruction	88,816,527	60,086,927	47.81	84,295,048	57,915,581	45.55
Vocational Education Instruction	1,333,877	846,403	57.59	1,222,206	787,338	55.23
Special Education Instruction	32,763,375	24,436,603	34.07	15,933,602	10,964,776	45.32
Instructional Support Services	9,641,362	6,266,543	53.85	9,434,800	6,133,826	53.82
Pupil Support Services	13,159,319	10,686,900	23.14	12,938,209	10,686,900	21.07
Sites and Buildings	14,128,837	12,412,434	13.83	13,520,166	9,939,342	36.03
Fiscal and Other Fixed Cost Programs	323,765	338,883	(4.46)	323,765	338,883	(4.46)
Food Service	5,238,913	5,402,250	(3.02)	(228,309)	150,072	(252.13)
Community Service	6,528,555	5,986,610	9.05	1,175,037	784,361	49.81
Interest and Fiscal Charges on Long-Term Liabilities	4,105,944	6,268,214	(34.50)	3,694,256	5,856,084	(36.92)
Total	<u>\$ 189,616,692</u>	<u>\$ 142,732,401</u>	32.85	<u>\$ 155,214,909</u>	<u>\$ 113,148,397</u>	37.18

The cost of all governmental activities this year was \$189,616,692, an increase of \$46,884,291 over the prior year. After applying program specific revenue, the net cost of all governmental activities this year was \$155,214,909 or an increase of \$42,066,512 from the prior year. This was primarily due to the large increase in the net pension liability of both TRA and PERA, and the District's corresponding increase in their proportionate share of the net pension liability. As a result of these increases and the related expenses the District's pension expense increased more than \$33.3 million from 2016 to 2017.

**Financial Analysis of the District's Funds**

The financial performance of the District as a whole is reflected in its governmental funds. The General, Community Service, and Capital Projects-Building Construction and Debt Service Funds had more expenditures and financing uses than revenues and financing sources in 2016-17. The Capital Projects Fund had planned deficit spending with a large payment to a refunded bond escrow agent during the year. At the end of the 2016-17 fiscal year, the District's governmental funds reported combined fund balances (nonspendable, restricted, committed, assigned, and unassigned) of \$30,177,061, a net decrease in fund balances of \$62,418,164. Most of this decrease related to a \$61.9 million payment to a refunded bond escrow to refund the District's 2006D School Building Bonds. The funds used to make this payment came from proceeds from the issuance of the 2016A School Building Refunding Bonds issued in fiscal year 2016.



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

Revenues of \$158,102,835 plus other financing sources of \$1,756,767 for the District's governmental funds totaled \$159,859,602, while total expenditures and other financing uses were \$222,277,766. As a result, the District completed the year with a net change in fund balances of \$62,418,164.

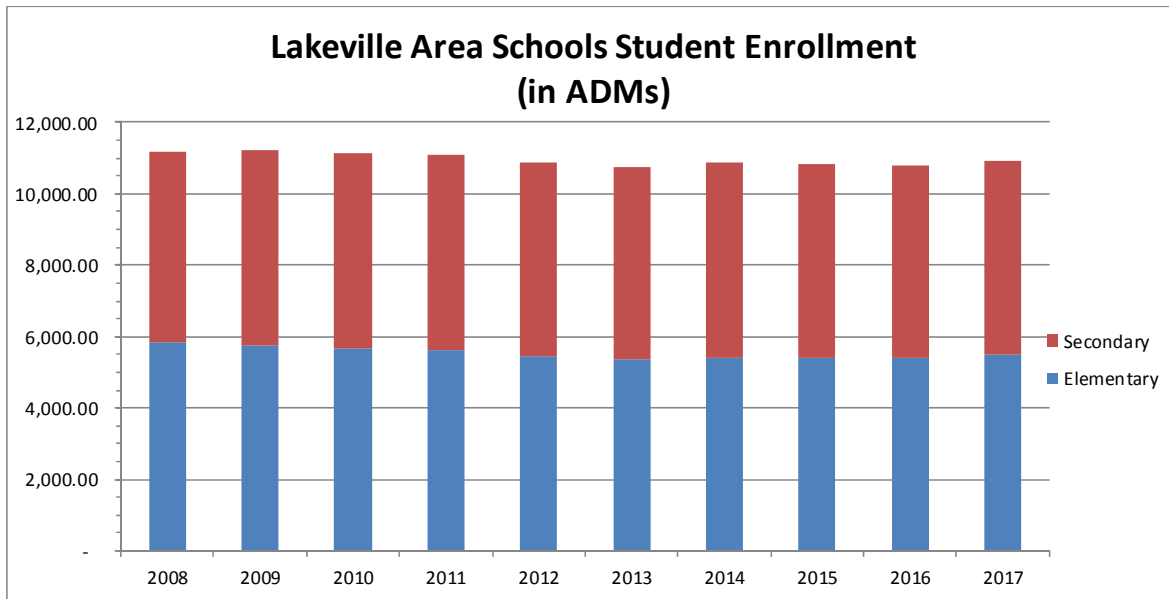
**General Fund**

The General Fund is used to account for all revenues and expenditures of the District not accounted for elsewhere. The General Fund is used to account for: K-12 educational activities; District instructional and student support programs; expenditures for the superintendent; District administration; normal operations and maintenance; pupil transportation; capital expenditures; and legal school District expenditures not specifically designated to be accounted for in any other fund.

**ENROLLMENT**

Enrollment is a critical factor in determining revenue with approximately 70% of General Fund revenue being determined by enrollment. The District has experienced relatively consistent enrollment during the last five years. The following chart shows the number of students served over the past ten years.

**Table A-4  
Average Daily Membership (ADM)**



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Pre-K & KH	111	110	111	108	111	101	114	154	162	147
Reg K	703	668	649	631	603	565	577	583	596	581
Elementary	5,006	4,970	4,906	4,881	4,724	4,681	4,710	4,656	4,635	4,784
Secondary	5,372	5,466	5,476	5,486	5,440	5,420	5,475	5,446	5,386	5,430
<b>Total Students for Aid</b>	<b>11,193</b>	<b>11,214</b>	<b>11,142</b>	<b>11,106</b>	<b>10,879</b>	<b>10,767</b>	<b>10,876</b>	<b>10,839</b>	<b>10,779</b>	<b>10,942</b>
Percentage Change	0.94%	0.19%	-0.64%	-0.33%	-2.05%	-1.03%	1.02%	-0.34%	-0.56%	1.51%

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

The following schedule presents a summary of General Fund Revenues.

**Table A-5  
General Fund Revenues**

	Year Ended		Change	
	June 30, 2017	June 30, 2016	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 26,047,699	\$ 20,793,410	\$ 5,254,289	25.3 %
Earnings on Investments	130,551	9,600	120,951	1259.9
Other	4,167,432	3,784,470	382,962	10.1
State Sources	95,819,360	90,629,655	5,189,705	5.7
Federal Sources	2,729,768	2,508,216	221,552	8.8
Total General Fund Revenue	<u>\$ 128,894,810</u>	<u>\$ 117,725,351</u>	<u>\$ 11,169,459</u>	9.5

General Fund revenue increased by \$11,169,459 or 9.5% from the previous year.

Property Taxes increased by \$5,254,289. The majority of this increase is the result of two main factors:

1. The district successfully passed a referendum in 2015, this provided additional Operating Funds to reduce high school class size as well as restoring elementary art and fifth grade band. In addition to providing operating funds, the referendum also provided approximately 2 million dollars per year in capital project funds which are being used to sustain safety and security measures at the schools, provide STEM resources and programming at all grade levels, and provide and maintain classroom technology resources and infrastructure.
2. The Minnesota Legislature provided a new funding source for maintaining and repairing school facilities called Long-Term Facilities Maintenance, which resulted in approximately 1 million in additional property tax revenues.

State Sources increased \$5,189,705. The majority of this increase is the result of three main factors:

1. An increase of 2.2 million in general education aid, primarily due to an increase of approximately 150 ADM used to calculate the aid and a 2 percent or \$119 increase in the per pupil formula allowance.
2. An increase of 1.8 million for Quality Compensation (Q-Comp) as a result of the district enrolling in the program, the goal of which is to improve teacher performance based on an approved plan submitted to the Minnesota Department of Education.
3. An increase of 2.3 million in state special education aid.

Federal Revenue is recorded in the year in which the related expenditure is made. Federal sources increased by \$221,552 or 8.8%.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

General Fund Revenue is received in two major categories. In summary, the two categories are:

1. State Education Finance Appropriations

A. General Education Aid – The largest share of the education finance appropriation, general education aid, is intended to provide the basic financial support for the education program and is enrollment driven.

B. Categorical Aids – Categorical revenue formulas are used to meet costs of that program (i.e. special education) or promote certain types of programs (i.e., career and technical aid, adult basic education aid).

2. Property Tax Levies

The largest share of the levy is from voter-approved levies: the excess operating referendum which is also enrollment driven.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6  
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2017	June 30, 2016	Increase (Decrease)	Percent Change
Salaries	\$ 73,059,542	\$ 67,610,411	\$ 5,449,131	8.1 %
Employee Benefits	29,128,474	28,431,953	696,521	2.4
Purchased Services	15,010,092	13,068,649	1,941,443	14.9
Supplies and Materials	3,943,723	3,206,895	736,828	23.0
Capital Expenditures	4,305,607	3,288,254	1,017,353	30.9
Debt Service	1,568,619	871,274	697,345	80.0
Other Expenditures	1,237,329	884,100	353,229	40.0
Total General Fund Expenditures	<u>\$ 128,253,386</u>	<u>\$ 117,361,536</u>	<u>\$ 10,891,850</u>	9.3

Total General Fund expenditures increased \$10,891,850 or 9.3% from the previous year.

Overall salaries increased by \$5,449,131 or 8.1% over the prior year due to increases in staffing as a result of the operating referendum which was used reduce high school class size and restore elementary art and fifth grade band. In addition to an increase in stipends paid out based on the approved Q-Comp plan as well as negotiated cost-of-living adjustments and related contractual settlements.

Employee benefits increased \$696,521 or 2.4% over the previous year due to the increase in health insurance contribution and the recognition of the TRA pension expense.

Purchased services increased \$1,941,443 or 14.9% primarily the result of 3 main factors:

1. Shift in agreements with local community colleges to pay for Postsecondary Enrollment Options (PSEO)
2. Additional routes and trips added which resulted in higher transportation costs.
3. Increase in payments to contracted consultants for special education services.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**General Fund Budgetary Highlights**

The District is required to adopt an operating budget prior to the beginning of its fiscal year (July 1) and is referred to as the original budget. Over the course of the year, the District revised its annual operating budget to the appropriate levels. The budget amendments typically fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants, adjusting staffing and various instructional allocations to the schools based on actual enrollment and unspent funds carried over from fiscal year 2015-16.
  
- Increase in appropriations for significant unbudgeted costs.

While the District anticipated that the net change in fund balance would be a decrease of \$6,524,387, total fund balance increased by \$2,398,191 resulting in a total fund balance of \$20,254,605 at June 30, 2017. The unassigned portion of the fund balance in the General Fund is 9.73% of expenditures. Revenue was over budget by 4.39% or \$5,423,791. The variance is primarily due to the net effect of a few items. The District received \$3,568,571 more in State sources than budgeted mostly due to conservative budgeting of state special education aid and approximately 150 additional ADMs then were initially projected. Other local sources were \$1,623,198 over budget primarily due to conservative estimates for the schools fundraising and miscellaneous revenues. Federal sources were over budget by \$62,113.

**Food Service Fund**

The Food Service Fund revenue for 2016-17 totaled \$5,474,395 and expenditures were \$5,236,443. The June 30, 2017 fund balance is \$1,776,179, an increase of \$237,952 from fiscal year 2016. A decrease in fund balance of \$149,150 from 2016 was budgeted, but there was an increase in fund balance primarily due to meal sales and federal sources generating more revenue than budgeted combined with less expenditures than budgeted. As a result the change in fund balance was \$387,102 more than budgeted.

**Community Service Fund**

The Community Service Fund revenue for 2016-17 totaled \$6,335,058 and expenditures were \$5,958,803. The June 30, 2017 fund balance is \$1,189,947, an increase of \$376,255 from fiscal year 2016. Actual revenues were 2.2% or \$138,058 greater than budgeted and expenditures were 3.8% or \$237,507 under budget. An increase in total fund balance of \$690 from 2016 was budgeted.

**Capital Projects - Building Construction Fund**

The Capital Projects - Building Construction Fund revenue for 2016-17 totaled \$34,426 which consisted of investment earnings. The June 30, 2017 fund balance of \$3,571,597 is restricted for alternative facilities and long-term facilities maintenance.

**Debt Service Fund**

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction for initial or refunding bonds. In 2017 the fund had a \$61.9 million payment to a refunded bond escrow agent to refund the District's 2006B Building bonds. The June 30, 2017 total fund balance ended at \$3,384,733, a decrease of \$61,871,674 from fiscal year 2016. The total fund balance is restricted for debt payments related to regular bond sales.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of June 30, 2017, the District had invested just under \$246.7 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was approximately \$7.0 million.

**Table A-7  
Capital Assets**

	2017	2016	Percentage Change
Land	\$ 5,022,023	\$ 5,022,023	-
Construction in Progress	1,105,376	2,644,312	(58.2)
Land Improvements	27,569,234	27,751,522	(0.7)
Buildings and Improvements	186,375,046	184,980,275	0.8
Equipment	26,584,746	35,893,919	(25.9)
Less: Accumulated Depreciation	(129,761,105)	(135,377,699)	(4.1)
Total Capital Assets	<u>\$ 116,895,320</u>	<u>\$ 120,914,352</u>	(3.3)

**Long-Term Liabilities**

At year-end, the District had a total net amount of \$135,421,691 in general obligation bonds outstanding as shown in Note 5 to the financial statements. The District had \$3,360,938 in obligations under capital leases, an increase of \$262,724. The District also had an estimated total of \$271,239,461 in net pension liabilities for all of the District's pension plans, an increase of \$194,027,034 largely as a result of changes in assumptions by the state administered pension plans, TRA and PERA. Lastly, the District had a net OPEB obligation of \$12,866,312, compensated absences payable of \$269,432, and severance benefits payable of \$6,861,039 at June 30, 2017.

**Table A-8  
The District's Long-Term Liabilities**

	2017	2016	Percentage Change
General Obligation Bonds	\$ 121,250,000	\$ 193,815,000	(37.4)%
Net Bond Premium and Discount	14,171,691	17,406,590	(18.6)
Capital Leases Payable	3,360,938	3,098,214	8.5
Net Pension Liability	271,359,461	77,332,427	250.9
Other Postemployment Benefits Payable	12,866,312	11,322,918	13.6
Severance Benefits Payable	6,861,039	4,777,342	43.6
Compensated Absences Payable	269,432	290,434	(7.2)
Total Long-Term Liabilities	<u>\$ 430,138,873</u>	<u>\$ 308,042,925</u>	39.6
Long-Term Liabilities:			
Due Within One Year	\$ 14,338,818	\$ 17,084,255	
Due in More Than One Year	415,800,055	290,958,670	
Total	<u>\$ 430,138,873</u>	<u>\$ 308,042,925</u>	

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

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

With the exception of the voter-approved operating referendum and capital project levy, the District is dependent on the state of Minnesota for its revenue authority.

The state's budget outlook has improved steadily since 2012 and the Minnesota Department of Management and Budget's February 2017 forecast calls for the continual improvement over the next several years, but at a slower pace.

For 2017, the Legislature approved an increase to the funding formula of 2%. The funding formula has been below the current annual rate of inflation for the last twenty years. Accordingly, the District continues to utilize sophisticated enrollment and financial planning tools, along with detailed and conservative budgeting and budget monitoring processes. The District will continue to seek all available sources of funding, respond to enrollment increases, balance revenue to expenditures, and maintain systems that ensure financial stability.

**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 Finance Department, Independent School District No. 194, 8670 – 210<sup>th</sup> Street West, Lakeville, Minnesota 55044.

## **BASIC FINANCIAL STATEMENTS**

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

**ASSETS**

Cash and Investments	\$	48,896,447
Cash with Fiscal Agent		1,660
Receivables:		
Property Taxes		23,626,449
Other Governments		12,964,719
Other		582,536
Prepaid Items		671,202
Inventories		122,023
Capital Assets:		
Land and Construction in Progress		6,127,399
Other Capital Assets, Net of Depreciation		110,767,921
Total Assets		203,760,356

**DEFERRED OUTFLOWS OF RESOURCES**

Losses on Debt Refunding		2,738,217
Deferred Outflows - Pensions		169,328,204
Total Deferred Outflows		172,066,421

**LIABILITIES**

Salaries Payable		12,011,019
Accounts and Contracts Payable		2,617,755
Accrued Interest		2,192,090
Unearned Revenue		708,392
Long-Term Liabilities:		
Net Pension Liability		271,359,461
Other Postemployment Benefits Payable		12,866,312
Bonds, Capital Leases, and Other Due Within One Year		14,338,818
Bonds, Capital Leases, and Other Due in More Than One Year		131,574,282
Total Liabilities		447,668,129

**DEFERRED INFLOWS OF RESOURCES**

Property Taxes Levied for Subsequent Year		40,499,843
Gains on Debt Refunding		584,596
Deferred Inflows - Pensions		4,541,517
Total Deferred Inflows of Resources		45,625,956

**NET POSITION**

Net Investment in Capital Assets		(15,018,728)
Restricted for:		
General Fund Operating Capital Purposes		312,972
General Fund State-Mandated Reserves		1,988,565
Food Service		1,645,938
Community Service		1,195,480
Debt Service		1,333,088
Unrestricted		(108,924,623)
Total Net Position		\$ (117,467,308)

See accompanying Notes to Basic Financial Statements.



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017**

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
					Total Governmental Activities
<b>Governmental Activities</b>					
Administration	\$ 8,919,475	\$ 422,939	\$ 220,629	\$ 6,602	\$ (8,269,305)
District Support Services	4,656,743	-	19,920	-	(4,636,823)
Regular Instruction	88,816,527	1,942,141	2,563,244	16,094	(84,295,048)
Vocational Education Instruction	1,333,877	-	111,671	-	(1,222,206)
Special Education Instruction	32,763,375	68,036	16,761,737	-	(15,933,602)
Instructional Support Services	9,641,362	-	199,684	6,878	(9,434,800)
Pupil Support Services	13,159,319	-	221,110	-	(12,938,209)
Sites and Buildings	14,128,837	241,484	252	366,935	(13,520,166)
Fiscal and Other Fixed Cost Programs	323,765	-	-	-	(323,765)
Food Service	5,238,913	3,788,955	1,678,267	-	228,309
Community Service	6,528,555	4,427,172	926,346	-	(1,175,037)
Interest and Fiscal Charges on Long-Term Liabilities	4,105,944	-	-	411,688	(3,694,256)
Total School District	<u>\$ 189,616,692</u>	<u>\$ 10,890,727</u>	<u>\$ 22,702,860</u>	<u>\$ 808,196</u>	(155,214,909)
<b>General Revenues</b>					
Property Taxes Levied for:					
					26,095,619
					999,085
					16,538,417
					82,053,087
					269,588
					1,376,764
					<u>127,332,560</u>
					(27,882,349)
					(95,360,909)
					5,775,950
					<u>(89,584,959)</u>
					<u>\$ (117,467,308)</u>

See accompanying Notes to Basic Financial Statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	Major Funds					Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	2017
<b>ASSETS</b>						
Cash and Investments	\$ 28,727,046	\$ 1,966,200	\$ 2,288,262	\$ 4,500,478	\$ 10,746,320	\$ 48,228,306
Cash with Fiscal Agent	-	-	-	-	1,660	1,660
Receivables:						
Current Property Taxes	14,022,799	-	567,237	-	8,598,132	23,188,168
Delinquent Property Taxes	243,009	-	11,554	-	183,718	438,281
Accounts and Interest Receivable	568,094	3,479	10,715	248	-	582,536
Due from Other Minnesota School Districts	148,161	-	7,207	-	-	155,368
Due from Minnesota Department of Education	9,961,731	-	80,891	-	29,589	10,072,211
Due from Federal through Minnesota Department of Education	2,659,749	-	12,648	-	-	2,672,397
Due from Federal Government Received Directly	-	-	-	-	-	-
Due from Other Governmental Units	64,743	-	-	-	-	64,743
Inventory	-	122,023	-	-	-	122,023
Prepays	659,493	8,218	3,491	-	-	671,202
<b>Total Assets</b>	<b>\$ 57,054,825</b>	<b>\$ 2,099,920</b>	<b>\$ 2,982,005</b>	<b>\$ 4,500,726</b>	<b>\$ 19,559,419</b>	<b>\$ 86,196,895</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
Liabilities:						
Salaries and Compensated Absences Payable	\$ 6,418,415	\$ 69,811	238,035	\$ -	\$ -	\$ 6,726,261
Payroll Deductions and Employer Contributions Payable	5,172,397	28,513	83,848	-	-	5,284,758
Accounts and Contracts Payable	1,510,893	12,116	23,529	929,129	-	2,475,667
Unearned Revenue	115,283	213,301	379,808	-	-	708,392
<b>Total Liabilities</b>	<b>13,216,988</b>	<b>323,741</b>	<b>725,220</b>	<b>929,129</b>	<b>-</b>	<b>15,195,078</b>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes Levied for Subsequent Year	23,407,788	-	1,057,814	-	16,034,241	40,499,843
Unavailable Revenue - Delinquent Property Taxes	175,444	-	9,024	-	140,445	324,913
<b>Total Deferred Inflows of Resources</b>	<b>23,583,232</b>	<b>-</b>	<b>1,066,838</b>	<b>-</b>	<b>16,174,686</b>	<b>40,824,756</b>
Fund Balance:						
Nonspendable:						
Inventory	-	122,023	-	-	-	122,023
Prepays	659,493	8,218	3,491	-	-	671,202
Restricted for:						
Staff Development	1,285,906	-	-	-	-	1,285,906
Capital Projects Levy	583,186	-	-	-	-	583,186
Alternative Facilities Program	-	-	-	-	-	-
Operating Capital	312,972	-	-	-	-	312,972
Community Education	-	-	770,991	-	-	770,991
Early Childhood and Family Education	-	-	101,035	-	-	101,035
School Readiness	-	-	99,937	-	-	99,937
Achievement and Integration Revenue	119,473	-	-	-	-	119,473
Safe Schools Levy	-	-	-	-	-	-
Severance Benefits	-	-	120,899	-	-	120,899
Long-Term Facilities Maintenance	-	-	-	3,571,597	-	3,571,597
Restricted for Other Purposes	-	1,645,938	93,594	-	3,384,733	5,124,265
Assigned for:						
Subsequent Year Budget Deficit	3,882,730	-	-	-	-	3,882,730
Literacy Program	-	-	-	-	-	-
J.F.K. STEAM Art Room	-	-	-	-	-	-
Textbooks Order	-	-	-	-	-	-
Schools Carry-Over	933,282	-	-	-	-	933,282
Unassigned	12,477,563	-	-	-	-	12,477,563
<b>Total Fund Balance</b>	<b>20,254,605</b>	<b>1,776,179</b>	<b>1,189,947</b>	<b>3,571,597</b>	<b>3,384,733</b>	<b>30,177,061</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 57,054,825</b>	<b>\$ 2,099,920</b>	<b>\$ 2,982,005</b>	<b>\$ 4,500,726</b>	<b>\$ 19,559,419</b>	<b>\$ 86,196,895</b>

See accompanying Notes to Basic Financial Statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

<b>Total Fund Balance for Governmental Funds</b>	\$ 30,177,061
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	5,022,023
Construction in Progress	1,105,376
Land Improvements, Net of Accumulated Depreciation	19,343,585
Buildings and Improvements, Net of Accumulated Depreciation	88,068,670
Equipment, Net of Accumulated Depreciation	3,355,666
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.	324,913
When a bond defeasance occurs the difference between the amount paid to the refunded bond escrow and the principal of the defeased debt is expensed in the governmental funds. These expenditures are capitalized on the statement of net position as deferred charges.	2,738,217
When a bond defeasance occurs the difference between the amount paid to the refunded bond escrow and the principal and any remaining unamortized discount or premium is recognized as a gain on the government-wide statements that is deferred and recognized over a period of time.	(584,596)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.	(2,192,090)
The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:	
Net Pension Liability	(271,359,461)
Deferred Inflows of Resources - Pensions	(4,541,517)
Deferred Outflows of Resources - Pensions	169,328,204
The District's liability for other postemployment benefits is a long-term liability and therefore only recorded on the statement of net position.	(12,866,312)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position. Balances at year-end are:	
Bonds Payable	(121,250,000)
Unamortized Premiums	(14,171,691)
Obligations Under Capital Leases	(3,360,938)
Severance Benefits Payable	(6,861,039)
Compensated Absences Payable	(269,432)
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:	526,053
<b>Total Net Position of Governmental Activities</b>	<b>\$ (117,467,308)</b>

See accompanying Notes to Basic Financial Statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017**

	Major Funds					Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	2017
<b>REVENUES</b>						
Local Sources:						
Property Taxes	\$ 26,047,699	\$ -	\$ 997,978	\$ -	\$ 16,519,169	\$ 43,564,846
Earnings and Investments	130,551	11,086	11,686	34,426	81,839	269,588
Other	4,167,432	3,805,980	4,495,446	-	55,595	12,524,453
State Sources	95,819,360	224,831	817,300	-	295,855	97,157,346
Federal Sources	2,729,768	1,432,498	12,648	-	411,688	4,586,602
Total Revenues	<u>128,894,810</u>	<u>5,474,395</u>	<u>6,335,058</u>	<u>34,426</u>	<u>17,364,146</u>	<u>158,102,835</u>
<b>EXPENDITURES</b>						
Current:						
Administration	7,244,476	-	-	-	-	7,244,476
District Support Services	3,789,114	-	-	-	-	3,789,114
Elementary and Secondary Regular Instruction	56,470,749	-	-	-	-	56,470,749
Vocational Education Instruction	894,387	-	-	-	-	894,387
Special Education Instruction	24,891,759	-	-	-	-	24,891,759
Instructional Support Services	7,672,671	-	-	-	-	7,672,671
Pupil Support Services	11,565,602	-	-	-	-	11,565,602
Sites and Buildings	9,526,637	-	-	-	-	9,526,637
Fiscal and Other Fixed Cost Programs	323,765	-	-	-	-	323,765
Food Service	-	5,033,827	-	-	-	5,033,827
Community Service	-	-	5,930,142	-	-	5,930,142
Capital Outlay	4,305,607	202,616	28,661	3,593,314	-	8,130,198
Debt Service:						
Principal	1,494,043	-	-	-	10,710,000	12,204,043
Interest and Fiscal Charges	74,576	-	-	-	6,670,820	6,745,396
Total Expenditures	<u>128,253,386</u>	<u>5,236,443</u>	<u>5,958,803</u>	<u>3,593,314</u>	<u>17,380,820</u>	<u>160,422,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	641,424	237,952	376,255	(3,558,888)	(16,674)	(2,319,931)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Bonds	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Capital Lease Proceeds	1,756,767	-	-	-	-	1,756,767
Payment to Refunded Bond Escrow Agent	-	-	-	-	(61,855,000)	(61,855,000)
Total Other Financing Sources (Uses)	<u>1,756,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,855,000)</u>	<u>(60,098,233)</u>
<b>NET CHANGE IN FUND BALANCE</b>	2,398,191	237,952	376,255	(3,558,888)	(61,871,674)	(62,418,164)
<b>FUND BALANCE</b>						
Beginning of Year	17,856,414	1,538,227	813,692	7,130,485	65,256,407	92,595,225
End of Year	<u>\$ 20,254,605</u>	<u>\$ 1,776,179</u>	<u>\$ 1,189,947</u>	<u>\$ 3,571,597</u>	<u>\$ 3,384,733</u>	<u>\$ 30,177,061</u>

See accompanying Notes to Basic Financial Statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017**

**Net Change in Fund Balance - Total Governmental Funds** \$ (62,418,164)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is:

Capital Outlays	3,618,571
Gain (Loss) on Disposal of Capital Assets	(618,929)
Depreciation Expense	(7,018,674)

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.	68,275
--	--------

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Other Financing Sources - Capital Lease	(1,756,767)
Principal Payments - Capital Leases	1,494,043

Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.	(32,830,666)
---	--------------

To record the change in the OPEB Liability	(1,543,394)
--	-------------

In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	(2,062,695)
---	-------------

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General Obligation and Certificates of Participation Bond Proceeds	-
Bond Premium or Discount	-
Payment to Refunded Bond Escrow Agent	61,855,000
Deferred Gains on Refunding Bonds	(584,596)
Repayment of Bond Principal	10,710,000
Change in Accrued Interest - General Obligation Bonds	621,388
Amortization of Bond Premium	3,234,899
Amortization of Deferred Outflow - Loss on Refunding	(632,239)

Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.	(18,401)
---	----------

Total	\$ (27,882,349)
-------	-----------------

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 10,489,117	\$ 26,008,341	\$ 26,047,699	\$ 39,358
Earnings and Investments	-	-	130,551	130,551
Other	2,544,234	2,544,234	4,167,432	1,623,198
State Sources	107,620,013	92,250,789	95,819,360	3,568,571
Federal Sources	2,644,881	2,667,655	2,729,768	62,113
Total Revenues	<u>123,298,245</u>	<u>123,471,019</u>	128,894,810	5,423,791
<b>EXPENDITURES</b>				
Current:				
Administration	6,656,323	6,739,646	7,244,476	504,830
District Support Services	4,414,657	4,460,768	3,789,114	(671,654)
Elementary and Secondary Regular Instruction	56,094,005	56,619,603	56,470,749	(148,854)
Vocational Education Instruction	936,281	935,855	894,387	(41,468)
Special Education Instruction	25,263,073	25,759,958	24,891,759	(868,199)
Instructional Support Services	8,230,046	8,494,338	7,672,671	(821,667)
Pupil Support Services	10,699,923	10,698,903	11,565,602	866,699
Sites and Buildings	9,980,577	10,000,645	9,526,637	(474,008)
Fiscal and Other Fixed Cost Programs	400,000	400,000	323,765	(76,235)
Capital Outlay	4,128,447	4,218,988	4,305,607	86,619
Debt Service:				
Principal	1,844,729	1,570,729	1,494,043	(76,686)
Interest and Fiscal Charges	98,125	95,973	74,576	(21,397)
Total Expenditures	<u>128,746,186</u>	<u>129,995,406</u>	<u>128,253,386</u>	<u>(1,742,020)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,447,941)	(6,524,387)	641,424	7,165,811
<b>OTHER FINANCING SOURCES</b>				
Capital Lease Proceeds	-	-	1,756,767	1,756,767
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (5,447,941)</u>	<u>\$ (6,524,387)</u>	2,398,191	<u>\$ 8,922,578</u>
<b>FUND BALANCE</b>				
Beginning of Year			17,856,414	
End of Year			<u>\$ 20,254,605</u>	

See accompanying Notes to Basic Financial Statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 25	\$ 25	\$ 11,086	\$ 11,061
Other - Primarily Meal Sales	3,686,129	3,686,129	3,805,980	119,851
State Sources	260,801	260,801	224,831	(35,970)
Federal Sources	1,330,717	1,330,717	1,432,498	101,781
Total Revenues	<u>5,277,672</u>	<u>5,277,672</u>	<u>5,474,395</u>	<u>196,723</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	5,229,322	5,229,322	5,033,827	(195,495)
Capital Outlay	197,500	197,500	202,616	5,116
Total Expenditures	<u>5,426,822</u>	<u>5,426,822</u>	<u>5,236,443</u>	<u>(190,379)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (149,150)</u>	<u>\$ (149,150)</u>	237,952	<u>\$ 387,102</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>1,538,227</u>	
End of Year			<u>\$ 1,776,179</u>	

See accompanying Notes to Basic Financial Statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 1,000,900	\$ 1,007,000	\$ 997,978	\$ (9,022)
Earnings and Investments	1,000	1,100	11,686	10,586
Other - Primarily Tuition and Fees	4,288,400	4,367,100	4,495,446	128,346
State Sources	811,400	809,200	817,300	8,100
Federal Sources	7,000	12,600	12,648	48
Total Revenues	<u>6,108,700</u>	<u>6,197,000</u>	<u>6,335,058</u>	<u>138,058</u>
<b>EXPENDITURES</b>				
Current:				
Community Service	5,943,065	5,970,200	5,930,142	(40,058)
Capital Outlay	<u>75,580</u>	<u>226,110</u>	<u>28,661</u>	<u>(197,449)</u>
Total Expenditures	<u>6,018,645</u>	<u>6,196,310</u>	<u>5,958,803</u>	<u>(237,507)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 90,055</u>	<u>\$ 690</u>	376,255	<u>\$ 375,565</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>813,692</u>	
End of Year			<u>\$ 1,189,947</u>	

See accompanying Notes to Basic Financial Statements.



**LAKEVILLE AREA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 194**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**INTERNAL SERVICE FUND**  
**JUNE 30, 2017**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	Governmental Activities - Internal Service Funds	
	2017	2016
<b>ASSETS</b>		
Cash and Investments	\$ 668,141	\$ 658,434
<b>LIABILITIES</b>		
Accounts Payable	106,506	113,980
Claims Payable - Medical	35,582	-
Total Liabilities	142,088	113,980
<b>NET POSITION</b>		
Unrestricted	\$ 526,053	\$ 544,454

See accompanying Notes to Basic Financial Statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2016)**

	Governmental Activities - Internal Service Funds	
	2017	2016
<b>OPERATING REVENUES</b>		
Charges for Services:		
Dental Insurance Premiums	\$ 1,247,833	\$ 1,190,993
Total Operating Revenues	1,247,833	1,190,993
<b>OPERATING EXPENSES</b>		
Dental Insurance Claim Payments	1,266,234	1,176,471
Total Operating Expenses	1,266,234	1,176,471
Operating Income (Loss)	(18,401)	14,522
<b>NONOPERATING INCOME (LOSS)</b>		
Earnings on Investments	-	-
<b>CHANGE IN NET POSITION</b>	(18,401)	14,522
Net Position - Beginning	544,454	529,932
<b>NET POSITION - ENDING</b>	\$ 526,053	\$ 544,454

See accompanying Notes to Basic Financial Statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2016)**

	Governmental Activities - Internal Service Funds	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Interfund Services Provided	\$ 1,247,833	\$ 1,190,993
Payments for Medical Fees and Insurance Claims	(1,238,126)	(1,184,677)
Net Cash Provided by Operating Activities	9,707	6,316
Cash and Cash Equivalents - Beginning	658,434	652,118
Cash and Cash Equivalents - Ending	\$ 668,141	\$ 658,434
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (18,401)	\$ 14,522
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Decrease in Accounts Payable	(7,474)	(8,206)
Increase in Claims Payable	35,582	-
Total Adjustments	28,108	(8,206)
Net Cash Provided by Operating Activities	\$ 9,707	\$ 6,316
Total Cash and Cash Equivalents per Statement of Net Position	\$ 668,141	\$ 658,434

See accompanying Notes to Basic Financial Statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

	Scholarship Private-Purpose Trust	SORLA Private-Purpose Trust	Employee Benefit Trust
<b>ASSETS</b>			
Cash and Investments	\$ 180,589	\$ 25,705	\$ 128,230
Accounts Receivable	-	434	-
Interest Receivable	1,800	-	-
Total Assets	182,389	26,139	128,230
<b>LIABILITIES</b>			
Accounts and Contracts Payable	-	48	-
<b>NET POSITION</b>			
Restricted for Scholarships and Employee Benefits	\$ 182,389	\$ 26,091	\$ 128,230

See accompanying Notes to Basic Financial Statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2017**

	Private-Purpose Trust	SORLA Private-Purpose Trust	Employee Benefit Trust
<b>ADDITIONS</b>			
Plan Member Contributions	\$ -	\$ -	\$ 557,917
Gifts and Contributions	153,050	68,743	-
Earnings on Investments	2,331	-	-
Total Additions	<u>155,381</u>	<u>68,743</u>	<u>557,917</u>
<b>DEDUCTIONS</b>			
Salaries and Benefits	-	8,957	-
Benefits Paid to Plan Members	-	-	563,159
Scholarships Awarded	143,209	-	-
Purchased Services	-	55,710	-
Supplies and Materials	-	10,156	-
Total Deductions	<u>143,209</u>	<u>74,823</u>	<u>563,159</u>
<b>CHANGE IN NET POSITION</b>	12,172	(6,080)	(5,242)
Net Position - Beginning of Year	<u>170,217</u>	<u>32,171</u>	<u>133,472</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 182,389</u></u>	<u><u>\$ 26,091</u></u>	<u><u>\$ 128,230</u></u>

See accompanying Notes to Basic Financial Statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Presentation

The financial statements of Independent School District No. 194 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

Independent School District No. 194 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected Board of Education (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Accounting Principles Generally Accepted in the United States of America (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The Board of Education does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District' Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these financial statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

C. Basic Financial Statement Presentation

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 statements of 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 segment 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.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The proprietary (internal service) fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the proprietary (internal service) fund is consolidated into the governmental activities in the government-wide financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other employee benefit) trust, private purpose trust, and agency. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**D. 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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 fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

**2. Recording of Expenditures**

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

*Major Governmental Funds*

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities equipment purchases, health and safety projects, and disabled accessibility projects.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

Capital Projects Fund – Building Construction Fund

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general obligation bond principal, interest, and related costs.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

D. Measurement Focus and Basis of Accounting (Continued)

*Proprietary Fund*

Internal Service Fund

The Internal Service Fund is used to account for the financial resources used for the District's self-insurance of the employee dental insurance programs.

*Fiduciary Funds*

Employee Benefit Trust Fund

The Employee Benefit Trust Fund is used to administer resources received and held by the District as the trustee for employees participating in the District's flexible benefit plan (Internal Revenue Code § 125 Cafeteria Plan).

Scholarship Private-Purpose Trust Fund

The Scholarship Private-Purpose Trust Fund is used to account for resources held in trust to be used by various other third parties to award scholarships to students.

SORLA Private-Purpose Trust Fund

The SORLA Private-Purpose Trust Fund is used to account for resources held in trust to be used by the South of the River Learning Academy to provide programs to District staff.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the Board of Education adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Capital Projects, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the Board. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board action. Revisions to budgeted amounts must be approved by the Board of Education.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

E. Budgeting (Continued)

Total fund expenditures in excess of the budget require approval of the Board of Education. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budgeted amounts include mid-year budget amendments that amended revenue and expenditure budgets as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues</u>			
General Fund	\$ 123,298,245	\$ 172,774	\$ 123,471,019
Special Revenue Funds:			
Community Service Fund	6,108,700	88,300	6,197,000
<u>Expenditures</u>			
General Fund	128,746,186	1,249,220	129,995,406
Special Revenue Funds:			
Community Service Fund	6,018,645	177,665	6,196,310

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. Interest earned on these investments is allocated directly to the escrow account.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

F. Cash and Investments (Continued)

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools are valued at net asset value per share.

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are expensed in the periods benefitted.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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 then.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

J. Deferred Outflows/Inflows of Resources (Continued)

The District has two items that qualify for reporting in this category. When refunding debt issuances, the difference between the reacquisition price of the refunded debt and the net carrying amount of that debt (net of any unamortized premium or discount) is considered a deferred outflow of resources and amortized as a component of interest expense over the shorter of the remaining life of the refunded debt or the life of the new refunding debt. The District also recorded deferred outflows of resources due to the District's implementation of GASB Statement Nos. 68, 71, and 73 and the related net pension liability.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that occur related to revenue recognition. The first is property taxes levied for subsequent year. As an imposed nonexchange revenue transaction, property taxes received or reported as a receivable before the period for which the property taxes are levied are reported as a deferred inflow of resources in the government-wide financial statements and in the governmental fund financial statements. The second type of deferred inflows of resources is delinquent property taxes. Governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. Delinquent taxes not collected within 60 days after the District's year-end are considered unavailable and reported as a deferred inflow of resources in the governmental fund financial statements. The third type of deferred inflows of resources was recorded due to the District's implementation GASB Statement Nos. 68 and 73 and the related net pension liability.

K. Property Taxes

Property tax levies are established by the Board of Education in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to the Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**K. Property Taxes (Continued)**

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund and Debt Service Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy (frozen at \$1,809,945) advance recognized as revenue each year with no corresponding state aid adjustment. Certain other portions of the District's 2016 pay 2017 levy, normally revenue for the 2017-18 fiscal year, are also advance recognized as June 30, 2017, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is not available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2017, are included in the Property Taxes Levied for Subsequent year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**L. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a capital asset threshold level of \$5,000 or more and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

L. Capital Assets (Continued)

Capital assets are recorded in the Government-wide financial statement, but are not reported in the Fund financial statements. 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 15 to 40 years for land improvements and buildings, and 5 to 20 years for equipment.

Capital assets not being depreciated include land and construction in process.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

M. 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. Bond premiums and discounts are amortized as a component of interest expense over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

N. Accrued Employee Benefits

Vacation Pay

Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which are carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Vacation pay is accrued when incurred as compensated absences payable in the government-wide financial statements. Vacation pay is accrued in the governmental fund financial statements only when used or matured due to employee termination or similar circumstances.

Sick Pay

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

N. Accrued Employee Benefits (Continued)

Severance or Retirement Pay

Members of certain district employee groups, including teachers, may become eligible to receive lump sum severance or retirement pay benefits. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No employee can receive severance or retirement benefits that exceed one year's salary. Retirement benefits for certain eligible employees are paid into a post-employment tax sheltered annuity account. For all other employees, severance benefits are paid out directly to the employee.

Postemployment Health Care Benefits

Under the terms of certain collectively bargained employment contracts, including the teachers' contract, the District is required to pay the health insurance premiums for retired employees until they reach age 65. For employees meeting certain length of service experience requirements, the amount to be paid is equal to the same insurance premium benefit as a full-time employee. See Note 10 for further information.

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.

P. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets in these financial statements are labeled "Cash and Investments Held by Trustee".

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

Q. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for prepaid General Fund and Community Service Fund revenues and school lunch balances for students.

R. Fund Balance

In the fund financial statements, governmental funds report fund balances in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained by outside parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the Board of Education.

Assigned – consists of internally imposed constraints. The Board of Education passed a resolution authorizing the Superintendent and Finance and Operations Director to assign fund balances and their intended uses.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance target of 5% of the annual operating budget.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

S. Risk Management and Self-Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The District has established an Internal Service Fund to account for and finance its self-insured risk of loss for respective employee dental insurance plans. Under this plan the Internal Service Fund provides coverage to participating employees and their dependents for dental costs as described in the plans. See Note 12 for more details about the District's self-insurance.

T. Net Position

Net position represents the difference between assets, deferred outflow of resources and liabilities, and deferred inflows of resources in the government-wide, proprietary and Fiduciary Fund financial statements. Net investment 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 imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

U. Use of Estimates

The preparation of financial statement 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 the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

V. Prior Period Summarized Comparative Financial Information/Reclassification

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2016, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund during the year ended June 30, 2017:

	Budget	Expenditures	Excess
Debt Service Fund	\$ 17,370,372	\$ 17,380,820	\$ 10,448

The overages were considered by District management to be the result of necessary expenditures critical to operations and were approved by the Board.

**NOTE 3 DEPOSITS AND INVESTMENTS**

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the School District's Board.

**Custodial Credit Risk** – Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The carrying value and bank balance of the District's deposits in banks at June 30, 2017 is \$4,464,401 and \$7,423,891, respectively, and were partially covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes, but were under collateralized by \$1,040,099 as of June 30, 2017.

At June 30, 2017, the District's petty cash fund totaled \$4,000.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- General obligations rated “A” or better; revenue obligations rated “AA” or better
- General obligations of the Minnesota Housing Finance Agency rate “A” or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers
- Investments related to an OPEB Revocable Trust Fund may be invested in accordance with Minnesota statute 356A.06.

At June 30, 2017, the District’s investment balances were as follows:

<b>Investments Measured at Fair Value</b>	Fair Value
Negotiable Certificates of Deposit with Maturities at Purchase of Greater Than One Year	\$ 164,378
<b>Investments Measured at Amortized Cost</b>	Amortized Cost
MSDLAF+ Liquid Class	\$ 7,752,060
MSLDAF+ Max Class	29,218,769
MN Trust Investment Shares	2,625,249
MN Trust Term Series Money Market	5,003,774
Total Investments Measured at Amortized Cost	\$ 44,599,852
Total District Investments	\$ 44,764,230

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

***Credit Risk and Interest Rate Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policies do not limit the maturities of investments; however, when purchasing investments the District considers such things as interest rates and cash flow needs.

The credit ratings and maturities for the District's investments are as follows:

Type	Total	Maturity Duration in Years			No Maturities	Rating
		Less Than 1	1 to 2	2 to 5		
MSDLAF+ Liquid Class	\$ 7,752,060	\$ -	\$ -	\$ -	\$ 7,752,060	AAAf
MSDLAF+ Max Class	29,218,769	-	-	-	29,218,769	AAAf
MN Trust Investment Series	2,625,249	-	-	-	2,625,249	AAAm
MN Trust Term Series	5,003,774	-	-	-	5,003,774	Not Rated
Certificates of Deposit	164,378	164,378	-	-	-	Not Rated
	<u>\$ 44,764,230</u>	<u>\$ 164,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,599,852</u>	

***Custodial Credit Risk*** – For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School District's investment policy requires that brokers provide insurance to cover balances held in each investment account. As of June 30, 2017, the investment balances were fully covered by insurance for each brokerage firm.

***Concentration of Credit Risk***

The District places no limit on the amount that the District may invest in any one issuer. As of June 30, 2017 the District did not have any related investments in an issuer which individually comprised more than 5% of total investments.

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 48,896,447
Cash and Investments Held by Trustee - Statement of Net Position	1,660
Cash and Investments - Statement of Fiduciary Net Position	334,524
Total Cash and Investments	<u>\$ 49,232,631</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

C. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

*Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured a fair value on a recurring basis:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Negotiable Certificates of Deposit with Maturities at Purchase of Greater Than One Year	<u>\$ 164,378</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 164,378
Investments Measured at Amortized Cost				44,599,852
				<u>\$ 44,764,230</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 5,022,023	\$ -	\$ -	\$ 5,022,023
Construction in Progress	2,644,312	3,302,767	(4,841,703)	1,105,376
Total Capital Assets, Not Being Depreciated	<u>7,666,335</u>	<u>3,302,767</u>	<u>(4,841,703)</u>	<u>6,127,399</u>
Capital Assets, Being Depreciated				
Land Improvements	27,751,522	301,930	(484,218)	27,569,234
Buildings and Improvements	184,980,275	4,521,884	(3,127,113)	186,375,046
Equipment	35,893,919	333,693	(9,642,866)	26,584,746
Total Capital Assets, Being Depreciated	<u>248,625,716</u>	<u>5,157,507</u>	<u>(13,254,197)</u>	<u>240,529,026</u>
Accumulated Depreciation for:				
Land Improvements	(7,042,749)	(1,434,456)	251,556	(8,225,649)
Buildings and Improvements	(96,650,551)	(4,550,740)	2,894,915	(98,306,376)
Equipment	(31,684,399)	(1,033,478)	9,488,797	(23,229,080)
Total Accumulated Depreciation	<u>(135,377,699)</u>	<u>(7,018,674)</u>	<u>12,635,268</u>	<u>(129,761,105)</u>
Total Capital Assets, Being Depreciated, Net	<u>113,248,017</u>	<u>(1,861,167)</u>	<u>(618,929)</u>	<u>110,767,921</u>
Governmental Activities Capital Assets, Net	<u>\$ 120,914,352</u>	<u>\$ 1,441,600</u>	<u>\$ (5,460,632)</u>	<u>\$ 116,895,320</u>

**Governmental Activities**

Administration	\$ 7,539
District Support Services	5,704
Regular Instruction	4,975,814
Vocational Education Instruction	567
Instructional Support Services	7,014
Pupil Support Services	1,817
Sites and Buildings	1,984,423
Food Service	30,743
Community Service	5,053
Total Depreciation Expense, Governmental Activities	<u>\$ 7,018,674</u>



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5 LONG-TERM LIABILITIES**

**A. Components of General Long-Term Debt**

Issue	Net Interest Rate	Original Issue	Maturities	Principal Outstanding	
				Due Within One Year	Total
2008B Refunding Bonds	4.00% - 5.00%	\$ 15,885,000	2010 - 2018	\$ 2,215,000	\$ 2,215,000
2010A Alternative Facilities Bonds	5.00% - 5.05%	8,800,000	2025 - 2026	-	8,800,000
2012B Alternative Facilities Bonds	3.00%	7,720,000	2023 - 2025	-	7,720,000
2012D Refunding Bonds	4.00% - 5.00%	43,885,000	2014 - 2022	5,185,000	41,240,000
2014A Alternative Facilities Bonds	2.52%	5,065,000	2025 - 2026	-	5,065,000
2015A Alternative Facilities Refunding Bonds	2.00%	2,910,000	2017 - 2022	505,000	2,410,000
2016A School Building Refunding Bonds	2.00% - 5.00%	52,305,000	2017 - 2024	3,235,000	48,140,000
2016B Facilities Maintenance Bonds	2.00% - 4.00%	5,660,000	2017 - 2028	-	5,660,000
Total General Obligation Bonds				11,140,000	121,250,000
Bond Premiums				-	14,171,691
Capital Lease Payable				1,479,386	3,360,938
Severance Benefits Payable				1,450,000	6,861,039
Compensated Absences Payable				269,432	269,432
Total				<u>\$ 14,338,818</u>	<u>\$ 145,913,100</u>

**B. Descriptions of Long-Term Liabilities**

General Obligation Bonds Payable

These bonds were issued to finance acquisitions, improvements, and/or construction of capital facilities or to refinance (refund) prior bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future debt service levies authorized are equal to 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

In November 2008, the District issued \$15,885,000 of General Obligation School Building Refunding Bonds, Series 2008B. The proceeds of this issue were used to currently refund the 1998 School Building Refunding Bonds.

In June 2010, the District issued \$8,800,000 of General Obligation Alternative Facilities Bonds, Series 2010A. The proceeds of this issue were used to fund various projects as part of the District's ten-year facility capital improvement plan. These bonds were issued as Qualified School Construction Bonds – Direct Pay, for which the District will receive a federal tax credit equal to 100% of the interest payment on this debt issue.

In May 2012, the District issued \$7,720,000 of General Obligation Alternative Facilities, Series 2012B. The proceeds of this issue were used to fund various projects as part of the District's ten-year facility capital improvement plan.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

B. Descriptions of Long-Term Liabilities (Continued)

In November 2012, the District issued \$43,885,000 of General Obligation School Building Refunding Bonds, Series 2012D. The proceeds were be used to advance refund the 2005A Bonds School Building Refunding Bonds and 2006A Alternative Facilities Bonds.

In June 2014, the District issued \$5,065,000 of General Obligation Alternative Facilities Bonds, Series 2014A. The proceeds of this issue were used to fund various future projects as part of the District's ten-year facility capital improvement plan.

In November 2015, the District issued \$2,910,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2015A. The proceeds were used for the current refunding of the 2008A General Obligation Alternative Facilities Bonds.

In May 2016, the District issued \$52,305,000 of General Obligation School Building Refunding Bonds, Series 2016A. The proceeds were used for the current refunding of the 2006D General Obligation Building Refunding Bonds for a debt service payment cash savings of \$7,746,406 and net present value debt service savings of \$7,584,034.

In May 2016, the District issued \$5,660,000 of General Obligation Facilities Maintenance Bonds, Series 2016B. The proceeds of this issue were used to fund various future facility maintenance projects included in the ten-year facility plan of the District and approved by the Commissioner of Education.

Capital Leases

In July of 2004, the District entered into a lease-purchase agreement with the Wells Fargo Brokerage Services, LLC to finance the purchase of five backup generators an existing bus garage site capitalized at \$2,500,000. The lease bears an interest rate of 5.72% and a final maturity of July 13, 2021. The District makes semi-annual payments through the General Fund. Accumulated depreciation as of June 30, 2017 was \$1,690,500.

In August of 2014, the District entered into a lease-purchase agreement to finance the purchase and install wireless network infrastructure capitalized at \$1,509,367. The lease bears an interest rate of 1.275% and a final maturity of July 24, 2017. The District makes annual payments through the General Fund. Accumulated depreciation as of June 30, 2017 was \$754,684.

In April of 2016, the District entered into a lease-purchase agreement to finance the purchase of 2,500 Apple iPads for instructional use. As the electronic devices were individually under the District's capitalization threshold, the electronic devices have not been capitalized. The lease bears an interest rate of .99% and a final maturity of July 1, 2016. The District makes annual payments through the General Fund.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including severance and health benefits payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Capital Lease Payable	
	Principal	Interest	Principal	Interest
2018	\$ 11,140,000	\$ 5,517,725	\$ 1,479,386	\$ 89,251
2019	11,935,000	5,072,925	1,125,296	58,797
2020	13,625,000	4,491,025	427,385	32,294
2021	15,150,000	3,824,175	216,142	15,764
2022	16,500,000	3,080,775	112,729	3,224
2023-2027	50,900,000	5,410,000	-	-
2028-2032	2,000,000	40,000	-	-
Total	<u>\$ 121,250,000</u>	<u>\$ 27,436,625</u>	<u>\$ 3,360,938</u>	<u>\$ 199,330</u>

D. Changes in Long-Term Debt

	June 30, 2016	Additions	Retirements	June 30, 2017
Bonds Payable	\$ 193,815,000	\$ -	\$ 72,565,000	\$ 121,250,000
Bond Premiums	17,406,590	-	3,234,899	14,171,691
Capital Leases Payable	3,098,214	1,756,767	1,494,043	3,360,938
Severance Benefits Payable	4,777,342	3,083,804	1,000,107	6,861,039
Compensated Absences Payable	290,434	286,926	307,928	269,432
Total	<u>\$ 219,387,580</u>	<u>\$ 5,127,497</u>	<u>\$ 78,294,049</u>	<u>\$ 145,913,100</u>

Governmental compensated absences and severance benefits are typically liquidated (paid) by the operating funds.

**NOTE 6 INTERFUND BALANCES AND TRANSFERS**

The District had no interfund transfers, receivables, or payables for the year ended June 30, 2017.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7 FUND BALANCES**

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. A description of deficit balance reserves is included herein since the District has specific statutory authority to levy taxes for such deficits.

Restricted and Assigned fund balances at year-end are as follows:

Restricted for Staff Development – Represents available resources dedicated exclusively for staff development in accordance with state statute.

Restricted for Capital Projects Levy – Represents available resources from the capital projects levy to be used for various capital projects.

Restricted for Operating Capital – The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles and to purchase, rent, improve and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

Restricted for Community Education Programs – Represents accumulated resources available to provide general community education programming.

Restricted for Early Childhood and Family Education Programs – Represents accumulated resources available to provide services for early childhood and family education programming.

Restricted for School Readiness – Represents available resources to provide services for learning readiness programs. Related to Finance Code 344, School Readiness, Minnesota Statutes 1240.16, includes aids, fees, grants, and all other revenues received by the District.

Restricted for Achievement and Integration – Represents resources restricted for use in the Achievement and Integration Program.

Restricted for Severance Benefits – Represents resources restricted for the use of financing the District's severance benefits liability.

Restricted for Long-Term Facilities Maintenance – Represents unspent general obligation bond proceeds issued to finance facilities plans approved by its board and the commissioner.

Restricted for Medical Assistance – Represents resources to be used for Medical Assistance expenditures.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7 FUND BALANCES (CONTINUED)**

Restricted for Other Purposes – Represents amounts that can be spent only for the specific purposes, food service, community education, or debt service, as stipulated by constitution, external resource providers, or through enabling legislation.

Assigned for Subsequent Year Budget Deficit – Represents amounts that are assigned to fund the subsequent year budget deficit.

Assigned for Literacy Program – Represents dollars assigned for the District's literacy program.

Assigned for J.F.K. STEAM Art Room – Represents amounts assigned for the District's J.F.K. STEAM Art Room project.

Assigned for Textbooks Orders – Represents dollars assigned for the purchase of textbooks.

Assigned for Schools Carryover – Represents dollars assigned for unspent site supply allocations.

**NOTE 8 DEFINED BENEFIT PENSION PLANS**

Substantially all employees of the District are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. Plan Description

The District participates in the following defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. PERA's and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (GERF)

PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

A. Plan Description (Continued)

2. Teachers Retirement Fund (TRA)

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

B. Benefits Provided

GERF and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

**GERF:** Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

**TRA:** Postretirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0%. After the TRA funded ratio exceeds 90% for two consecutive years, the annual postretirement benefit will increase to 2.5%.

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

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

B. Benefits Provided (Continued)

1. GERS Benefits

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

2. TRA Benefits

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

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

*Tier 1 Benefits*

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

*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. 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.



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

C. Contributions

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

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in fiscal year 2017. In fiscal year 2017, the School was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members. The District's contributions to the GERF for the plan's fiscal year ended June 30, 2017 were \$1,322,406. The District's contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for fiscal year 2017 were:

	2017	
	Employee	Employer
Basic	11.0%	11.5%
Coordinate	7.5%	7.5%

The District's contributions to TRA for the plan's fiscal year ended June 30, 2017 were \$4,302,063 the District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2017, the District reported a liability of \$22,288,038 for its proportionate share of the GERF's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$6 million to the fund in 2016. The state of Minnesota is considered a nonemployer contributing District 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 \$291,106. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the District's proportion was .2745% which was a decrease of .0055% from its proportion measured as of June 30, 2015.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$2,314,416 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$86,800 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$6 million to the General Employees Fund.

At June 30, 2017, the District reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 65,964	\$ 1,810,572
Changes in Actuarial Assumptions	4,806,993	-
Net Difference Between Projected and Actual Earnings on Plan Investments	2,488,306	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	1,096,684
District Contributions Subsequent to the Measurement Date	1,322,406	-
Total	<u>\$ 8,683,669</u>	<u>\$ 2,907,256</u>

A total of \$1,322,406 reported as deferred outflows of resources related to pensions resulting from District contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2018	\$ 1,040,832
2019	531,894
2020	2,076,198
2021	805,083
2022	-
Thereafter	-

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

1. TRA Pension Costs

At June 30, 2017, the District reported a liability of \$248,040,962 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 1.0399% at the end of the measurement period and 1.0085% for the beginning of the period.

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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 248,040,962
State's Proportionate Share of the Net Pension Liability Associated with the District	24,897,301

For the year ended June 30, 2017, the District recognized pension expense of \$36,295,156. It also recognized \$3,476,433 as pension expense for the support provided by direct aid.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,429,663	\$ 6,915
Changes in Actuarial Assumptions	141,442,406	-
Net Difference Between Projected and Actual Earnings on Plan Investments	10,730,416	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	1,640,353	1,627,346
District Contributions Subsequent to the Measurement Date	4,302,063	-
Total	\$ 160,544,901	\$ 1,634,261

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

A total of \$4,302,063 reported as deferred outflows of resources related to pensions resulting from School contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2018	\$ 30,412,534
2019	30,412,534
2020	34,012,802
2021	31,956,519
2022	27,814,188
Thereafter	-

The District recognized total pension expenses of \$42,172,805 for all of the pension plans in which it participates. This includes \$3,476,433 in TRA and \$86,800 in GERP direct aid recognized as pension expense.

E. Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

<u>Assumptions</u>	<u>GERF</u>	<u>TRA</u>
Inflation	2.50% per Year	2.75%
Active Member Payroll Growth	3.25% per Year	3.50% per Year
Investment Rate of Return	7.50%	8.00%

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 the proper group, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.0% per year for all future years for the General Employees Plan. Cost of living benefit increases for retirees are assumed to be 2.0% per year for all future years for the TRA.

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

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for General Employees Fund occurred in 2016:

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

There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date for TRA. Post-retirement benefit adjustments are now assumed to be 2.0% annually. The prior year valuation assumed a 2.5% increase commencing July 1, 2034.

The long-term expected rate of return on pension plan investments is 7.50% for General Employees Fund and 8.00% for TRA. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45.00 %	5.50%
International Equity	15.00	6.00%
Bonds	18.00	1.45%
Alternative Assets	20.00	6.40%
Cash	2.00	0.50%
Totals	100.00 %	

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

F. Discount Rate

The discount rate used to measure the total General Employees Plan pension liability in 2016 was 7.50%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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.

The discount rate used to measure the TRA pension liability was 4.66%. This is a decrease from the discount rate at the prior measurement date of 8.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2017 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted in 2052 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return was applied to periods before 2052 and the Municipal Bond Index Rate of 3.01% was applied to periods on and after 2052, resulting in a SEIR of 4.66%. Based on Fiduciary Net Position at prior year measurement date, the discount rate of 8.00% was used and it was not necessary to calculate the SEIR.

G. Pension Liability Sensitivity

The following presents the School'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 School's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the GERF Net Pension Liability	\$ 31,655,620	\$ 22,288,038	\$ 14,571,701
<u>TRA Discount Rate</u>	3.66%	4.66%	5.66%
District's Proportionate Share of the TRA Net Pension Liability	\$ 319,538,756	\$ 248,040,962	\$ 189,808,340

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

H. Pension Plan Fiduciary Net Position

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

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at [www.MinnesotaTRA.org](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

A. Federal and State Programs

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

B. Contingencies

The District is subject to legal proceedings and claims which arise in the ordinary course of business. As of the date of these financial statements, it is not determinable what the outcome of these issues will be or the potential liability, if any, to the District.

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PAYABLE**

At June 30, 2009, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions as of July 1, 2016.

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's health insurance plan. There are 1,363 active participants and 81 retired participants. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)**

B. Funding Policy

Contribution requirements are also negotiated between the District and union representatives. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. For fiscal year 2017, the District contributed \$1,220,296 to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation.

Annual Required Contribution	\$ 2,997,477
Interest on Net OPEB Obligation	328,365
Adjustment to Annual Required Contribution	<u>(562,152)</u>
Annual OPEB Cost (Expense)	2,763,690
Contributions Made	<u>(1,220,296)</u>
Increase in Net OPEB Obligation	1,543,394
Net OPEB Obligation - Beginning of Year	<u>11,322,918</u>
Net OPEB Obligation - End of Year	<u><u>\$ 12,866,312</u></u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016, and 2015 was:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 2,763,690	44.2%	\$ 12,866,312
6/30/2016	2,428,653	48.0%	11,322,918
6/30/2015	2,427,615	43.4%	10,059,993



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)**

**D. Funded Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$25,420,704, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$25,420,704. The annual payroll for active employees covered by the plan in the actuarial valuation was \$70,881,018 for a ratio of UAAL to covered payroll of 35.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

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

In the July 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 2.9% discount rate which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 6.75%, reduced by decrements to an ultimate rate of 5% after seven years. The UAAL is being amortized as a level dollar amount on a closed basis. The amortization period at June 30, 2017 was not to exceed 30 years.

Changes in actuarial methods and assumptions in the July 1, 2016 actuarial report from the July 1, 2014 report, such as the reduction of the discount rate from 4.0% to 2.9% and changes in the health care trend rates, resulted in increases to the District's actuarial accrued liability totaling \$2,232,793.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11 SUPPLEMENTAL PENSION PLAN**

**A. Plan Description**

The District provides a single-employer defined benefit supplemental pension benefit to eligible administrators, custodial and maintenance employees, and clerical employees. Currently, the Director of Teaching and Learning, custodians and maintenance employees hired before July 1 of 2012, and clerical employees are eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 15 years of service. Certain administrators and nonaffiliated individuals are eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 20 years of service, but recently hired nonaffiliated employees no longer receive this pension benefit. The maximum benefit for the Director of Teaching and Learning and nonaffiliated individuals is 100 days of pay, while the maximums for qualifying custodians and clerical employees are 30 days and 60 days of pay, respectively.

Currently, there are 430 active employees who are eligible to receive benefits under the plan as of July 1, 2016. The pension benefit ranges from 1 day per year of service times the hourly rate to 5 days per year of service times the hourly rate. Payments are made as lump sum payments. Some contracts also reduce the pension benefits by the total matching contribution made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

**B. Funding Policy**

Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The General Fund is used for funding of all pension/retirement benefits. The employer makes all contributions.

**C. Total Pension Liability**

The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets the following criteria:

- Contributions from the employer and nonemployer contributing entities, and the earnings thereon, must be irrevocable.
- Pension plan assets must be dedicated to providing pensions to Plan members in accordance with benefit terms.
- Pension plan assets must be legally protected from the creditors of employer, nonemployer contributing entities, the Plan administrator, and the Plan members.

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria, and the District must report its total pension liability.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11 SUPPLEMENTAL PENSION PLAN (CONTINUED)**

C. Total Pension Liability (Continued)

The District's total pension liability was determined by an actuarial valuation as of July 1, 2016 (the measurement date). At June 30, 2017, the District reported a total pension liability of \$1,030,461. Changes in the District's total pension liability were as follows:

Total Pension Liability - June 30, 2016	\$	1,098,493
Changes for the Year:		
Service Cost		60,427
Interest		31,309
Changes in Benefit Terms		-
Differences between Expected and Actual Experience		-
Changes of Assumptions of Other Inputs		-
Benefit Payments		(159,768)
Other Changes		-
Net Changes		<u>(68,032)</u>
Total Pension Liability - June 30, 2017	\$	<u>1,030,461</u>

D. Pension Costs

For the year ended June 30, 2017, the District recognized pension expense of \$91,736. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions or Other Inputs	-	-
Benefit Payments Subsequent to the Measurement Date	99,634	-
Pension Administrative Expenses Incurred Subsequent to the Measurement Date	-	-
Total	<u>\$ 99,634</u>	<u>\$ -</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11 SUPPLEMENTAL PENSION PLAN (CONTINUED)**

D. Pension Costs (Continued)

The District's benefit payments and amounts incurred by the District for pension administrative expenses subsequent to the measurement date of \$99,634 reported as deferred outflows of resources will be recognized as a reduction of the total pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense</u>
2018	\$ -
2019	-
2020	-
2021	-
2022	-
Thereafter	-

E. Actuarial Methods and Assumptions

The actuarial total pension liability was determined as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	July 1, 2016
Measurement Date:	July 1, 2016
Actuarial Cost Method:	Entry Age Normal (Level Percent of Salary)
Discount Rate:	2.9%
Inflation:	2.5%
Salary Increases:	3.0%
Retirement Age:	55
Mortality:	RP 2000 Combined Healthy Table Projected to 2016 with Scale BB.

F. Discount Rate

The discount rate used to measure the total pension liability was 2.90%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

G. Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 2.90%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.90%) or one percentage point higher (3.90) than the current rate:

	1% Decrease (1.90%)	Current Discount Rate (2.90%)	1% Increase (3.90%)
Total Pension Liability	\$ 1,075,753	\$ 1,030,461	\$ 986,132

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 12 SELF-INSURANCE**

The District maintains an Internal Service Fund to account for and finance self-insurance programs for dental benefits. The Internal Service Fund currently services all claims and risk of loss to which the District is exposed for dental costs.

Participants in the program make premium payments to the fund based on the insurance premium determined by the insurance company estimate of monthly claims for each coverage class, plus the stop-loss dental insurance premium costs and administrative charges. The excess amount received above current year claims is used to establish a reserve for future claims. At June 30, 2017, there is a reserve of \$526,053.

District liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

There were no liabilities in excess of claims paid at June 30, 2017. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$668,141 in cash and investments at June 30, 2017, for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Beginning of Fiscal Year Liability - July 1,	\$ 113,980	\$ 122,186
Current Year Claims, Changes in Estimates, and Other Charges	1,266,234	1,176,471
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	<u>(1,238,126)</u>	<u>(1,184,677)</u>
End of Fiscal Year Liability - June 30,	<u>\$ 142,088</u>	<u>\$ 113,980</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 13 CHANGE IN ACCOUNTING PRINCIPLE**

During the fiscal year ended June 30, 2017, the District adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*

The District also restated its beginning liability for severance benefits due to the prior year liability not backing out certain 403b tax sheltered account contributions from the ending liability calculation.

As a result, the District's net position as of June 30, 2016 has been restated to reflect the recognition of the total pension liability of the District's Supplemental Pension Benefit Plan and to restate the beginning liability of severance benefits payable:

<u>Description</u>	<u>Governmental Activities</u>
Net Position, June 30, 2016, as Previously Reported	\$ (95,360,909)
Cumulative Affect of Application of GASB 73, Revaluation of Net Pension Liability	(662,818)
Cumulative Affect of Restatement of Beginning Balance of Severance Benefits Payable	<u>6,438,768</u>
Net Position, June 30, 2016 as Restated	<u><u>\$ (89,584,959)</u></u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LAKEVILLE AREA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 194  
 SCHEDULES OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS  
 CURRENT AND TWO PRECEDING VALUATIONS  
 JUNE 30, 2017**

**Other Post-Employment Benefits Plan**

Other Postemployment Benefits Payable

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2016	\$ -	\$ 25,240,704	\$ 25,240,704	0.00%	\$ 70,881,018	35.6%
7/1/2014	-	21,415,879	21,415,879	0.00%	63,812,559	33.6%
7/1/2012	-	19,128,773	19,128,773	0.00%	61,354,964	31.2%



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
TRA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST THREE MEASUREMENT DATES**

	Measurement Date 6/30/16	Measurement Date 6/30/2015	Measurement Date 6/30/2014
District's Proportion of the Net Pension Liability	1.0399%	1.0085%	1.0787%
District's Proportionate Share of the Net Pension Liability	\$ 248,040,962	\$ 62,385,699	\$ 49,705,714
State's Proportionate Share of the Net Pension Liability Associated with District	24,897,301	7,652,186	3,496,776
Total	<u>\$ 272,938,263</u>	<u>\$ 70,037,885</u>	<u>\$ 53,202,490</u>
District's Covered Payroll	\$ 54,330,253	\$ 53,541,747	\$ 49,242,700
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	456.54%	116.52%	100.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44.88%	76.80%	81.50%

\* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
TRA SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
LAST FOUR FISCAL YEARS**

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Statutorily Required Contribution	\$ 4,302,063	\$ 4,074,769	\$ 4,015,631	\$ 3,446,989
Contributions in Relation to the Statutorily Required Contribution	(4,302,063)	(4,074,769)	(4,015,631)	(3,446,989)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 57,360,840	\$ 54,330,253	\$ 53,541,747	\$ 49,242,700
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.00%

\* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
GERF SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST THREE MEASUREMENT DATES**

	Measurement Date 6/30/16	Measurement Date 6/30/2015	Measurement Date 6/30/2014
District's Proportion of the Net Pension Liability	0.2745%	0.2800%	0.3121%
District's Proportionate Share of the Net Pension Liability	\$ 22,288,038	\$ 14,511,053	\$ 14,660,894
State's Proportionate Share of the Net Pension Liability Associated with District	291,106	-	-
Total	<u>\$ 22,579,144</u>	<u>\$ 14,511,053</u>	<u>\$ 14,660,894</u>
 District's Covered Payroll	 17,051,733	 16,586,888	 16,383,683
 District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	 130.71%	 87.49%	 89.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.90%	78.20%	78.70%

\* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
GERF SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
LAST FOUR FISCAL YEARS**

\* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**PERA Schedule of District Contributions**

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Statutorily Required Contribution	\$ 1,322,406	\$ 1,278,880	\$ 1,223,283	\$ 1,187,817
Contributions in Relation to the Statutorily Required Contribution	(1,322,406)	(1,278,880)	(1,223,283)	(1,187,817)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 17,632,080	\$ 17,051,733	\$ 16,586,888	\$ 16,383,683

**LAKEVILLE AREA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 194  
 SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY AND RELATED RATIOS  
 SUPPLEMENTAL PENSION PLAN  
 LAST TEN FISCAL YEARS**

	Measurement Date July 1, 2016
Service Cost	\$ 60,427
Interest	31,309
Changes in Benefit Terms	-
Differences between Expected and Actual Experience	-
Changes of Assumptions of Other Inputs	-
Benefit Payments	(159,768)
Other Changes	-
Net Changes	(68,032)
<b>Total Pension Liability - Beginning</b>	<b>1,098,493</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 1,030,461</b>
 <b>Covered Employee Payroll</b>	 <b>\$ 11,839,101</b>
 <b>Total Pension Liability as a Percentage of Covered Employee Payroll</b>	 <b>8.70%</b>

\*Ten Years of Data Will be Presented as it Becomes Available

## **SUPPLEMENTARY INFORMATION**

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and Investments	\$ 28,727,046	\$ 25,449,597
Receivables:		
Current Taxes	14,022,799	13,828,303
Delinquent Taxes	243,009	169,476
Accounts and Interest Receivable	568,094	278,582
Due from Other Minnesota School Districts	148,161	114,906
Due from Minnesota Department of Education	9,961,731	8,718,426
Due from Federal Through the Minnesota Department of Education	2,659,749	2,448,639
Due from Other Governmental Units	64,743	50,905
Prepays	<u>659,493</u>	<u>306,414</u>
Total Assets	<u>\$ 57,054,825</u>	<u>\$ 51,365,248</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 6,418,415	\$ 4,480,678
Payroll Deductions and Employer Contributions Payable	5,172,397	4,440,682
Accounts and Contracts Payable	1,510,893	1,138,363
Unearned Revenue	<u>115,283</u>	<u>109,724</u>
Total Liabilities	13,216,988	10,169,447
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	23,407,788	23,211,863
Unavailable Revenue - Delinquent Taxes	<u>175,444</u>	<u>127,524</u>
Total Deferred Inflows of Resources	23,583,232	23,339,387
Fund Balance:		
Nonspendable:		
Prepays	659,493	306,414
Restricted for:		
Staff Development	1,285,906	1,228,176
Capital Projects Levy	583,186	-
Operating Capital	312,972	41,444
Achievement and Integration	119,473	-
Safe Schools Levy	-	7,402
Assigned for:		
Subsequent Year Budget Deficit	3,882,730	5,447,941
Literacy Program	-	90,000
J.F.K. STEAM Art Room	-	6,000
Textbooks Order	-	227,300
Schools Carry-Over	933,282	859,150
Unassigned	<u>12,477,563</u>	<u>9,642,587</u>
Total Fund Balance	<u>20,254,605</u>	<u>17,856,414</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 57,054,825</u>	<u>\$ 51,365,248</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	2017		Over (Under) Final Budget	2016
	Final Budget	Actual Amounts		Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 26,008,341	\$ 26,047,699	\$ 39,358	\$ 20,793,410
Earnings and Investments	-	130,551	130,551	9,600
Other	2,544,234	4,167,432	1,623,198	3,784,470
State Sources	92,250,789	95,819,360	3,568,571	90,629,655
Federal Sources	2,667,655	2,729,768	62,113	2,508,216
Total Revenues	123,471,019	128,894,810	5,423,791	117,725,351
<b>EXPENDITURES</b>				
Current:				
Administration:				
Salaries	4,246,775	4,442,112	195,337	4,049,365
Employee Benefits	1,952,319	1,992,100	39,781	1,939,792
Purchased Services	295,038	422,390	127,352	217,450
Supplies and Materials	160,080	233,025	72,945	194,849
Other Expenditures	85,434	154,849	69,415	176,671
Total Administration	6,739,646	7,244,476	504,830	6,578,127
District Support Services:				
Salaries	1,689,898	1,666,871	(23,027)	1,428,635
Employee Benefits	1,746,859	1,191,133	(555,726)	1,105,045
Purchased Services	518,965	782,624	263,659	381,822
Supplies and Materials	68,921	70,414	1,493	24,420
Other Expenditures	436,125	78,072	(358,053)	76,073
Total District Support Services	4,460,768	3,789,114	(671,654)	3,015,995
Elementary and Secondary Regular Instruction:				
Salaries	38,801,446	38,678,043	(123,403)	36,211,983
Employee Benefits	13,941,571	13,779,195	(162,376)	13,603,204
Purchased Services	1,730,860	1,530,276	(200,584)	1,228,161
Supplies and Materials	2,029,857	1,861,964	(167,893)	1,329,511
Other Expenditures	115,869	621,271	505,402	363,659
Total Elementary and Secondary Regular Instruction	56,619,603	56,470,749	(148,854)	52,736,518



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE (CONTINUED)  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	2017			2016
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 631,901	\$ 631,273	\$ (628)	\$ 534,043
Employee Benefits	255,580	209,294	(46,286)	198,240
Purchased Services	11,718	12,868	1,150	47,087
Supplies and Materials	35,056	36,367	1,311	33,049
Other Expenditures	1,600	4,585	2,985	1,165
Total Vocational Education Instruction	<u>935,855</u>	<u>894,387</u>	<u>(41,468)</u>	<u>813,584</u>
Special Education Instruction:				
Salaries	16,178,470	15,588,859	(589,611)	15,086,022
Employee Benefits	7,565,625	7,367,548	(198,077)	7,398,801
Purchased Services	1,415,914	1,374,066	(41,848)	1,070,107
Supplies and Materials	308,174	326,984	18,810	254,812
Other Expenditures	291,775	234,302	(57,473)	244,098
Total Special Education Instruction	<u>25,759,958</u>	<u>24,891,759</u>	<u>(868,199)</u>	<u>24,053,840</u>
Instructional Support Services:				
Salaries	5,162,012	5,425,035	263,023	3,973,040
Employee Benefits	1,607,617	1,629,536	21,919	1,423,724
Purchased Services	944,127	270,058	(674,069)	388,766
Supplies and Materials	655,750	224,803	(430,947)	331,918
Other Expenditures	124,832	123,239	(1,593)	6,807
Total Instructional Support Services	<u>8,494,338</u>	<u>7,672,671</u>	<u>(821,667)</u>	<u>6,124,255</u>
Pupil Support Services:				
Salaries	3,138,215	3,098,023	(40,192)	3,034,756
Employee Benefits	1,354,770	1,319,569	(35,201)	1,280,309
Purchased Services	6,042,816	6,836,689	793,873	6,032,317
Supplies and Materials	163,002	291,490	128,488	279,569
Other Expenditures	100	19,831	19,731	7,317
Total Pupil Support Services	<u>10,698,903</u>	<u>11,565,602</u>	<u>866,699</u>	<u>10,634,268</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE (CONTINUED)  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	2017		Over (Under) Final Budget	2016
	Final Budget	Actual Amounts		Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 3,879,245	\$ 3,529,326	\$ (349,919)	\$ 3,292,567
Employee Benefits	1,611,826	1,640,099	28,273	1,482,838
Purchased Services	3,319,954	3,457,356	137,402	3,366,019
Supplies and Materials	1,188,620	898,676	(289,944)	758,767
Other Expenditures	1,000	1,180	180	8,310
Total Sites and Buildings	<u>10,000,645</u>	<u>9,526,637</u>	<u>(474,008)</u>	<u>8,908,501</u>
Fiscal and Other Fixed Costs:				
Purchased Services	400,000	323,765	(76,235)	336,920
Capital Outlay:				
Administration	66,607	42,692	(23,915)	37,827
District Support Services	480,321	410,326	(69,995)	182,899
Regular Instruction	864,421	2,225,015	1,360,594	1,697,654
Vocational Education Instruction	36,118	35,372	(746)	25,617
Special Education Instruction	177,252	9,688	(167,564)	212,728
Instructional Support Services	108,570	30,764	(77,806)	88,818
Pupil Support Services	120	70,920	70,800	28,132
Sites and Buildings	2,485,579	1,480,830	(1,004,749)	1,014,579
Total Capital Outlay	<u>4,218,988</u>	<u>4,305,607</u>	<u>86,619</u>	<u>3,288,254</u>
Debt Service:				
Principal	1,570,729	1,494,043	(76,686)	785,782
Interest and Fiscal Charges	95,973	74,576	(21,397)	85,492
Total Debt Service	<u>1,666,702</u>	<u>1,568,619</u>	<u>(98,083)</u>	<u>871,274</u>
Total Expenditures	<u>129,995,406</u>	<u>128,253,386</u>	<u>(1,742,020)</u>	<u>117,361,536</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,524,387)	641,424	7,165,811	363,815
<b>OTHER FINANCING SOURCES</b>				
Capital Lease Proceeds	<u>-</u>	<u>1,756,767</u>	<u>1,756,767</u>	<u>1,262,356</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (6,524,387)</u>	<u>2,398,191</u>	<u>\$ 8,922,578</u>	<u>1,626,171</u>
<b>FUND BALANCE</b>				
Beginning of Year		<u>17,856,414</u>		<u>16,230,243</u>
End of Year		<u>\$ 20,254,605</u>		<u>\$ 17,856,414</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
FOOD SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	2017	2016
<b>ASSETS</b>		
Cash and Investments	\$ 1,966,200	\$ 1,714,619
Receivables:		
Accounts and Interest Receivable	3,479	4,252
Due from Federal Through the Minnesota Department of Education	-	31,093
Inventory	122,023	87,585
Prepays	8,218	7,399
Total Assets	\$ 2,099,920	\$ 1,844,948
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 69,811	\$ 67,240
Payroll Deductions and Employer Contributions Payable	28,513	28,114
Accounts and Contracts Payable	12,116	12,918
Unearned Revenue	213,301	198,449
Total Liabilities	323,741	306,721
 Fund Balance:		
Nonspendable:		
Inventory	122,023	87,585
Prepays	8,218	7,399
Restricted for:		
Food Service	1,645,938	1,443,243
Total Fund Balance	1,776,179	1,538,227
Total Liabilities and Fund Balance	\$ 2,099,920	\$ 1,844,948

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	2017		Over (Under) Final Budget	2016
	Final Budget	Actual Amounts		Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 25	\$ 11,086	\$ 11,061	\$ 799
Other - Primarily Meal Sales	3,686,129	3,805,980	119,851	3,751,305
State Sources	260,801	224,831	(35,970)	221,239
Federal Sources	1,330,717	1,432,498	101,781	1,279,634
Total Revenues	<u>5,277,672</u>	<u>5,474,395</u>	<u>196,723</u>	<u>5,252,977</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	1,920,216	1,791,863	(128,353)	1,948,572
Employee Benefits	500,610	450,726	(49,884)	487,853
Purchased Services	365,050	455,308	90,258	442,086
Supplies and Materials	2,435,946	2,327,080	(108,866)	2,364,712
Other Expenditures	7,500	8,850	1,350	7,703
Capital Outlay	197,500	202,616	5,116	202,073
Total Expenditures	<u>5,426,822</u>	<u>5,236,443</u>	<u>(190,379)</u>	<u>5,452,999</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (149,150)</u>	237,952	<u>\$ 387,102</u>	(200,022)
<b>FUND BALANCE</b>				
Beginning of Year		<u>1,538,227</u>		<u>1,738,249</u>
End of Year		<u>\$ 1,776,179</u>		<u>\$ 1,538,227</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
COMMUNITY SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and Investments	\$ 2,288,262	\$ 1,916,246
Receivables:		
Current Taxes	567,237	533,344
Delinquent Taxes	11,554	9,681
Accounts and Interest Receivable	10,715	6,382
Due from Other Minnesota School Districts	7,207	-
Due from Minnesota Department of Education	80,891	72,429
Due from Federal Through the Minnesota Department of Education	12,648	6,995
Prepays	3,491	-
	<u>\$ 2,982,005</u>	<u>\$ 2,545,077</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 238,035	\$ 218,463
Payroll Deductions and Employer Contributions Payable	83,848	70,022
Accounts and Contracts Payable	23,529	18,118
Unearned Revenue	379,808	414,499
Total Liabilities	<u>725,220</u>	<u>721,102</u>
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	1,057,814	1,002,366
Unavailable Revenue - Delinquent Taxes	9,024	7,917
Total Deferred Inflows of Resources	<u>1,066,838</u>	<u>1,010,283</u>
Fund Balance:		
Nonspendable:		
Prepays	3,491	-
Restricted for:		
Community Education	770,991	566,750
Early Childhood and Family Education	101,035	85,072
School Readiness	99,937	40,971
Severance Benefits	120,899	120,899
Other Community Service Programs	93,594	-
Total Fund Balance	<u>1,189,947</u>	<u>813,692</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,982,005</u>	<u>\$ 2,545,077</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
COMMUNITY SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	2017		2016	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 1,007,000	\$ 997,978	\$ (9,022)	\$ 918,510
Earnings and Investments	1,100	11,686	10,586	1,164
Other - Primarily Tuition and Fees	4,367,100	4,495,446	128,346	4,459,120
State Sources	809,200	817,300	8,100	736,134
Federal Sources	12,600	12,648	48	6,995
Total Revenues	<u>6,197,000</u>	<u>6,335,058</u>	<u>138,058</u>	<u>6,121,923</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	3,498,400	3,502,715	4,315	3,515,178
Employee Benefits	1,336,470	1,371,184	34,714	1,402,166
Purchased Services	885,580	771,755	(113,825)	732,285
Supplies and Materials	219,900	207,154	(12,746)	167,914
Other Expenditures	29,850	77,334	47,484	92,690
Capital Outlay	226,110	28,661	(197,449)	37,750
Total Expenditures	<u>6,196,310</u>	<u>5,958,803</u>	<u>(237,507)</u>	<u>5,947,983</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 690</u>	376,255	<u>\$ 375,565</u>	173,940
<b>FUND BALANCE</b>				
Beginning of Year		<u>813,692</u>		<u>639,752</u>
End of Year		<u>\$ 1,189,947</u>		<u>\$ 813,692</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND  
BALANCE SHEET  
JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	2017	2016
<b>ASSETS</b>		
Cash and Investments	\$ 4,500,478	\$ 7,328,800
Receivables:		
Accounts and Interest Receivable	248	5,166
Total Assets	\$ 4,500,726	\$ 7,333,966
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts and Contracts Payable	\$ 929,129	\$ 203,481
Fund Balance:		
Restricted for:		
Alternative Facilities Program	-	935,909
Long-Term Facilities Maintenance	3,571,597	6,194,576
Total Fund Balance	3,571,597	7,130,485
Total Liabilities and Fund Balance	\$ 4,500,726	\$ 7,333,966

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	2017			2016
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 7,500	\$ 34,426	\$ 26,926	\$ 11,385
<b>EXPENDITURES</b>				
Current:				
Salaries	-	-	-	77,321
Employee Benefits	-	-	-	29,869
Purchased Services	-	333,385	333,385	457,506
Capital Outlay	4,302,590	3,259,929	(1,042,661)	3,149,232
Total Expenditures	<u>4,302,590</u>	<u>3,593,314</u>	<u>(709,276)</u>	<u>3,713,928</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,295,090)	(3,558,888)	736,202	(3,702,543)
<b>OTHER FINANCING SOURCES</b>				
Sale of Bonds	-	-	-	5,660,000
Bond Premium	-	-	-	604,746
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,264,746</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (4,295,090)</u>	(3,558,888)	<u>\$ 736,202</u>	2,562,203
<b>FUND BALANCE</b>				
Beginning of Year		<u>7,130,485</u>		<u>4,568,282</u>
End of Year		<u>\$ 3,571,597</u>		<u>\$ 7,130,485</u>



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	Totals	
	2017	2016
<b>ASSETS</b>		
Cash and Investments	\$ 10,746,320	\$ 72,933,708
Cash with Fiscal Agent	1,660	1,660
Receivables:		
Current Taxes	8,598,132	8,824,246
Delinquent Taxes	183,718	153,893
Accounts and Interest Receivable	-	46,324
Due from Minnesota Department of Education	29,589	2,053
Total Assets	\$ 19,559,419	\$ 81,961,884
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	\$ 16,034,241	\$ 16,584,280
Unavailable Revenue - Delinquent Taxes	140,445	121,197
Total Deferred Inflows of Resources	16,174,686	16,705,477
Fund Balance:		
Restricted for:		
Restricted for Debt Service	3,384,733	65,256,407
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 19,559,419	\$ 81,961,884

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2016)**

	2017			2016
	Final Budgeted Amounts	Actual Regular Debt Service	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 16,584,280	\$ 16,519,169	\$ (65,111)	\$ 16,317,270
Earnings and Investments	40,000	81,839	41,839	84,642
Other	-	55,595	55,595	51,720
State Sources	-	295,855	295,855	20,748
Federal Sources	400,000	411,688	11,688	412,130
Total Revenues	<u>17,024,280</u>	<u>17,364,146</u>	<u>339,866</u>	<u>16,886,510</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	10,560,000	10,710,000	150,000	12,990,000
Bond Interest	6,810,372	6,666,769	(143,603)	6,581,483
Paying Agent Fees and Other	-	4,051	4,051	270,556
Total Expenditures	<u>17,370,372</u>	<u>17,380,820</u>	<u>10,448</u>	<u>19,842,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(346,092)	(16,674)	329,418	(2,955,529)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Bonds	-	-	-	55,215,000
Bond Premium	-	-	-	9,865,931
Payment to Refunded Bond Escrow Agent	-	(61,855,000)	(61,855,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(61,855,000)</u>	<u>(61,855,000)</u>	<u>65,080,931</u>
Net Change in Fund Balance	<u>\$ (346,092)</u>	(61,871,674)	<u>\$ (61,525,582)</u>	62,125,402
<b>FUND BALANCE</b>				
Beginning of Year		<u>65,256,407</u>		<u>3,131,005</u>
End of Year		<u>\$ 3,384,733</u>		<u>\$ 65,256,407</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE  
YEAR ENDED JUNE 30, 2017**

	AUDIT	UFARS	DIFFERENCE
<b>01 GENERAL FUND</b>			
Total Revenue	\$ 128,894,810	\$ 128,894,811	\$ (1)
Total Expenditures	126,496,619	126,496,619	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	659,493	659,493	-
<i>Restricted:</i>			
403 Staff Development	1,285,906	1,285,906	-
405 Deferred Maintenance	-	-	-
406 Health and Safety	(18,598)	(18,598)	-
407 Capital Project Levy	583,186	583,186	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	312,972	312,972	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	-	-
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	119,473	119,473	-
449 Safe Schools Crime Levy	(176,514)	(176,514)	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
467 LTFM	(726,623)	(726,623)	-
472 Medical Assistance	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	4,816,012	4,816,012	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	13,399,297	13,399,297	-
<b>02 FOOD SERVICE</b>			
Total Revenue	5,474,395	5,474,395	-
Total Expenditures	5,236,443	5,236,445	(2)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	130,241	130,241	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	1,645,938	1,645,938	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	6,335,058	6,335,058	-
Total Expenditures	5,958,803	5,958,802	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	3,491	3,491	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	770,991	770,991	-
432 E.C.F.E.	101,035	101,035	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	99,937	99,937	-
447 Adult Basic Education	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	214,493	214,494	(1)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

	AUDIT	UFARS	DIFFERENCE
<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$ 34,426	\$ 34,426	\$ -
Total Expenditures	3,593,314	3,593,312	2
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 LTFM	3,571,597	3,571,598	(1)
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>07 DEBT SERVICE</b>			
Total Revenue	17,364,146	17,364,146	-
Total Expenditures	17,380,820	17,380,819	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	3,384,733	3,384,733	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>08 TRUST</b>			
Total Revenue	782,041	782,042	(1)
Total Expenditures	781,191	781,192	(1)
<i>Net Position:</i>			
422 Net Position	336,710	336,710	-
<b>20 INTERNAL SERVICE</b>			
Total Revenue	1,247,833	1,247,834	(1)
Total Expenditures	1,266,234	1,266,233	1
<i>Net Position:</i>			
422 Net Position	526,053	526,053	-
<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>47 OPEB DEBT SERVICE</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

## STATISTICAL SECTION (UNAUDITED)

This part of Independent School District No. 194 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>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	98
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	106
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	112
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	117
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	120

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

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2008	2009	2010	2011
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ (35,641,865)	\$ (31,644,356)	\$ (30,411,034)	\$ (31,952,618)
Restricted	3,031,684	3,703,624	4,044,717	3,368,202
Unrestricted	(11,147,781)	(5,622,807)	(5,487,325)	(10,419,243)
Total Governmental Activities Net Position	<u>\$ (43,757,962)</u>	<u>\$ (33,563,539)</u>	<u>\$ (31,853,642)</u>	<u>\$ (39,003,659)</u>

Source: District's financial records.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (30,732,082)	\$ (29,699,500)	\$ (27,423,779)	\$ (24,323,317)	\$ (21,049,511)	\$ (15,018,728)
3,415,431	4,434,818	3,330,799	4,412,606	4,251,000	6,476,043
<u>(7,548,759)</u>	<u>(9,152,480)</u>	<u>(9,994,715)</u>	<u>(78,728,883)</u>	<u>(78,562,398)</u>	<u>(108,924,623)</u>
<u>\$ (34,865,410)</u>	<u>\$ (34,417,162)</u>	<u>\$ (34,087,695)</u>	<u>\$ (98,639,594)</u>	<u>\$ (95,360,909)</u>	<u>\$ (117,467,308)</u>

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental Activities:				
Administration	\$ 6,782,254	\$ 5,861,415	\$ 5,480,013	\$ 5,764,641
District Support Services	3,346,984	3,816,532	4,038,852	4,269,683
Regular Instruction	46,174,166	49,135,140	47,673,865	50,617,381
Vocational Education Instruction	595,326	729,260	885,351	1,010,823
Special Education Instruction	18,855,088	18,534,252	19,157,054	20,175,602
Instructional Support Services	3,988,236	4,143,223	4,050,916	4,164,874
Pupil Support Services	9,163,882	10,217,211	10,164,501	10,552,642
Sites and Buildings	11,082,402	9,608,253	10,229,230	11,401,243
Fiscal and Other Fixed Cost Programs	366,954	280,941	228,050	277,057
Food Service	4,998,058	4,934,873	5,098,894	5,332,326
Community Service	5,395,518	5,416,236	5,391,880	5,637,474
Depreciation Not Included in Other Functions	5,736,651	5,511,701	6,062,499	5,659,267
Interest and Fiscal Charges on Long-Term Debt	13,249,236	9,721,183	11,006,957	12,940,980
Total Governmental Activities Expenses	<u>\$ 129,734,755</u>	<u>\$ 127,910,220</u>	<u>\$ 129,468,062</u>	<u>\$ 137,803,993</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Administration	\$ 210,043	\$ 268,381	\$ 253,322	\$ 261,234
Regular Instruction	1,094,033	1,578,010	1,820,909	1,799,217
Special Education Instruction	26,035	2,286	-	32,164
Sites and Buildings	-	-	-	425
Food Service	3,920,297	4,142,137	4,030,077	4,095,510
Community Service	4,072,892	4,011,172	3,874,885	3,933,506
Operating Grants and Contributions	14,243,991	12,938,523	15,165,555	16,041,809
Capital Grants and Contributions	1,276,966	1,148,310	1,120,667	1,067,339
Total Governmental Activities Program Revenue	<u>\$ 24,844,257</u>	<u>\$ 24,088,819</u>	<u>\$ 26,265,415</u>	<u>\$ 27,231,204</u>
<b>Net Expense</b>				
Governmental Activities	<u>\$ (104,890,498)</u>	<u>\$ (103,821,401)</u>	<u>\$ (103,202,647)</u>	<u>\$ (110,572,789)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes:				
General Purposes and Capital Projects	\$ 14,063,632	\$ 17,799,015	\$ 18,046,516	\$ 24,524,153
Community Service	881,366	842,799	1,028,426	1,663,098
Debt Service	12,646,409	11,829,685	13,179,096	14,211,606
Unrestricted Grants and Contributions	68,876,836	70,359,504	68,496,567	59,516,852
Unrestricted Investment Earnings	5,657,689	4,502,895	3,699,330	3,017,815
Gain on Sale of Capital Assets	-	-	-	-
Miscellaneous	448,182	388,300	462,609	489,248
Total Governmental Activities	<u>\$ 102,574,114</u>	<u>\$ 105,722,198</u>	<u>\$ 104,912,544</u>	<u>\$ 103,422,772</u>
<b>Change in Net Position</b>	\$ (2,316,384)	\$ 1,900,797	\$ 1,709,897	\$ (7,150,017)
Net Position - Beginning	(41,441,578)	(43,757,962)	(33,563,539)	(31,853,642)
Prior Period Adjustment	-	8,293,626	-	-
Net Position - Ending	<u>\$ (43,757,962)</u>	<u>\$ (33,563,539)</u>	<u>\$ (31,853,642)</u>	<u>\$ (39,003,659)</u>

Source: District's financial records.



Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 5,582,549	\$ 5,807,672	\$ 5,607,937	\$ 5,873,402	\$ 6,626,754	\$ 8,919,475	
3,355,217	2,855,116	2,850,470	3,133,379	3,373,880	4,656,743	
45,859,708	47,809,728	48,664,616	51,429,239	60,086,927	88,816,527	
808,899	791,345	740,927	705,448	846,403	1,333,877	
20,141,842	21,630,107	22,987,253	22,826,288	24,436,603	32,763,375	
4,489,477	5,153,516	4,841,451	5,104,668	6,266,543	9,641,362	
10,338,362	10,595,217	9,589,214	10,122,364	10,721,261	13,159,319	
9,857,792	9,364,744	10,373,680	15,173,527	12,412,434	14,128,837	
221,336	396,778	163,550	299,811	338,883	323,765	
5,323,789	5,230,705	5,144,397	4,976,887	5,367,889	5,238,913	
5,619,382	6,092,731	6,478,293	5,864,751	5,986,610	6,528,555	
5,994,270	6,260,121	6,331,969	-	-	-	
12,531,766	9,494,109	7,382,240	5,988,434	6,268,214	4,105,944	
<u>\$ 130,124,389</u>	<u>\$ 131,481,889</u>	<u>\$ 131,155,997</u>	<u>\$ 131,498,198</u>	<u>\$ 142,732,401</u>	<u>\$ 189,616,692</u>	
\$ 272,192	\$ 264,970	\$ 304,471	\$ 253,565	\$ 336,034	\$ 422,939	
1,694,677	1,814,577	1,885,949	1,879,754	1,859,651	1,942,141	
-	-	19,048	29,317	-	68,036	
-	-	180,707	191,118	188,782	241,484	
4,054,633	3,915,719	3,810,729	3,849,753	3,730,928	3,788,955	
3,693,398	4,138,327	4,830,674	4,052,784	4,346,414	4,427,172	
16,620,400	14,876,163	15,603,450	16,762,577	16,144,210	22,702,860	
1,174,781	1,635,868	1,692,334	2,569,952	2,977,985	808,196	
<u>\$ 27,510,081</u>	<u>\$ 26,645,624</u>	<u>\$ 28,327,362</u>	<u>\$ 29,588,820</u>	<u>\$ 29,584,004</u>	<u>\$ 34,401,783</u>	
<u>\$ (102,614,308)</u>	<u>\$ (104,836,265)</u>	<u>\$ (102,828,635)</u>	<u>\$ (101,909,378)</u>	<u>\$ (113,148,397)</u>	<u>\$ (155,214,909)</u>	
\$ 15,996,916	\$ 15,653,080	\$ 10,638,049	\$ 19,558,029	\$ 20,806,970	\$ 26,095,619	
1,117,922	1,065,281	519,365	952,601	917,871	999,085	
15,539,933	15,765,092	15,158,807	15,450,600	16,317,289	16,538,417	
70,357,575	70,214,527	76,111,678	75,836,806	76,899,607	82,053,087	
3,020,801	1,808,318	46,790	6,864	107,590	269,588	
-	-	-	964	-	-	
719,410	778,215	683,413	373,864	1,377,755	1,376,764	
<u>\$ 106,752,557</u>	<u>\$ 105,284,513</u>	<u>\$ 103,158,102</u>	<u>\$ 112,179,728</u>	<u>\$ 116,427,082</u>	<u>\$ 127,332,560</u>	
\$ 4,138,249	\$ 448,248	\$ 329,467	\$ 10,270,350	\$ 3,278,685	\$ (27,882,349)	
(39,003,659)	(34,865,410)	(34,417,162)	(34,087,695)	(98,639,594)	(95,360,909)	
-	-	-	(74,822,249)	-	5,775,950	
<u>\$ (34,865,410)</u>	<u>\$ (34,417,162)</u>	<u>\$ (34,087,695)</u>	<u>\$ (98,639,594)</u>	<u>\$ (95,360,909)</u>	<u>\$ (117,467,308)</u>	

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2008	2009	2010	2011
<b>General Fund</b>				
Reserved	\$ 1,635,954	\$ 1,397,031	\$ 805,822	\$ -
Unreserved	5,715,372	5,473,850	7,217,270	-
Nonspendable	-	-	-	22,600
Restricted	-	-	-	732,508
Assigned	-	-	-	-
Unassigned	-	-	-	4,435,964
Total General Fund	<u>7,351,326</u>	<u>6,870,881</u>	<u>8,023,092</u>	<u>5,191,072</u>
<b>All Other Governmental Funds</b>				
Reserved	108,915,245	106,118,016	84,276,347	-
Unreserved, Reported in:				
Food Service Fund	869,231	1,249,684	1,344,000	-
Community Service Fund	11,421	196,834	249,873	-
Debt Service Funds	3,308,428	3,065,934	2,960,957	-
Nonspendable	-	-	-	87,904
Restricted, Reported in:				
Food Service Fund	-	-	-	1,286,003
Community Service Fund	-	-	-	968,551
Capital Projects Fund	-	-	-	4,268,525
Debt Service Funds	-	-	-	77,095,559
All Other Governmental Funds	<u>113,104,325</u>	<u>110,630,468</u>	<u>88,831,177</u>	<u>83,706,542</u>
Total All Funds	<u>\$ 120,455,651</u>	<u>\$ 117,501,349</u>	<u>\$ 96,854,269</u>	<u>\$ 88,897,614</u>

Source: District's financial records

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
100	5,013	280	185,338	306,414	659,493	
827,346	759,457	986,919	1,394,439	1,277,022	2,301,537	
1,478,522	1,704,585	200,000	1,960,472	6,630,391	4,816,012	
7,779,672	7,294,275	8,728,265	12,689,994	9,642,587	12,477,563	
<u>10,085,640</u>	<u>9,763,330</u>	<u>9,915,464</u>	<u>16,230,243</u>	<u>17,856,414</u>	<u>20,254,605</u>	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
67,368	77,470	81,269	83,397	94,984	133,732	
1,230,185	1,291,028	1,365,973	1,654,852	1,443,243	1,645,938	
919,926	797,348	850,931	639,752	813,692	1,186,456	
9,331,983	5,567,748	7,108,644	4,568,282	7,130,485	3,571,597	
88,713,744	3,158,231	3,281,276	3,131,005	65,256,407	3,384,733	
<u>100,263,206</u>	<u>10,891,825</u>	<u>12,688,093</u>	<u>10,077,288</u>	<u>74,738,811</u>	<u>9,922,456</u>	
<u>\$ 110,348,846</u>	<u>\$ 20,655,155</u>	<u>\$ 22,603,557</u>	<u>\$ 26,307,531</u>	<u>\$ 92,595,225</u>	<u>\$ 30,177,061</u>	

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2008	2009	2010	2011
<b>Revenues</b>				
Local Sources:				
Property Taxes	\$ 27,494,546	\$ 30,391,631	\$ 32,325,341	\$ 37,483,240
Earnings on Investments	5,657,689	4,502,895	3,699,330	3,017,815
Other	9,740,367	10,272,176	10,441,802	11,032,499
State Sources	81,441,558	81,642,845	74,183,696	74,224,548
Federal Sources	2,956,235	2,803,492	10,599,093	4,768,568
Total Revenues	<u>127,290,395</u>	<u>129,613,039</u>	<u>131,249,262</u>	<u>130,526,670</u>
<b>Expenditures</b>				
Current:				
Administration	5,896,489	5,263,205	5,163,881	5,579,823
District Support Services	3,004,082	3,542,611	3,868,115	4,074,481
Regular Instruction	43,995,836	47,060,977	46,453,196	49,055,503
Vocational Education Instruction	652,335	720,845	880,705	1,006,177
Special Education Instruction	18,850,654	18,527,816	19,146,562	20,188,657
Instructional Support Services	3,765,778	4,142,223	4,059,960	4,220,092
Pupil Support Services	9,058,025	10,183,237	10,116,860	10,582,718
Sites and Buildings	9,832,204	10,100,059	10,055,949	10,079,715
Fiscal and Other Fixed Cost Programs	365,809	269,934	226,905	275,912
Food Service	4,981,853	4,873,049	5,039,356	5,177,511
Community Service Fund	5,357,498	5,438,418	5,528,943	5,594,247
Capital Outlay	2,374,034	5,045,019	4,976,705	4,484,996
Debt Service:				
Principal	7,275,703	7,235,402	8,485,596	9,116,314
Interest and Fiscal Charges	11,722,981	10,186,878	9,948,239	10,047,718
Total Expenditures	<u>127,133,281</u>	<u>132,589,673</u>	<u>133,950,972</u>	<u>139,483,864</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	157,114	(2,976,634)	(2,701,710)	(8,957,194)
<b>Other Financing Sources (Uses)</b>				
Sale of Equipment	-	300	-	525
Sale of Bonds	4,000,000	15,885,000	8,800,000	-
Bond Premium	-	672,032	-	-
Bond Discount	(5,059)	-	(30,487)	-
Capital Leases Issued	-	-	-	1,000,014
Payment to Refunded Bond Escrow Agent	(27,385,000)	(16,535,000)	(26,714,883)	-
Total Other Financing Sources (Uses)	<u>(23,390,059)</u>	<u>22,332</u>	<u>(17,945,370)</u>	<u>1,000,539</u>
Net Change in Fund Balances	(23,232,945)	(2,954,302)	(20,647,080)	(7,956,655)
Fund Balance - Beginning	143,688,596	120,455,651	117,501,349	96,854,269
Prior Period Adjustment	-	-	-	-
Fund Balance - Ending	<u>\$ 120,455,651</u>	<u>\$ 117,501,349</u>	<u>\$ 96,854,269</u>	<u>\$ 88,897,614</u>
Debt Service as a Percentage of Noncapital Expenditures	15.11%	13.78%	14.33%	14.11%

Sources: District's financial records

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 32,644,895	\$ 32,686,880	\$ 26,379,984	\$ 35,958,963	\$ 38,029,190	\$ 43,564,846	
3,020,801	1,808,318	46,790	6,864	107,590	269,588	
10,604,481	10,910,059	11,714,991	10,630,155	12,046,615	12,524,453	
82,051,616	82,515,241	89,404,404	91,108,982	91,607,776	97,157,346	
5,930,969	4,211,317	4,003,058	4,060,353	4,206,975	4,586,602	
<u>134,252,762</u>	<u>132,131,815</u>	<u>131,549,227</u>	<u>141,765,317</u>	<u>145,998,146</u>	<u>158,102,835</u>	
5,263,611	5,725,081	5,695,027	5,885,697	6,578,127	7,244,476	
2,891,833	2,835,286	2,872,189	2,729,495	3,015,995	3,789,114	
44,239,302	46,644,013	47,427,322	49,315,277	52,736,518	56,470,749	
802,369	768,404	718,562	681,137	813,584	894,387	
20,148,331	21,131,379	22,497,486	22,712,599	24,053,840	24,891,759	
4,504,069	5,093,924	4,781,674	4,948,881	6,124,255	7,672,671	
10,357,945	10,543,171	9,581,176	10,124,898	10,634,268	11,565,602	
10,097,031	9,983,771	10,192,575	8,748,389	8,908,501	9,526,637	
231,671	391,070	161,585	297,918	336,920	323,765	
5,219,072	5,127,069	5,047,750	4,962,735	5,250,926	5,033,827	
5,439,313	5,814,226	6,379,034	5,793,209	5,910,233	5,930,142	
2,772,723	4,003,646	3,583,132	6,041,238	7,242,005	8,130,198	
10,087,588	10,670,284	8,707,058	10,332,959	13,775,782	12,204,043	
10,070,409	10,037,301	7,828,476	6,997,242	6,937,531	6,745,396	
<u>132,125,267</u>	<u>138,768,625</u>	<u>135,473,046</u>	<u>139,571,674</u>	<u>152,318,485</u>	<u>160,422,766</u>	
2,127,495	(6,636,810)	(3,923,819)	2,193,643	(6,320,339)	(2,319,931)	
-	1,749	1,628	964	-	-	
18,585,000	43,885,000	5,065,000	-	60,875,000	-	
738,737	10,451,035	47,924	-	10,470,677	-	
-	-	-	-	-	-	
-	799,335	757,669	1,509,367	1,262,356	1,756,767	
-	(138,194,000)	-	-	-	(61,855,000)	
<u>19,323,737</u>	<u>(83,056,881)</u>	<u>5,872,221</u>	<u>1,510,331</u>	<u>72,608,033</u>	<u>(60,098,233)</u>	
21,451,232	(89,693,691)	1,948,402	3,703,974	66,287,694	(62,418,164)	
88,897,614	110,348,846	20,655,155	22,603,557	26,307,531	92,595,225	
-	-	-	-	-	-	
<u>\$ 110,348,846</u>	<u>\$ 20,655,155</u>	<u>\$ 22,603,557</u>	<u>\$ 26,307,531</u>	<u>\$ 92,595,225</u>	<u>\$ 30,177,061</u>	
15.63%	15.45%	12.53%	12.74%	13.94%	12.08%	

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

For Taxes Collectible	Tax Capacity Valuation						Taxable Market Value	Tax Capacity as a Percentage of Market Value
	Agricultural	Non-Agricultural	Fiscal Disparities		Tax Increment	Total Taxable		
			Contribution	Distribution				
<b>Dakota County</b>								
2008	\$ 897,074	\$ 57,726,450	\$ (4,078,994)	\$ 5,349,119	\$ (1,827,226)	\$ 58,066,423	\$ 5,151,200,775	1.13
2009	920,001	59,113,995	(4,533,844)	6,345,816	(1,791,005)	60,054,963	5,202,350,575	1.15
2010	920,725	56,651,346	(5,246,695)	6,602,943	(1,693,730)	57,234,589	4,932,009,775	1.16
2011	774,466	53,033,002	(5,452,303)	6,864,065	(904,389)	54,314,841	4,606,951,125	1.18
2012	741,467	50,367,396	(5,245,261)	6,327,814	(862,243)	51,329,173	4,524,275,083	1.13
2013	836,959	47,789,272	(5,156,246)	6,053,789	(863,946)	48,659,828	4,292,335,565	1.13
2014	939,338	49,665,003	(5,144,949)	5,583,345	(861,019)	50,181,718	4,463,675,000	1.12
2015	1,063,484	53,968,491	(5,185,014)	5,584,388	(446,760)	54,984,589	4,863,006,100	1.13
2016	1,024,046	56,069,760	(5,126,948)	5,805,667	(495,596)	57,276,929	5,054,527,125	1.13
2017	990,938	59,215,038	(5,128,242)	6,197,728	(516,923)	60,758,539	5,329,170,525	1.14
<b>Scott County</b>								
2008	715,202	12,339,690	(230,407)	597,742	-	13,422,227	1,184,122,900	1.13
2009	761,576	12,847,060	(290,831)	743,205	-	14,061,010	1,224,707,200	1.15
2010	734,001	12,197,479	(299,240)	357,821	-	12,990,061	1,167,570,300	1.11
2011	576,846	11,140,943	(291,800)	842,927	-	12,268,916	1,061,026,100	1.16
2012	552,318	10,945,459	(343,116)	776,116	-	11,930,777	1,060,039,200	1.13
2013	594,994	10,404,058	(348,339)	687,152	-	11,337,865	1,013,692,600	1.12
2014	640,187	10,303,122	(349,605)	692,025	-	11,285,729	1,004,865,300	1.12
2015	693,145	11,620,133	(356,055)	716,106	-	12,673,329	1,118,381,400	1.13
2016	744,288	12,208,716	(443,852)	735,730	-	13,244,882	1,166,292,500	1.14
2017	744,292	12,755,459	(490,795)	808,348	-	13,817,304	1,213,738,200	1.14

Source: School Tax Report issued by the Minnesota Department of Education and Scott and Dakota Counties

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Rate	Tax Collection Calendar Fiscal Year	ISD No. 194	Overlapping Rates				
			Municipalities				
			Lakeville	Burnsville	Elko New Market	Eureka	Credit River
Tax Capacity Rate	2008	0.26272	0.34195	0.35005	0.37161	0.17001	0.10279
Market Value Rate	2008	0.17167	0.00007	-	-	-	-
Tax Capacity Rate	2009	0.27062	0.33973	0.36121	0.36967	0.16854	0.10876
Market Value Rate	2009	0.17413	0.00007	-	-	-	-
Tax Capacity Rate	2010	0.27714	0.36624	0.38566	0.39580	0.17262	0.10977
Market Value Rate	2010	0.18363	0.00007	-	-	-	-
Tax Capacity Rate	2011	0.32138	0.38250	0.42598	0.43912	0.16951	0.16586
Market Value Rate	2011	0.19241	0.00008	-	-	-	-
Tax Capacity Rate	2012	0.32061	0.39051	0.43213	0.45259	0.18544	0.12847
Market Value Rate	2012	0.18932	0.00008	-	-	-	-
Tax Capacity Rate	2013	0.33535	0.41234	0.47021	0.54336	0.16861	0.13648
Market Value Rate	2013	0.00200	0.00008	-	-	-	-
Tax Capacity Rate	2014	0.33048	0.40696	0.46670	0.53547	0.15362	0.14212
Market Value Rate	2014	0.00260	0.00007	-	-	-	-
Tax Capacity Rate	2015	0.31459	0.38948	0.44790	0.46652	0.14688	0.13520
Market Value Rate	2015	0.00249	-	-	-	-	-
Tax Capacity Rate	2016	0.35319	0.38669	0.46525	0.48577	0.13672	0.13712
Market Value Rate	2016	0.00279	-	-	-	-	-
Tax Capacity Rate	2017	0.32914	0.37510	0.46557	0.47817	0.14463	0.14017
Market Value Rate	2017	0.00254	-	-	-	-	-

\* Tax capacity rates only.

Source: Dakota and Scott Counties

Overlapping Rates

Counties		Special Taxing Districts		Total*	
Dakota County	Scott County	Dakota County	Scott County	Lakeville Resident	Elko New Market Resident
0.25184	0.32646	0.05227	0.04179	0.90878	1.00258
-	-	-	-	-	-
0.25808	0.32684	0.06190	0.04280	0.93033	1.00993
-	-	-	-	-	-
0.27261	0.33237	0.05262	0.04242	0.96861	1.04773
-	-	-	-	-	-
0.29149	0.35541	0.05076	0.04451	1.04613	1.16042
-	-	-	-	-	-
0.31426	0.38802	0.05601	0.04873	1.08139	1.20995
-	-	-	-	-	-
0.33421	0.40674	0.06103	0.05042	1.14293	1.33587
-	-	-	-	-	-
0.31827	0.39720	0.05883	0.04876	1.11454	1.31191
-	-	-	-	-	-
0.29633	0.36638	0.05341	0.04542	1.05381	1.19291
-	-	-	-	-	-
0.28570	0.36175	0.05397	0.04520	1.07955	1.24590
-	-	-	-	-	-
0.28004	0.35986	0.04907	0.04345	1.03335	1.20971
-	-	-	-	-	-



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

Taxpayer	2017			2008		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
Southwind Apartments LLC	\$ 409,353	1	0.55%	\$ 312,500	2	0.44%
Excel Energy	368,786	2	0.49%			
Southfork Apartments LLC	357,216	3	0.48%	210,395	7	0.29%
Dakota Electric Association	305,538	4	0.41%	303,884	3	0.43%
Lakeville 2004 LLC	303,944	5	0.41%	354,010	1	0.50%
Inland Argonne Village	294,966	6	0.40%			
Great River Energy	293,716	7	0.39%			
EREP Heritage Commons LLC	283,804	8	0.38%	182,280	10	0.25%
Timberland Observatory	268,434	9	0.36%	197,501	8	0.28%
Walker Highview Hills LLC	263,577	10	0.35%			
Target Corporation				297,592	4	0.42%
Argonne Investments LLC				289,099	5	0.40%
CRW Lakeville, LLC				246,320	6	0.34%
Muller Family Theatres of Lakeville				196,328	9	0.27%
<b>Total</b>	<b>\$ 3,149,334</b>		<b>4.22%</b>	<b>\$ 2,589,909</b>		<b>3.62%</b>

1) Source: Certificate as to Taxes and Taxable Property as assessed in 2016 for the purpose of computing the rates of taxes collectible in 2017 furnished by Dakota and Scott Counties

2) Source: 2008B Official Statement Document, dated October 16, 2008, based on Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers furnished by Dakota and Scott Counties.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

For Taxes Collectible	Original Levy				First Year Levy Recognized	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	Amount	Percentage of Levy
2008	\$ 27,752,771	\$ 2,812,507	\$ 394,626	\$ 30,959,904	\$ 27,346,760	88.3%
2009	29,330,059	3,038,743	416,753	32,785,555	28,952,820	88.3%
2010	28,733,130	3,247,202	468,517	32,448,849	27,995,226	86.3%
2011	29,827,064	3,500,400	467,981	33,795,445	28,923,526	85.6%
2012	28,575,707	3,598,876	17,906	32,192,489	28,327,334	88.0%
2013	28,447,001	3,430,270	16,270 *	31,893,541	28,139,940	88.2%
2014	32,432,369	3,351,998	16,277	35,800,644	32,277,802	90.2%
2015	34,177,848	3,702,368	16,292	37,896,508	35,598,416	93.9%
2016	39,922,477	3,643,769	28,741	43,594,987	43,310,458	99.3%
2017	38,860,462	4,374,822	23,642	43,258,926	20,070,758	46.4%

Note 1: A portion of the total spread levy is paid through various property tax credits which are paid through state aids and have been included in collections.

Note 2: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write off of delinquent taxes receivable.

Note 3: Only a portion of the taxes levied for the most recent fiscal year is collected by June 30.

Source: State of Minnesota School Tax Report; for 2008 the Certificate as to Taxes and Taxable Property from Dakota and Scott Counties

Collections Received in Subsequent Years	Total Collections to Date		Uncollected Taxes Receivable as of June 30, 2017	
	Amount	Percentage of Levy	Delinquent	
			Amount	Percent
\$ 3,613,144	\$ 30,959,904	100.0 %	\$ -	- %
3,832,735	32,785,555	100.0	-	- %
4,453,623	32,448,849	100.0	-	- %
4,851,362	33,774,888	99.9	20,557	0.1 %
3,846,198	32,173,532	99.9	18,957	0.1 %
3,722,459	31,862,399	99.9	31,142	0.1 %
3,488,023	35,765,825	99.9	34,819	0.1 %
2,227,848	37,826,264	99.8	70,244	0.2 %
21,967	43,332,425	99.4	262,562	0.6 %
-	20,070,758	46.4	23,188,168	53.6 %
			<u>\$ 438,280</u>	

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Governmental Activities				Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Special Assessments	Total Primary Government		
2008	\$ 316,875,000	\$ 2,915,455	\$ -	\$ 319,790,455	0.13 %	\$ 5,833
2009	309,195,000	2,710,053	-	311,905,053	0.13	5,593
2010	271,510,000	2,494,457	-	274,004,457	0.11	4,897
2011	263,120,000	2,768,157	-	265,888,157	0.10	4,703
2012	272,105,000	2,280,569	-	274,385,569	0.10	4,810
2013	157,950,000	2,309,620	-	160,259,620	0.05	2,773
2014	155,085,000	2,290,231	-	157,375,231	0.05	2,651
2015	145,930,000	2,621,639	-	148,551,639	0.05	2,476
2016	211,221,590	1,460,938	-	212,682,528	N/A	2,188
2017	135,421,691	3,360,938	-	138,782,629	N/A	N/A

N/A - Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
JUNE 30, 2017  
(UNAUDITED)**

<u>Governmental Unit</u>	<u>2016/2017 Taxable Net Tax Capacity</u>	<u>Bonded Debt</u>	<u>Percent Allocable to ISD No. 194</u>	<u>Portion Allocable to ISD No. 194</u>
Independent School District No. 194	\$ 74,575,843	\$ 135,421,691	100.0000 %	\$ 135,421,691
Overlapping Debt				
Dakota County	420,417,622	20,910,000	12.2429	2,559,988
Scott County	177,230,896	56,950,000	7.4732	4,256,008
City of Burnsville	60,444,384	46,205,000	7.3940	3,416,403
City of Elko New Market	4,285,675	5,130,500	50.4336	2,587,496
City of Lakeville	63,766,062	83,320,000	71.2525	59,367,554
Credit River Township	9,996,000	2,160,000	63.9376	1,381,052
Spring Lake Township	5,893,771	1,285,000	0.6590	8,468
Metropolitan Council	3,295,889,335	186,185,000 <sup>1</sup>	1.9635	3,655,819
Total Overlapping Debt				<u>77,232,787</u>
Total Direct and Overlapping Debt				<u>\$ 212,654,478</u>

1) Note: The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt or Debt Ratios sections.

Source: Dakota and Scott Counties

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
RATIO OF NET GENERAL OBLIGATIONS BONDED DEBT  
TO TAX CAPACITY AND NET OBLIGATION BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Tax Capacity	Percent Net Debt to Tax Capacity	Percent of Estimated Actual Market Value of Property (1)	Estimated Population	Net Bonded Debt per Capita
2008	\$ 316,875,000	\$ 105,591,230	\$ 211,283,770	\$ 74,035,297	285.38	3.34 %	54,828	\$ 3,854
2009	309,195,000	105,035,258	204,159,742	70,484,676	289.65	3.18 %	55,772	3,661
2010	271,510,000	77,449,864	194,060,136	64,744,590	299.73	3.18 %	55,954	3,468
2011	263,120,000	77,095,559	186,024,441	63,305,959	293.85	3.28 %	56,534	3,290
2012	272,105,000	88,713,744	183,391,256	59,997,693	305.66	3.28 %	57,048	3,215
2013	157,950,000	3,158,231	154,791,769	61,467,447	251.83	2.92 %	57,789	2,679
2014	155,085,000	3,281,276	151,803,724	67,657,918	224.37	2.78 %	59,361	2,557
2015	145,930,000	3,131,005	142,798,995	67,657,918	211.06	2.39 %	59,991	2,380
2016	131,960,000	65,256,407	66,703,593	70,521,811	94.59	1.07 %	60,965	1,094
2017	135,421,691	3,384,733	132,036,958	74,575,895	177.05	1.80 %	N/A	N/A

(1) - See the Schedule of Tax Capacities and Market Value for information on the market value of the District's property.

Source: Annual school district census and U.S. census

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	Fiscal Year			
	2008	2009	2010	2011
Debt Limit	\$ 1,045,109	\$ 1,062,861	\$ 1,002,954	\$ 889,269
Total Net Debt Applicable to Limit	189,327	182,560	184,622	179,530
Legal Debt Margin	<u>\$ 855,782</u>	<u>\$ 880,301</u>	<u>\$ 818,332</u>	<u>\$ 709,739</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.12%	17.18%	18.41%	20.19%

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 869,193	\$ 884,833	\$ 884,833	\$ 992,772	\$ 1,036,085	\$ 1,095,717
171,380	163,081	156,604	147,859	133,421	135,422
<u>\$ 697,813</u>	<u>\$ 721,752</u>	<u>\$ 728,229</u>	<u>\$ 844,913</u>	<u>\$ 902,664</u>	<u>\$ 960,295</u>
19.72%	18.43%	17.70%	14.89%	12.88%	12.36%

Legal Debt Margin Calculation for Fiscal Year 2016

Market Value	(1)	\$	7,304,778
Debt Limit (15% of Market Value)			1,095,717
Debt Applicable to Limit:			
General Obligation Bonds			<u>135,422</u>
Legal Debt Margin		\$	<u><u>960,295</u></u>

(1) Economic Market Value for School Districts. Assessment Year 2016 for taxes payable in 2017. Minnesota Department of Revenue.



**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Calendar Year	Population (1)	Estimated Personal Income (1)	Per Capita Personal Income (2)	Total ISD No. 194 Population (3)	School Enrollment (4)	City of Lakeville Unemployment Rate (1)
2008	54,828	\$ 2,541,333,000	\$ 46,351	51,123	11,193	6.1%
2009	55,772	2,474,827,000	44,374	51,305	11,214	6.9%
2010	55,954	2,519,161,000	45,022	51,397	11,142	6.6%
2011	56,534	2,617,468,000	46,299	51,397	11,106	5.2%
2012	57,048	2,843,672,000	49,847	51,397	10,879	4.9%
2013	57,789	2,929,151,000	50,687	51,397	10,767	4.0%
2014	59,361	3,097,279,000	52,177	51,397	10,876	3.2%
2015	59,991	3,222,117,000	53,710	54,859	10,840	3.1%
2016	60,965	N/A	N/A	55,993	10,694	3.0%
2017	N/A	N/A	N/A	56,363	10,941	N/A

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: Annual average unemployment rates compiled by the Minnesota Department of Employment and Economic Development.

Sources:

- (1) City of Lakeville Comprehensive Annual Financial Report for the year ended December 31, 2015, except for 2016, the City of Lakeville website was used.
- (2) Estimated personal income is calculated by multiplying the per capital personal income by the City of Lakeville population
- (3) MDE's Levy Limitation Reports
- (4) ISD No. 194 - average daily membership (for students served or tuition paid)

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

Employer	2017		2008	
	Employees	Rank	Employees	Rank
I.S.D. No. 194 (Lakeville Area Public Schools)	1,370	1	1,596	1
Hearthside Food Solutions	630	2	500	3
Treehouse Brands	515	3	552	2
Imperial Plastics, Inc.	450	4	-	-
Post Holdings	327	5	-	-
Menasha Corporation	237	6	224	4
Despatch Industries	230	7	145	9
City of Lakeville	216	8	215	5
BTD Manufacturing	210	9	-	-
Jeff Belzer's	200	10	150	8
Hearth and Home Technologies, Inc.	-	-	175	6
Carquest Distribution Center	-	-	147	7
National Polymers, Inc.	-	-	136	10
Total	<u>4,385</u>		<u>3,840</u>	

Source: ReferenceUSA, written and telephone survey (December, 2016), and the Minnesota Department of Employment and Economic Development.

Note: Information regarding the percentage of total employment for each employer was not available.

**LAKEVILLE AREA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 194  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEE BY TYPE  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Administrative Staff	46.5	33.33	34.33	33.3	32	33	33	33	33	34
Support Service Staff	514.61	529.46	517.12	512	475.99	479.12	476.95	480.1	473.82	474.49
Classroom Teachers	532.3	507.36	505.51	499.26	423.79	418.98	418.03	445.97	450.98	470.16
Special Education Teachers	127.77	107	98.51	100.77	99.65	101.92	101.03	102.03	100.34	101.52

Source: STAR reports

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Facility	Use	Constructed	Acres	Additions	Square Footage	Enrollment (1)
Cherry View Elementary	School	1992	20	N/A	N/A	532.05
Christina Huddleston Elementary	School	1981	20	1987	70,195	460
Eastview Elementary	School	1996	20	N/A	79,993	657
John F Kennedy Elementary	School	1964	20	1968, 1984, 2004	70,210	581
Lakeview Elementary	School	1994	25	N/A	77,602	600
Lake Marion Elementary	School	1990	20	N/A	77,602	561
Oak Hills Elementary	School	1999	20	2003	79,993	605
Impact Academy @ Orchard Lake Elementary	School School	1959	15	1969, 1987, 2003	52,168	429
Century Middle School	School	1999	44	N/A	144,800	900
Kenwood Trail Middle School	School	1974	65	1992, 1998, 2003	168,279	723
McGuire Middle School	School School	1956	40	1959, 1962, 1967, 1969, 1994	170,722	937
Lakeville North High School	School	1993	80	1998, 2005	371,968	1,708
Lakeville South High School	School	2005	140	N/A	377,842	1,717
Crystal Lake Education Center	Early Childhood	1987	20	N/A	78,934	79
Area Learning Center	School	1965	1.21	N/A	14,477	76
Community Education	School	Lease				
MNCAPS	School	Lease				
District Office	Districtwide					
Grounds Shop	Districtwide					
Maintenance Shop	Districtwide					
N/A - Not Available						

(1) Source: 2016-17 MN Department of Education School ADM Served Report

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
STANDARDIZED TESTING  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Standardized Tests</b>										
<b>MCA Reading (See Note 1)</b>										
Grade 3	88.6 %	85.8 %	87.4 %	90.8 %	92.9 %	77.4 %	76.4 %	77.9 %	75.1 %	78.5 %
Grade 5	83.4 %	82.6 %	87.4 %	90.2 %	90.0 %	79.2 %	82.5 %	81.4 %	80.5 %	78.3 %
Grade 7	74.2 %	74.3 %	78.2 %	80.7 %	83.8 %	70.8 %	67.5 %	73.4 %	77.8 %	70.5 %
Grade 10	84.9 %	88.0 %	87.8 %	87.3 %	89.6 %	73.3 %	68.8 %	69.4 %	68.7 %	74.2 %
<b>MCA Math (See Note 1)</b>										
Grade 3	89.8 %	91.9 %	94.7 %	88.4 %	94.7 %	87.0 %	84.9 %	84.4 %	85.5 %	86.4 %
Grade 5	80.9 %	79.2 %	83.7 %	71.8 %	85.3 %	75.6 %	75.5 %	69.9 %	70.8 %	68.6 %
Grade 7	68.1 %	73.9 %	75.3 %	64.6 %	81.2 %	69.7 %	71.1 %	75.1 %	74.3 %	70.6 %
Grade 11	48.9 %	53.7 %	59.8 %	66.3 %	50.4 %	67.4 %	57.8 %	59.3 %	56.5 %	56.3 %
<b>ACT</b>										
Independent School District No. 194										
Average Composite Score	23.60	23.60	23.70	24.30	24.00	23.80	24.10	24.00	22.70	23.20
State Average Composite Score	22.60	22.70	22.90	22.90	22.80	23.00	22.90	22.70	21.10	21.50

N/A - Not Available

Note 1: Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
SUMMARY OF MEALS SERVED  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percent of Average Daily Attendance	Free Lunch		Reduced Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2008	9,835	1,136,528	171.5	6,627	6738.17%	91,082	801.41%	28,377	249.68%
2009	9,858	1,168,626	171.5	6,814	69.12	100,430	8.59	36,007	3.08
2010	9,823	1,131,423	171.5	6,597	67.16	128,506	11.36	36,279	3.21
2011	9,808	1,155,717	171.5	6,739	68.71	133,091	11.52	45,700	3.95
2012	9,626	1,106,432	171.5	6,451	67.02	141,819	12.82	40,247	3.64
2013	9,592	1,013,797	171.5	5,911	61.63	141,700	13.98	40,505	4.00
2014	10,256	975,511	169.0	5,772	56.28	145,958	14.96	41,785	4.28
2015	10,183	987,099	170.5	5,789	56.85	144,656	14.65	49,918	5.06
2016	10,112	1,070,395	171.5	6,241	61.72	134,371	12.55	51,225	4.79
2017	10,284	1,068,233	171.5	6,229	60.57	148,455	13.90	53,195	4.98

(1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 94 percent of enrollment.

**LAKEVILLE AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 194  
SCHEDULE OF INSURANCE COVERAGE  
JUNE 30, 2017  
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Property Coverage:	
Real and Personal Property (Blanketed)	\$ 459,326,666
Unscheduled Locations- Property in Open	Included in Blanket
Blanket Valuable Papers and Records	\$ 500,000
Accounts Receivable - On Premises	\$ 250,000
Liability Coverages:	
General:	
Each Occurrence	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Medical Expense Limit - Any One Person	\$ 5,000
Professional Liability (Nurses, Occupational Therapists, Psychologists):	
Limit Each Claim	Included in Liability
Aggregate	Included in Liability
Umbrella Liability:	
Each Occurrence	\$ 3,000,000
Aggregate	\$ 3,000,000
Crime Coverage:	
Employee Dishonesty	\$ 100,000
Forgery or Alteration	\$ 100,000
Computer Fraud	\$ 100,000
Theft, Disappearance, and Destruction	\$ 100,000
Business Automobile Coverage:	
Bodily Injury and Property Damage	\$ 1,500,000
Personal Injury Protection	\$ 40,000
Uninsured Motorists	\$ 1,000,000
Underinsured Motorists	\$ 1,000,000
Collision deductible	\$ 1,000
Comprehensive deductible	\$ 500
School Leaders Errors and Omissions	
Aggregate	\$ 1,000,000
	\$ 2,000,000
Boiler and Machinery Coverage:	
Property Damage	\$ 100,000,000
Extra Expense	Included
Expediting Expense	Included
Pollutant Cleanup and Removal - Aggregate	Included
Spoilage	Included